Development Agreement

THIS DEVELOPMENT AGREEMENT ("Agreement") is made and entered into on March 15, 2011, by and between the COUNTY OF SAN MATEO, a political subdivision of the State of California ("County"), and BIG WAVE, LLC, a California Limited Liability Company ("Developer"), pursuant to the authority of California Government Code Section 65864 et seq.

RECITALS

- A. California Government Code Section 65864, *et seq.*, authorizes the County to enter into an agreement for the development of real property with any person having a legal or equitable interest in such property in order to establish certain development rights in such property.
- B. On October 18, 2005, Developer initially submitted an application to develop certain real property owned by Developer, which application includes a request for a Coastal Development Permit, Use Permit, Tentative Subdivision Map and Grading Permit to develop housing for Developmentally Disabled Adults ("Wellness Center") and an Office Park on property it owns identified as APN Nos. 047-311-060 and 047-312-040.

C. County has approved various land use approvals in connection with the development of the Project, including the following: (1) a Use Permit, pursuant to Sections 6288.2 and 6500(d)3 of the County Zoning Regulations, for the sanitarium component of the Wellness Center and its accessory uses, as well as uses within the Airport Overlay (AO) Zoning District, consisting of 10,000 sq. ft. of commercial public storage use, 6,000 sq. ft. of communications and backup power uses, and 4,000 sq. ft. of miscellaneous Wellness Center storage use; (2) a Major Subdivision, pursuant to the County Subdivision Regulations, to subdivide the northern parcel of the project site into ten lots as described in Alternative C of the EIR and a Minor Subdivision to subdivide the southern parcel of the project site into three lots; (3) a Coastal Development Permit, pursuant to Section 6328.4 of the County Zoning Regulations, for eight Office Park buildings (four 2-story and four 3-story buildings) containing 225,000 sq. ft. of mixed-office uses and a 640-space parking lot as described in Alternative C of the EIR, two Wellness Center buildings (one single-story building and one 3-story building) containing a maximum of 57 dwelling units to provide affordable housing for a maximum of 50 Developmentally Disabled (DD) adults and 20 staff persons and a 50-space parking lot, a 10,000 sq. ft. commercial public storage use, wetland habitat restoration and creation and other landscaping, associated fencing and grading, use of an existing agricultural well for domestic purposes, and establishment of a mutual water service company

and a community wastewater treatment and recycling system; (4) a Design Review Permit, pursuant to Section 6565.3 of the County Zoning Regulations, for proposed structures and associated grading; and (5) a Grading Permit, pursuant to Section 8600 of the San Mateo County Ordinance Code, to perform 26,050 cubic yards of balanced cut and fill; (collectively, together with any approvals or permits now or hereafter issued with respect to the Project, the "Project Approvals").

D. Pursuant to the California Environmental Quality Act ("CEQA") the County prepared an Environmental Impact Report ("EIR") for the Project. The EIR was certified by the Board of Supervisors on March 15, 2011. Pursuant to CEQA, a mitigation monitoring and reporting program for the Project was approved by the Board of Supervisors.

E. The purpose of this Agreement is to facilitate the implementation of the Project Approvals through the development of the Project, thereby realizing the public benefits to County and private benefits to Developer, including those described in these Recitals. The development of the Project will result in building a significant amount of affordable housing for Developmentally Disabled Adults on the San Mateo County Coastside and will provide an Office Park built in an environmentally sustainable manner to help correct the jobs/housing imbalance in the Coastside.

F. The Board of Supervisors has found, among other things, that this Agreement is consistent with the County General Plan; that this Agreement is compatible with the regulations that, as amended by the Board's actions in connection with this Project, prescribe the uses authorized in the Property; that this Agreement conforms with public convenience, general welfare, and good land use practice; that this Agreement will not be detrimental to the health, safety, or general welfare; and that this Agreement will not adversely affect the orderly development of property or the preservation of property values.

G. Developer is willing, pursuant to the terms of this Agreement, to make expenditures and provide benefits to the County including, without limitation, 1) building a Class 1 multipurpose Coastal Trail and making improvements to Airport Street and Prospect Way, according to the schedule described in section 5.3 of this Agreement and in accordance with the Conditions of Approval dated March 15, 2011; 2) conveying to the County sureties for on site and off site improvements, including but not limited to those related to traffic control-related improvements, prior to the recordation of any subdivision map; and 3) fully funding application and construction costs associated with a bridge widening project over the drainage swale separating the two parcels making up the Project site (i.e., APN Nos. 047-311-060 and 047-312-040), as discussed in section 5.3 of this Agreement, in the event the bridge widening project receives necessary entitlements and County approvals, thus conferring a public benefit on the County.

- H. County desires the timely, efficient, orderly, and proper development of the Project and the Property, and the Board of Supervisors concludes that it is in the public interest to accept the benefits conferred by this Agreement and that it is in the public interest to provide for the vesting of Developer's rights to develop the Project in conformance with the Project Approvals and the terms and conditions contained herein so that such vested rights shall not be disturbed by changes in laws, rules, or regulations, including measures passed by initiative, that occur after the Effective Date (as defined below) of this Agreement.
- I. County and Developer have reached agreement and desire to express herein a development agreement that will facilitate development of the Project subject to conditions set forth in this Agreement and set forth in the Project Approvals, as defined herein.
- J. On March 15, 2011, the Board of Supervisors adopted Ordinance No. _____approving this Agreement.

NOW, THEREFORE, with reference to the above recitals and in consideration of the mutual promises, obligations and covenants herein contained, County and Developer agree as follows:

AGREEMENT

- 1. Description of Property. The Property which is the subject of this Agreement is described in Exhibit A attached to this Agreement and incorporated herein by reference ("Property").
- 2. Interest of Developer. The Developer has represented and warrants to the County that it has a legal or equitable interest in the Property and that all parties with a legal interest in the Property are signatories hereto.
- 3. Relationship of County and Developer. This Agreement is a contract that has been negotiated and voluntarily entered into by County and Developer. The Developer is not an agent of County. The County and Developer hereby renounce the existence of any form of joint venture or partnership between them, and agree that nothing contained in this Agreement or in any document executed in connection with this Agreement shall be construed as making the County and Developer joint venturers or partners with respect to the Project and any other matter.
 - 4. Effective Date and Term.

- 4.2. Term. The term of this Agreement ("Term") shall commence on the Effective Date and extend for twenty (20) years thereafter, unless this term is otherwise terminated or modified as set forth in this Agreement. Notwithstanding the foregoing, the parties understand and agree that, as reflected in section 5.3 of this Agreement, certain components of the Project must be completed with one (1), three (3), five (5), ten (10) or twenty (20) years of the Effective Date.
- 4.3. Term of the Tentative Map and Other Project Approvals. Pursuant to California Government Code Sections 66452.6(a) and 65863.9, the term of any tentative map and other Project Approvals described in the Recital above shall automatically be extended for the Term of this Agreement. The terms of other Project Approvals, other than any Coastal Development Permit issued by the California Coastal Commission under Public Resources Code sections 30604(b) and/or 30621, shall be extended for a period of time through the scheduled termination date of this Agreement, as set forth in section 4.2 of this Agreement. Notwithstanding the foregoing, the parties understand and agree that, as reflected in section 5.3 of this Agreement, certain components of the Project must be completed with one (1), three (3), five (5), or ten (10) years of the Effective Date. If any Coastal Development Permits issued by the California Coastal Commission pursuant to sections 30604(b) and/or 30621 of the California Public Resources Code expire prior to the expiration date of the other Project Approvals described in this Agreement, the County shall consider and act upon a Coastal Development Permit for the Project consistent with the other Project Approvals and subject to the same conditions as those imposed on the Coastal Development Permit originally approved by the County, and approved by the California Coastal Commission on appeal, which shall have the same term as that set forth for the other

Project Approvals set forth in this Agreement. The decision as to whether to approve or deny such a Coastal Development Permit shall be subject to the discretion of the County decision making body. To the extent required by applicable law, the issuance of a Coastal Development Permit shall be subject to appeal to the California Coastal Commission. If any Coastal Development Permits issued by the California Coastal Commission pursuant to the authorities cited in this section 4.3 are inconsistent with the terms of this Development Agreement, the parties agree to meet and confer in good faith to discuss possible amendments to this Agreement in light of the terms of any such Coastal Development Permit issued by the California Coastal Commission.

5. Use of the Property.

- 5.1. Right to Develop Pursuant to Existing Rules and Regulations. Subject to section 7.1 of this Agreement, the County rules and regulations applicable to Developer's development of the Project on the Property shall be those in effect on the Effective Date, and any amendments to any of them as shall, from time to time, be approved pursuant to this Agreement.
- 5.2. Permitted Uses. The permitted uses of the Property, the maximum density and intensity of use, the maximum height, bulk and size of buildings on the Property, provisions for reservation or dedication of land for public purposes and location and maintenance of on-site and off-site improvements, location of public utilities, and other terms and conditions of development applicable to the Property, shall be those set forth in this Agreement, the Project Approvals, and any amendments to this Agreement or the Project Approvals, and the "Applicable Rules" (as defined in this Agreement).

With respect to the Office Park component of the Project, Developer shall ensure that, of the total authorized building square footage of 225,000 square feet, no more than 90,000 square feet (or 40% of the total authorized square footage) shall be used for administrative, research and professional office use, excluding doctor and dentist office use, for the life of the project. Likewise, Developer shall ensure that no more than 56,250 square feet (or 25% of the total authorized square footage) shall be used for of research and development uses; no more that 45,000 square feet (or 20% of the authorized square footage) shall be used for light manufacturing; and no more than 33,750 square feet (or 15% of the authorized square footage) shall be used for storage, over the life of the Project. Reduction in the square footage amounts dedicated to office use and corresponding increases in square footage for research and development, light manufacturing, and storage uses may be permitted by the Community Development Director upon a finding by the Community Development Director that such changes do not constitute an intensification of use and by the San Mateo County Director of Public Works that such changes do not increase traffic impacts.

- 5.3. Phasing of Development. Developer will phase the development of the Project consistent with economic conditions, but subject to the following provisions:
 - 5.3.1. General and Wellness Center Component: For purposes of phasing of development covered by this Agreement, the Project consists of two components; the "Wellness Center" component and the "Office Park" component. The "Wellness Center" component consists of the following:
 - 5.3.1.1 The Wellness Center, which includes 57 affordable dwelling units for the developmentally disabled and their aides.
 - 5.3.1.2 Ancillary Uses: These uses include a fitness center, commercial kitchen, dog grooming and laundry facilities, and administrative offices, among other ancillary uses.
 - 5.3.1.3. Commercial Public Storage: 10,000 square foot commercial public storage.
 - 5.3.1.4. Subdivision: The parcel upon which the Wellness Center would sit would be subdivided into three separate lots (Lots 1-3). Lot 1 would include the 3-story, 10,000 square foot commercial public storage use, 6,000 square feet for communications and backup power uses, and 4,000 square feet of miscellaneous storage. Lot 2 includes the 94,762 square foot Wellness Center, including 57 affordable dwelling units and ancillary uses, as well as the common areas of the wetlands, wetland buffer areas, and area proposed for wetland habitat creation. Lot 3 includes the 50-space parking lot.
 - 5.3.1.5. Project-Related Business Operations to Generate Income for Wellness Center Residents: The DD adults would be employed by the Wellness Center and would also provide services to the Office Park, with the Wellness Center funded through association fees and shared development costs. Business operations would be managed by Big Wave Group, Inc., a non-profit corporation, and include: Big Wave (BW) Catering/Food Services; BW Energy; BW Farming; BW Water; BW Transportation; BW Recycling; BW Communications (radio telecom link); and BW Maintenance.
 - 5.3.1.6. Creation/restoration of approximately 114,000 square feet of wetland habitat within areas of delineated wetlands and required buffer zone; development of a Class 1 multiple-purpose trail along Airport Street; use of sustainable organic/non-organic, on-site farming for supplemental

food sources; a native plant nursery for revegetation/landscaping efforts; and recycling and composting.

- 5.3.2. Office Park Component. The "Office Park" component of this Project consists of the following:
- 5.3.2.1 Uses: Office space made up of the following uses within the Office Park buildings: 40% General Office, 25% Research and Development, 20% Light Manufacturing, and 15% Storage.
- 5.3.2.2. Subdivision: The property on which the Office Park is to be located will be subdivided into 10 lots (Lots 1-10). Lot 1 includes the common areas of the wetlands, wetland buffer areas, and area proposed for wetland habitat creation. Lot 2 includes the 640-space parking lot and walkway areas. Lots 3-10 would include a total of eight (8) two- and three-story buildings (225,000 sq. ft. total) for mixed uses, as described above.
- 5.3.2.3. Creation/restoration of approximately 258,000 sq. ft. of wetland habitat within areas of delineated wetlands and required buffer zone; development of a Class 1 multiple-purpose trail along Airport Street; and development of shuttle services.
- 5.3.3. <u>Phase 1</u>: Within one year after the Effective Date of this Agreement, Developer agrees to undertake the following work, which work shall be completed within one year of the Effective Date:
 - 5.3.3.1. Water Connection for Both Sites: Within 90 days of Effective Date, the Developer shall actively pursue a water connection from Coastside County Water District (CCWD) for the potable water and fire suppression needs of the entire project, and shall demonstrate such efforts by submitting a complete application to LAFCo requesting annexation to CCWD, as well as an application with CCWD to the California Coastal Commission requesting the amendment to CDPs A-1-HMB-99-20 and A-2-SMC-99-63 required for such a connection and by diligently pursuing the approval of such applications. Developer has represented that, in lieu of pursuing such an application for amendment of the CDPs, it may choose to pursue litigation to challenge the validity of limitations in the existing CDPs (A-1-HMB-99-20 and A-2-SMC-99-63) that presently prevent CCWD from serving the project site. The parties agree that Developer may pursue such litigation in lieu of pursuing an amendment to the CDPs, provided that such

litigation shall be diligently pursued and further provided that, in the event that a final judgment is entered against Developer in such litigation, Developer shall promptly apply for amendments to the CDPs.

- 5.3.3.2. Grading of Both Sites: Obtain a grading permit "hard card" to rough grade both the Wellness Center and Office Park sites and install main utilities for both sites as required by the Department of Public Works for recordation of a Final Map for the Office Park and a Parcel Map for the Wellness Center site. Any grading within wetland and buffer zone shall be limited to and conducted in accordance with the finalized and approved 90% Basis of Design Report.
- 5.3.3.3. Erosion Control of Both Sites: Developer will stabilize all disturbed areas on both sites that are not being actively farmed through the installation of erosion control measures that are reasonably satisfactory to the San Mateo County Community Development Director. These erosion control measures shall be maintained to the reasonable satisfaction of the Community Development Director during the entire term of the Agreement.
- 5.3.3.4. Resource Protection on the Wellness Center Site: Developer will complete earthwork and wood installation associated with wetland restoration and habitat creation within the wetland and the 100 foot buffer areas on the Wellness Center site, as described in the finalized and approved 90% Basis of Design report, and establish nursery and seed stock necessary for cultivation of wetland plants to be used for on-site wetland restoration and habitat creation. Developer will install a habitat barrier fence along the edge of the buffer zone (development side) located on the Wellness Center Property immediately after the completion of rough grading within wetland and buffer areas and prior to grading of other areas of the sites, such that the wetland and buffer areas are not disturbed during rough grading of other areas of the site. The Developer will maintain the restoration and buffer areas in accordance with the 90% Basis of Design Report. Developer will fence the cultural site area located on the Wellness Center Property prior to the initiation of rough grading.
- 5.3.3.5. <u>Landscaping of Perimeter of Both Sites</u>: Developer will install all landscaping as called for by the finalized and approved Planting Plans, drafts of which are attached hereto as Exhibits G and K to this Agreement and incorporated herein by reference, along the perimeter of both the Wellness Center and Office Park sites. The Developer will also

perform the native wetlands plant restoration on the property owned by the County that is adjacent to the Wellness Center and Office Park sites (subject to County authorization) along the drainage separating the project sites and along the west side of the Office Park site. Such landscaping is illustrated on the maps that are attached as Exhibits G and K to this Agreement and incorporated herein by reference.

- 5.3.3.6. Access Improvements for the Wellness Center: Developer will complete construction of the site access and encroachments (including 10-feet wide Class 1 trail) to Airport Street and other off-site street improvements as required by the County Department of Public Works for recordation of the Parcel Map for the Wellness Center. The trail on both the subject properties must be completed in a finished manner, to the satisfaction of the Department Public Works, Department of Parks, and the Community Development Director. All required site access improvements are set forth on Exhibits E and I.
- 5.3.4. <u>Phase 2</u>: Within three (3) years of the Effective Date, Developer will complete the following components of the Project:
 - 5.3.4.1. Construction of Wellness Center: Prior to the recordation of the subdivision map for the Wellness Center parcel, convey to the County sureties for all onsite and off site improvements, including but not limited to sureties for the installation of traffic control-related improvements. The Developer understands and agrees that neither the County or the Department of Transportation, CalTrans, shall have any responsibility to fund any traffic improvements required pursuant to the Conditions of Approval for this project. Construct first component of the Wellness Center (eight one story breezeway units). Building permit shall include the necessary parking; water, wastewater, and storm drainage systems; and comply with all the conditions of approval and requirements of the Development Agreement. Once building permit(s) for the Breezeway Units has been issued, install piers, construct foundation for breezeway units including the permanent habitat barrier wall for the units, construct fire water storage system, and construct parking lot retaining wall. If required by the County, the additional flexible sound barrier(s) will be installed during Wellness Center Construction.
 - 5.3.4.2. <u>Beach User Parking Required for the Wellness Center</u>: Developer will construct and mark the beach user parking required in the Project (i.e., 20% of parking provided; which is to say, a minimum of ten (10) parking spaces, based on a total of fifty (50)

parking spaces at the Wellness Center), subject to review and approval by the Community Development Director, prior to the Certificate of Occupancy for any Wellness Center building.

- 5.3.4.3. <u>Sewer Connection for the Wellness Center</u>: Developer shall construct the sewer connection to the Granada Sanitary District for the initial 8 Wellness Center units.
- 5.3.4.4. Wetlands Restoration on Wellness Center Site: Developer will complete a minimum of 50% of the planting and irrigation associated with wetland restoration and habitat creation within the wetland and 100 foot wetland buffer areas, as described in the finalized and approved 90% Basis of Design report attached as Exhibit L.
- 5.3.4.5. <u>Farming on Both Sites</u>: Developer will complete transition of conventional farming taking place on both sites to organic farming, with the exception of areas designated for constructed wetland habitat.
- 5.3.5. <u>Phase 3</u>: Within five (5) years of the Effective Date, Developer will complete the following components of the Project:
 - 5.3.5.1. <u>Construction of Wellness Center</u>: Developer will complete construction of a minimum of 37 residential units for the developmentally disabled at the Wellness Center, including the associated permanent habitat barrier walls along the edge of the buffer zone, as delineated in Exhibit I to this Agreement, which is attached hereto and incorporated herein by reference.
 - 5.3.5.2. <u>Parking for Wellness Center</u>: Developer will construct the parking spaces required for the permitted buildings at the Wellness Center and will mark designated beach user parking spaces (minimum of 20% of total parking provided, which is to say a minimum of ten (10) parking spaces based on a total of fifty (50) parking spaces at the Wellness Center).
 - 5.3.5.3. Access for Wellness Center: Developer will finish constructing parking lot driveway entrances and exit access to Airport Street for the Wellness Center site, required for the permitted buildings.
 - 5.3.5.4. Trail Access Over Drainage: The Developer shall complete the approved road

adjustment and K-rail installation on the west side of the section of Airport Street that crosses over the drainage. The parties understand and agree that the K-rail shall not be required if preferred access is provided by the widening of the bridge to include a Class 1 trail over the drainage swale that separates the two parcels that make up the Project site.

- 5.3.5.5. <u>Drainage Improvements for the Wellness Center</u>: Developer will complete the storm water infiltration system necessary for the permitted buildings at the Wellness Center site, as set forth in the Project plans for the Wellness Center site.
- 5.3.5.6. Wetlands Habitat at the Wellness Center Site: Developer will complete the habitat restoration and creation work described in the finalized and approved 90% Basis of Design report within all wetlands and 100 foot wetland buffer areas of the Wellness Center site required by the Project Plans and as set forth in Exhibit L to this Agreement, which is attached hereto and incorporated by reference. Upon completion, Developer shall initiate the ten-year habitat monitoring program described in the finalized and approved 90% Basis of Design report. Developer shall be responsible for maintaining the restoration areas in accordance with the finalized and approved 90% Basis of Design Report for the life of the project.
- 5.3.5.7. <u>Landscaping of the Wellness Center Site:</u> Developer will complete the visual screen planting and irrigation at the Wellness Center site, as called for by the finalized and approved Planting Plan, a draft of which is attached hereto as Exhibit K and incorporated herein by reference. Developer shall maintain and, if necessary, provide supplemental landscaping such that all permitted buildings are screened to the satisfaction of the Community Development Director.
- 5.3.6. <u>Phase 4</u>: Within ten (10) years of the Effective Date, Developer will complete the following components of the Project:
 - 5.3.6.1. <u>Construction of the Wellness Center</u>: Developer will complete construction of all 57 of the total approved residential units at the Wellness Center. All components of the approved Wellness Center that are not constructed within 10 years of the Effective Date shall be deemed outside the scope of this Development Agreement and shall be subject to any permitting requirements and other regulations in effect at the time Developer seeks to construct them.

- 5.3.6.2. Access for the Wellness Center: Developer shall finish constructing parking lot driveway entrances and exit access to Airport Street for the Wellness Center site, as necessary for permitted construction at the site.
- 5.3.6.3. <u>Drainage Improvements for the Wellness Center</u>: Developer shall complete the storm water infiltration system, as set forth in the Project plans for the Wellness Center site.
- 5.3.6.4 <u>Landscaping of the Wellness Center Site</u>: Developer shall complete visual screen planting and irrigation at the Wellness Center site, as called for by the finalized and approved Planting Plan, a draft of which is attached hereto as Exhibit K and incorporated herein by reference.
- 5.3.7. <u>Phase 5:</u> Within the term of this Agreement, Developer will complete the following components of the Project:
 - 5.3.7.1. Requirement for Recordation of Final Map for Office Park: Prior to the recordation of the Final Map for the Office Park parcel, Developer shall convey to the County sureties for all onsite and off site improvements, including, but not limited to, the sureties for the installation of traffic control-related improvements. The Developer understands and agrees that neither the County nor the Department of Transportation (CalTrans) shall have any responsibility to fund any traffic improvements required pursuant to the Conditions of Approval for this project.
 - 5.3.7.2. Orderly Development of Office Park Buildings: All buildings, with the exception of Buildings A and H (which are the northernmost buildings, as depicted on the schematic set forth in Exhibit F to this Agreement, which is incorporated herein by reference), may be developed within the term of this Agreement. Construction of Building A and/or H may not commence until a building permit has been issued and construction commenced for Building B, C, F, or G, as depicted in Exhibit F, such that any space between Building A and/or H and another constructed Office Park building would not exceed the area that would otherwise be occupied by one non-constructed building.

Outdoor areas shall be improved (e.g., use of courtyard, plazas, and landscaping) to

enhance the spatial relationship of constructed buildings, subject to review and approval by the Community Development Director. The Developer shall demonstrate compliance with this requirement prior to issuance of a building permit for any Office Park building that is not located directly adjacent to a constructed Office Park building.

- 5.3.7.3. Building Permit Application and Construction of the Office Park: Developer will obtain one or more building permits for the Office Park, based on economic demand. Each permit application shall include provisions for necessary parking, on and off-site access, water and wastewater, storm drainage systems and shall comply with all the conditions of approval for the Project plans and the requirements of this Development Agreement. Once construction is initiated, each building is estimated to be constructed in approximately twelve months and Developer shall be required to make reasonable progress towards completion of construction once it has been initiated, it being understood and agreed that the Developer will complete construction of all Office Park buildings within the term of this Agreement and in compliance with the mitigation measure detailed in the Conditions of Approval dated March 15, 2011. The Community Development Director shall determine, in his reasonable judgment, whether reasonable progress has been made towards completion of such construction. Developer shall construct parking lots required for each permitted building, including required beach user access parking required for each building permit.
- 5.3.7.4. <u>Landscaping for the Office Park (Phased with Building Permits)</u>: As parking lot areas are built for each permitted building, Developer will construct the landscaping associated with the approved parking lot areas for each building permit as called for by the finalized and approved Planting Plan, a draft of which is attached hereto as Exhibit G and incorporated herein by reference.
- 5.3.7.5. Wetlands at the Office Park (Phased with Building Permits): Developer will restore a portion equal to approximately 1/8th of the total area of existing wetlands and wetland buffer areas, with the construction of each Office Park building. Each approximately 1/8th portion shall be restored prior to final approval of the building permit. Unrestored areas of the wetlands and 100 foot wetland buffer areas shall be restored prior to final approval of the final building constructed. In any event, all wetlands restoration and habitat creation as approved by the Board of Supervisors on March 15, 2011 must be completed to the satisfaction of the Community Development Director within 20 years from the Effective Date.

- 5.3.7.6. <u>Farming at the Office Park:</u> Developer will continue to make available for organic farming all non-wetland, graded areas that are not restored as wetlands and that are not within areas of pending or on-going construction.
- 5.3.7.7. Access for the Office Park: At the time that the Developer receives the first building permit for an Office Park building, Developer will construct encroachments and access improvements to Airport Street required by the Project Approvals, including those improvements which prohibit access to and from the site via the intersection at Highway 1 and Cypress Avenue.
- 5.3.7.8. Access for the Office Park (Phased with Building Permits): Developer will provide the County Director of Public Works with Traffic Reports in a format reasonably acceptable to the Director prior to the issuance of building permits that would result in the building of each increment of forty thousand square feet of office space. Developer will construct all required traffic mitigations required by the Project approvals as part of building permits process and failure to construct such mitigation shall constitute a breach of this Agreement.
- 5.3.7.9. Wastewater Treatment and Recycling for the Office Park (Phased with Building Permits): Developer will construct modular membrane bioreactor (MBR) water recycling system for first permitted building. The second modular will be built to provide additional capacity at the time capacity is required, as determined by the Director of the Environmental Health Division.
- 5.3.7.10. Beach User Parking for the Office Park (Phased with Building Permits): Developer will construct and mark the beach user parking required for each permitted Office Park building (i.e., 20% of parking provided; which is to say a minimum of 104 parking spaces, based on a total of 518 parking spaces at the Office Park site), subject to review and approval by the Community Development Director, prior to the Certificate of Occupancy for any Office Park building.

Notwithstanding the foregoing, Developer may perform multiple phases simultaneously. All construction covered by this Agreement must be completed within the time lines set forth above in this section 5.3. and in compliance with the Conditions of Approval dated March 15, 2011.

- 6. Applicable Rules, Regulations, and Official Policies.
- 6.1. Rules Regarding Permitted Uses. For the term of this Agreement and except as otherwise provided in this Agreement, the County's ordinances, resolutions, rules, regulations, and official policies, including, without limitation, the Project Approvals, governing the permitted uses of the Property, governing density, design, improvement and construction standards and specifications applicable to the Property, including but not limited to, all public improvements, shall be those in force and effect on the Effective Date of this Agreement (the "Applicable Rules").
- 6.2. Uniform Codes Applicable. The Project shall be constructed in accordance with the provisions of the California Building, Mechanical, Plumbing, Fire, and Electrical Codes and applicable provisions of Title 24 of the California Code of Regulations, relating to Building Standards, in effect in County at the time a completed application is submitted for the appropriate building, grading, or other construction permits for the Project. The Project shall be built to the LEED Gold or Platinum standards in effect at in County at the time a completed application is submitted for the appropriate building, grading, or other construction permits for the Project..
- 7. Subsequently Enacted Rules and Regulations.
- 7.1. New Rules and Regulations. During the term of this Agreement, the County may, in subsequent actions applicable to the Property, apply new or amended ordinances, resolutions, rules, regulations and official policies of the County which were not in force and effect on the Effective Date of this Agreement and which are not in conflict with the Applicable Rules, provided that (1) such new or modified ordinances, resolutions, rules, regulations or official policies do not affect the permitted uses of the Property, the maximum density and intensity of use, the maximum height, bulk and size of proposed buildings, provisions for reservations or dedication of land for public purposes and location and maintenance of on site and off site improvements, location of public utilities or any other terms and conditions set forth in this Agreement; and (2) such laws are generally applicable and not specific to or discriminatory against Developer's parcels that are the subject of this Development Agreement.
- 7.2. Denial or Conditional Approval. Nothing in this Agreement shall prevent the County from denying or conditionally approving any subsequent land use permit or authorization for any subsequent development project application on the basis of any new or modified ordinances, resolutions, rules, regulations, or policies applicable to the Property pursuant to and subject to section 7.1.

7.3. Federal and State Law. Nothing shall preclude the application to the Project or the Property of changes in federal or state laws. To the extent any changes in federal or state laws prevent or preclude compliance with one or more provisions of this Agreement or development of the Property in conformance with the Project, the parties agree that the provisions of this Agreement shall be modified, extended, or suspended, as may be required to comply with such federal or state laws. Each party agrees to extend to the other prompt and reasonable cooperation in so modifying this Agreement.

8. Processing.

- 8.1. Further Approvals and Permits. On satisfactory completion by Developer of all required preliminary actions and payments of all required processing fees, if any, County shall, subject to all legal requirements, promptly initiate, commence, diligently process, complete at within a reasonable timeframe, all required steps, and expeditiously consider any approvals and permits necessary for the development by Developer of the Property in accordance with this Agreement, including, but not limited to, the following:
- 8.1.1. The processing of applications for and issuing of all discretionary approvals requiring the exercise of judgment and deliberations by County ("Discretionary Approvals"); and
- 8.1.2. The processing of applications for and issuing of all ministerial approvals requiring the determination of conformance with the Applicable Rules, including, without limitation, site plans, development plans, land use plans, grading plans, improvement plans, building plans and specifications, and ministerial issuance of one or more final maps, zoning clearances, grading permits, improvement permits, wall permits, building permits, lot line adjustments, encroachment permits, certificates of use and occupancy and approvals, and entitlements and related matters as necessary for the completion of the development of the Project ("Ministerial Approvals").
- 8.2. No Abridgement of Density or Height. County acknowledges that notwithstanding its ability to issue Discretionary Approvals in relation to site and architectural review and design review, County may not refuse such approvals, or require changes in the Project, that would have the effect of restricting or preventing the ability of Developer to construct buildings at the density and heights allowed in the Project Approvals as of the Effective Date of this Agreement.

- 8.3. Processing During Third Party Litigation. The filing of any third party lawsuit(s) against County or Developer relating to this Agreement or to other development issues affecting the Property shall not delay or stop the development, processing, or construction of the Project, or issuance of Discretionary Approvals or Ministerial Approvals, unless the third party obtains an order that, in the reasonable judgment of the County, prevents the activity.
- 9. Subsequently Enacted or Revised Fees, Assessments, and Taxes.
- 9.1 New Fees: County shall be entitled to impose and collect fees, dedications, and exactions on new development adopted by the County after the Effective Date provided that the ordinances, resolutions, rules, regulations or policies imposing them are generally applicable and not specific to or discriminatory against Developer's parcels that are the subject of this Development Agreement.
- 9.2. Revised Application Fees. Any existing application, processing, and inspection fees that are revised during the term of this Agreement shall apply to the Project provided that (1) such fees have general applicability and do not discriminate against Developer; (2) the application of such fees to the Property is prospective.
- 9.3. New Taxes. Any subsequently enacted County taxes of general applicability shall apply to the Project provided that such taxes have general applicability and do not discriminate against Developer.
- 9.4. Assessments. Nothing in this Agreement shall be construed to relieve the Property from assessments levied against it by County pursuant to any statutory procedure for the assessment of property to pay for infrastructure and/or services which benefit the Property.
- 9.5. Right to Contest. Nothing contained in this Agreement shall prevent Developer from paying any such fee, tax, or assessment under protest, or otherwise asserting its legal rights to protest or contest a given fee, tax, or assessment assessed against the Project or the Property.
- 10. Amendment or Cancellation.
- 10.1. Modification Because of Conflict with State or Federal Laws. In the event that State or Federal laws or regulations enacted after the Effective Date of this Agreement prevent or preclude compliance with one or more provisions of this Agreement or require changes in plans,

maps, or permits approved by the County, the parties shall meet and confer in good faith in a reasonable attempt to modify this Agreement to comply with such State or Federal laws or regulations. Any such amendment or suspension of the Agreement is subject to approval by the Board of Supervisors, in its discretion. If such modification or suspension is infeasible in Developer's reasonable business judgment, then Developer may elect any one or more of the following in any sequence:

- 10.1.1. To terminate this Agreement by written notice to County, subject to payment to the County of all fees and charges due and owing;
- 10.1.2. To challenge the new law preventing compliance with the terms of this Agreement, and extend the Term of this Agreement for the period of time required to make such challenge. If such challenge is successful, this Agreement shall remain unmodified, except for the extension of the Term and shall remain in full force and effect. Nothing herein shall require the County to perform any action that, in its reasonable judgment, would cause it to violate controlling State or Federal authority.
- 10.2. Amendment by Mutual Consent. This Agreement may be amended in writing from time to time by mutual consent of the parties to this Agreement and in accordance with the procedures of State law.
- 10.3. Cancellation by Mutual Consent. Except as otherwise permitted in this Agreement, this Agreement may be cancelled in whole or in part only by the mutual consent of the parties or their successors in interest, in accordance with the same procedure used when entering into this Agreement.

11. Annual Review.

- 11.1. Review Date. The annual review date for this Agreement (the "Review Date") shall be one year following the Effective Date and the annual anniversary of said date each year thereafter.
- 11.2. Annual Review Process. The Community Development Director shall initiate the annual review by giving to Developer written notice within sixty (60) days following the Review Date that the County intends to undertake such review for the annual period ending with the Review Date. Developer shall provide evidence of good faith compliance with the terms and conditions of this Agreement to the Community Development Director within thirty (30) days following

receipt of the Community Development Director's notice. The Community Development Director shall review the evidence submitted by Developer and shall, within thirty (30) days following receipt of Developer's evidence, determine whether the Developer is in good faith compliance with this Agreement. The Community Development Director's determination that Developer has in good faith complied with the terms of this Agreement shall be final.

- 11.3. Hearing on a Determination that Developer Has Not Complied. If The Community Development Director determines that the Developer has failed to comply with the terms of this Agreement, he shall provide notice of this determination to the Developer. If, within ten (10) days of receiving such notice from the Community Development Director, Developer requests in writing that the Board of Supervisors review the finding, the Board of Supervisors shall schedule the topic of the Developer's good faith compliance with the terms of this Agreement as an agenda item for a meeting of the Board of Supervisors to be held within forty-five (45) days following such written request. The County shall give any required notice to the public in the time period required by law prior to such meeting of the Board of Supervisors. If, at such meeting, the Board of Supervisors determines that the Developer is then in good faith compliance with the terms of this Agreement, then the Board of Supervisors shall adopt a resolution making such a finding, and such finding shall conclusively determine such issue up to and including the date of such Board of Supervisors meeting. If the Board of Supervisors determines that the Developer is not then in good faith compliance with the terms of this Agreement, then the Board of Supervisors shall take such actions as it finds appropriate to enforce or interpret the parties' rights and obligations under the terms of this Agreement, including, but not limited to, the modification or termination of this Agreement in accordance with State law. The burden of proof of good faith compliance with the terms of this Agreement shall be on the Developer.
- 11.4. Fee for Annual Review. The fee for County's annual review shall be paid by Developer, and shall not exceed the costs of reimbursement of County staff time, including but not limited to staff time for review of Traffic Impact Reports and other traffic analysis as called for in the Conditions of Approval, and expenses at the customary rates then in effect. Failure to timely pay the Fee for Annual Review shall be a material breach of this Agreement.

12. Default.

12.1. Other Remedies Available. On the occurrence of an event of default, the parties may pursue all other remedies at law or in equity which are not otherwise provided for in this Agreement expressly including the remedy of specific performance of this Agreement.

- 12.2. Notice and Cure. On the occurrence of an event of default by either party, the nondefaulting party shall serve written notice of such default on the defaulting party. If the default is not cured by the defaulting party within thirty (30) days after service of such notice of default, the nondefaulting party may then commence any legal or equitable action to enforce its rights under this Agreement; provided, however, that if the default cannot be cured within the thirty (30) day period, the nondefaulting party shall refrain from any such legal or equitable action so long as the defaulting party begins to cure such default within the thirty (30) day period and makes reasonable progress toward curing such default. Failure to give notice shall not constitute a waiver of any default.
- 12.3. Procedure for Default by Developer. If the County alleges that the Developer is in default under this Agreement, then after notice and expiration of the cure period described in paragraph 13.2, above, if the Developer has not cured the alleged default, County may institute legal proceedings against Developer pursuant to this Agreement or give owner written notice of intent to terminate or modify this Agreement pursuant to section 65868 of the California Government Code. Following notice of intent to terminate or modify as provided above, the matter shall be scheduled for consideration and review in the manner set forth in sections 65867 and 65868 of the Government Code within thirty (30) days following the date of delivery of such notice. Following consideration of the evidence presented in such review before the Board of Supervisors and a determination, on the basis of substantial evidence, by a majority vote of the Board of Supervisors that a default by Developer has occurred, County may (i) give written notice of termination of this Agreement to Owner, and this Agreement shall thereafter deemed terminated as of the date of delivery of that notice or (ii) propose a modification to the Agreement, which modification shall be adopted as provided in section 11 of this Agreement if it is acceptable to all parties. Termination of this Agreement shall not render invalid any action taken by either party in good faith prior to the date on which the termination becomes effective. This paragraph shall not be interpreted to constitute a waiver of section 65865.1 of the California Government Code, but merely to provide the procedure by which the parties may take the actions set forth in such Section 65865.1.
- 12.4 Procedure for Default by County. If County is alleged by Developer to be in default under this Agreement, Developer may seek to enforce the terms of this Agreement by an action at law or in equity, including, without limitation, by specific performance.
- 12.5. Estoppel Certificate. Either party may, at any time, and from time to time, request written

notice from the other party requesting such party to certify in writing that, to the knowledge of the certifying party, (1) this Agreement is in full force and effect and a binding obligation of the parties, (2) this Agreement has not been amended or modified either orally or in writing, or if so amended, identifying the amendments, and (3) the requesting party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults. A party receiving a written request under this Section shall execute and return such certificate within sixty (60) days following the receipt thereof, or such longer period as may reasonably be agreed to by the parties. County Manager shall be authorized to execute any certificate requested on behalf of County. Failure to execute such an estoppel certificate shall not be deemed a default.

13. Severability. The unenforceability, invalidity, or illegality of any provision, covenant, condition, or term of this Agreement shall not render the other provisions unenforceable, invalid, or illegal, except that if it is determined in a final judgment by a court of competent jurisdiction that Developer's rights are not vested in the manner and to the extent agreed to in this Agreement, then the Parties shall meet and confer in a good faith attempt to agree on a modification to this Agreement that shall fully achieve the purposes hereof. If such a modification cannot be agreed on, then Developer or County may terminate this Agreement on 90-days' written notice to the other Party.

14. Transfers and Assignments.

- 14.1. Right to Assign. Developer's rights under this Agreement may be transferred, sold, or assigned in conjunction with the transfer, sale, or assignment of all or a portion of the Property subject to this Agreement at any time during the term of this Agreement; provided that, except as provided in this Agreement, no transfer, sale, or assignment of Developer's rights hereunder shall occur without prior written notice to County and the consent of the Board of Supervisors. Developer presently intends to transfer title in the in the land underlying the Wellness Center to Big Wave Group, an Internal Revenue Code Section 503(C) non-profit entity. The County and its Board of Supervisors hereby consent to that assignment.
- 14.2. Release Upon Transfer. Upon the transfer, sale, or assignment of Developer's rights and interests hereunder pursuant to the preceding subparagraph of this Agreement, Developer shall be released from the obligations under this Agreement with respect to the Property transferred, sold, or assigned, arising after the date of Board of Supervisors approval of such transfer, sale, or assignment; provided, however, that if any transferree, purchaser, or assignee approved by the

Board of Supervisors expressly assumes the obligations of Developer under this Agreement, Developer shall be released with respect to all such assumed obligations. In any event, the transferee, purchaser, or assignee shall be subject to all the provisions of this Agreement and shall provide all necessary documents, certifications, and other necessary information before Board of Supervisors approval.

- 14.3. Pre-Approved Transfers. The following transfers shall not require approval by the Board of Supervisors, and shall automatically result in the release of Developer from its obligations under this Agreement as they may relate specifically to the specific property or asset sold or transferred: (1) sale or lease of a subdivided parcel of the Property or of one or more completed buildings or portions thereof by Developer; and (2) transfer of any interest in the Project or the Property by Developer to an affiliated or related company or entity.
- 14.4. Foreclosure. Nothing contained in this Section 14 shall prevent a transfer of the Property, or any portion of the Property, to a lender as a result of a foreclosure or deed in lieu of foreclosure, and any lender acquiring the Property, or any portion of the Property, as a result of foreclosure or a deed in lieu of foreclosure shall take such Property subject to the rights and obligations of Developer under this Agreement; provided, however, in no event shall such lender be liable for any defaults or monetary obligations of Developer arising before acquisition of title to the Property by such lender, and provided further, in no event shall any such lender or its successors or assigns be entitled to a building permit or occupancy certificate until all fees due under this Agreement (relating to the portion of the Property acquired by such lender) have been paid to County.
- 15. Agreement Runs with the Land. Except as otherwise provided in this Agreement, all of the provisions, rights, terms, covenants, and obligations contained in this Agreement shall be binding on, and inure to the benefit of, the parties and their respective heirs, successors, and assignees, representatives, lessees, and all other persons acquiring the Property, or any portion of the Property, or any interest therein, whether by operation of law or in any manner whatsoever. All of the provisions of this Agreement shall be enforceable as equitable servitudes and shall constitute covenants running with the land pursuant to applicable laws, including, but not limited to, California Civil Code Section 1468. Each covenant to do, or refrain from doing, some act on the Property under this Agreement, or with respect to any owned property, (1) is for the benefit of such properties and is a burden on such properties, (2) runs with such properties, and (3) is binding on each party and each successive owner during its ownership of such properties or any portion thereof, and shall be a benefit to and a burden on each party and its property hereunder

and each other person succeeding to an interest in such properties.

16. Bankruptcy. The obligations of this Agreement shall not be dischargeable in bankruptcy.

17. Indemnification. Developer agrees to indemnify and hold harmless County, and its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives from any and all claims, costs, and liability for any personal injury or property damage which may arise directly or indirectly as a result of any actions or negligent omissions by the Developer, or any actions or negligent omissions of Developer's contractors, subcontractors, agents, or employees in connection with the construction, improvement, operation, or maintenance of the Project; provided, however, the provisions of this Paragraph 20 shall not apply to the extent the County or its elected and appointed councils, boards, commissions, officers, agents, employees, or representatives are found to have been negligent or to have committed willful misconduct.

18. Force Majeure. In addition to any specific provisions of this Agreement, performance of obligations under this Agreement shall be excused and the term of this Agreement shall be similarly extended during any period of delay caused at any time by reason of acts of God such as floods, earthquakes, fires, or similar catastrophes; wars, riots, or similar hostilities; strikes and other labor difficulties beyond the party's control; shortage of materials; the enactment of new laws or restrictions imposed or mandated by other governmental or quasi-governmental entities preventing this Agreement from being implemented; litigation involving this Agreement or the Project Approvals, which delays any activity contemplated under this Agreement; or other causes beyond a party's control. County and Developer shall promptly notify the other party of any delay under this Agreement as soon as possible after the delay has been ascertained.

19. Notices. All notices required or provided for under this Agreement shall be in writing and delivered in person or sent by certified mail, postage prepaid, by overnight delivery or by facsimile.

Notices required to be given to County shall be addressed as follows:

County of San Mateo
Director of Community Development
455 County Center, 2nd Floor
Redwood City, CA 94063

Facsimile: (650) 363-4849

Notices required to be given to Developer shall be addressed as follows:

David J. Byers, Esq. McCracken, Byers & Richardson LLP 870 Mitten Road Burlingame, CA 94010

Facsimile: (650) 697-4895

A party may change its address for notices by giving notice in writing to the other party, and thereafter all notices shall be addressed and transmitted to the new address. Notices shall be deemed given and received on the earlier of personal delivery, or if mailed, on the expiration of 48 hours after being deposited in the United States Mail or on the delivery date or attempted delivery date shown on the return receipt, air bill, or facsimile.

20. Agreement Is Entire Understanding. This Agreement is executed in four duplicate originals, each of which is deemed to be an original. This Agreement constitutes the entire understanding and agreement of the parties.

21. Exhibits. The following documents are referred to in this Agreement and are attached to this Agreement and incorporated herein as though set forth in full:

Exhibit A: Legal Description of Property

Exhibit B: Project Approvals

Exhibit C: Topography of Southern Parcel

Exhibit D: Topography of Northern Parcel

Exhibit E: Alternative C Office Park Property Vesting Tentative Map from FEIR, October 2010

Exhibit F: Office Park Grading and Erosion Control Plan

Exhibit G: Draft Office Park Planting Plan

Exhibit H: Alternate Traffic Route for Office Park Under Alternative C

Exhibit I: Wellness Center Property Vesting Tentative Map from Final EIR, October 2010

Exhibit J: Wellness Center Grading and Erosion Control Plan

Exhibit K: Draft Wellness Center Planting Plan

Exhibit L: Draft "90% Basis of Design - Riparian and Water/Wetlands Ecosystem Restoration"

22. Recordation of Development Agreement, Amendment, or Cancellation. Within ten (10) days after the Effective Date of this Agreement, the Developer shall submit a fully-executed original of this Agreement for recording with the County Recorder. If the parties to the Agreement or their successors-in-interest amend or cancel the Agreement or if the County terminates or modifies the Agreement for failure of the Developer to comply in good faith with the terms or conditions of the Agreement, either party may submit for recording the notice of such action with the County Recorder. IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written. County of San Mateo Big Wave, LLC President, Board of Supervisors Print Name: ATTEST: Clerk of the Board

///

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EXHIBIT B: Project Approvals

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EXHIBIT L: Draft "90% Basis of Design - Riparian and Water/Wetlands Ecosystem

Restoration"

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(Assessor's Parcel Number 047-312-040, southern parcel)

Property Description

All that certain real property situate in the unincorporated County of San Mateo, State of California, being a portion of the Rancho Corral de Tierra Palomares, more particularly described as follows:

Beginning at the most northerly corner of Lot 27, Block 13, as said lot and block are shown on that certain map entitled "Princeton by the Sea," filed in Book 6 of Maps at page 32, records of said County; thence North 42°03'19" West 276.20 feet to a 3/4" iron pipe monument with surveyor's tag "LS 5304"; thence North 13°40'49" West 392.00 feet to a 3/4" iron pipe monument with surveyor's tag "LS 5304" on the southeasterly line of Parcel No. 3 as described in the grant deed from Josephine C. Valencia to the United States of America, recorded April 30, 1943, in Book 1057 of Official Records at page 375, records of said County; thence along said line North 25°49'00" East 300.00 feet to the southwesterly line of Airport Street, said street being Parcel No. 2 as described in said deed from Valencia to the United States of America; thence along said line South 43°00'00" East 538.62 feet to the northwesterly line of said Block 13; thence along said line South 25°29'08" West 511.90 feet to the point of beginning.

This is to certify that the real property described above complies with the State of California Subdivision Map Act and the San Mateo County Subdivision Ordinance.

(Reference: San Mateo County Recorder's Document No. 98-038473, recorded March 23, 1998)

(Assessor's Parcel Number 047-311-060, northern parcel)

Property Description

All that certain real property situate in the unincorporated County of San Mateo, State of California, being a portion of the Rancho Corral de Tierra Palomares, more particularly described as follows:

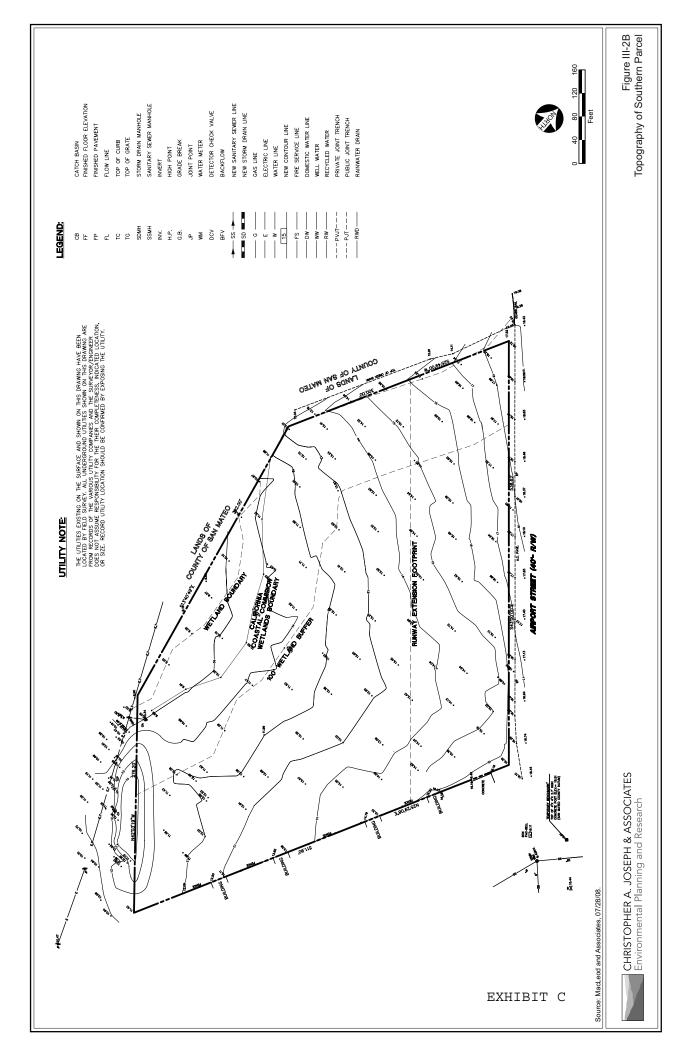
Beginning at the intersection of the southwesterly line of Airport Street, said street being Parcel No. 2 as described in the grant deed from Josephine C. Valencia to the United States of America, recorded April 30, 1943, in Book 1057 of Official Records at page 375, records of said County, with the northeasterly prolongation of the southeasterly boundary of Parcel No. 2 as said parcel is shown on that certain parcel map filed August 13, 1985, in Volume 56 of Parcel Maps at pages 21 and 22, records of said County; thence along said line of Airport Street South 43°00'00" East 1,151.64 feet to the most northerly corner of Parcel No. 3 as described in said deed from Valencia to the United States of America; thence along the northwesterly line of said Parcel No. 3 South 25°49'00" West 160.00 feet to a 3/4" iron pipe monument with surveyor's tag "LS 5304"; thence South 49°23'42" West 232.18 feet to a 3/4" iron pipe monument with surveyor's tag "LS 5304"; thence North 63°37'49" West 846.23 feet to a 3/4" iron pipe monument with surveyor's tag "LS 5304"; thence South 66°29'08" West 209.91 feet to a 3/4" iron pipe monument with surveyor's tag "LS 5304" on the southeasterly boundary of Parcel No. 1 as said parcel is shown on said parcel map; thence along the boundary of said Parcels No. 1 and No. 2 of said parcel map and the northeasterly prolongation thereof North 25°56'26" East 940.00 feet to the point of beginning.

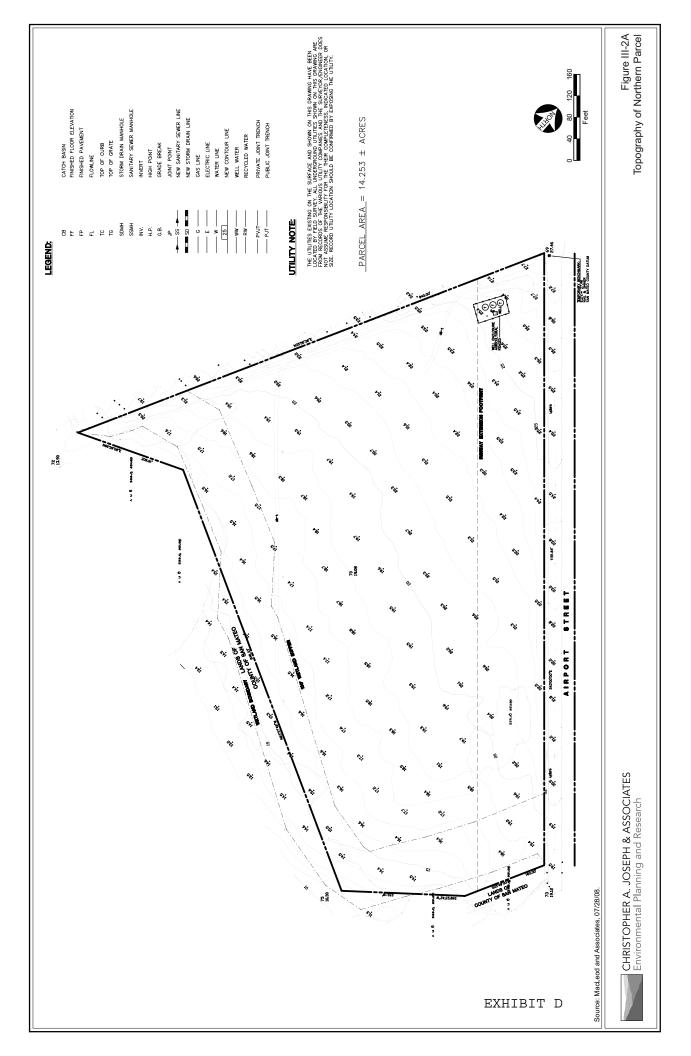
This is to certify that the real property described above complies with the State of California Subdivision Map Act and the San Mateo County Subdivision Ordinance.

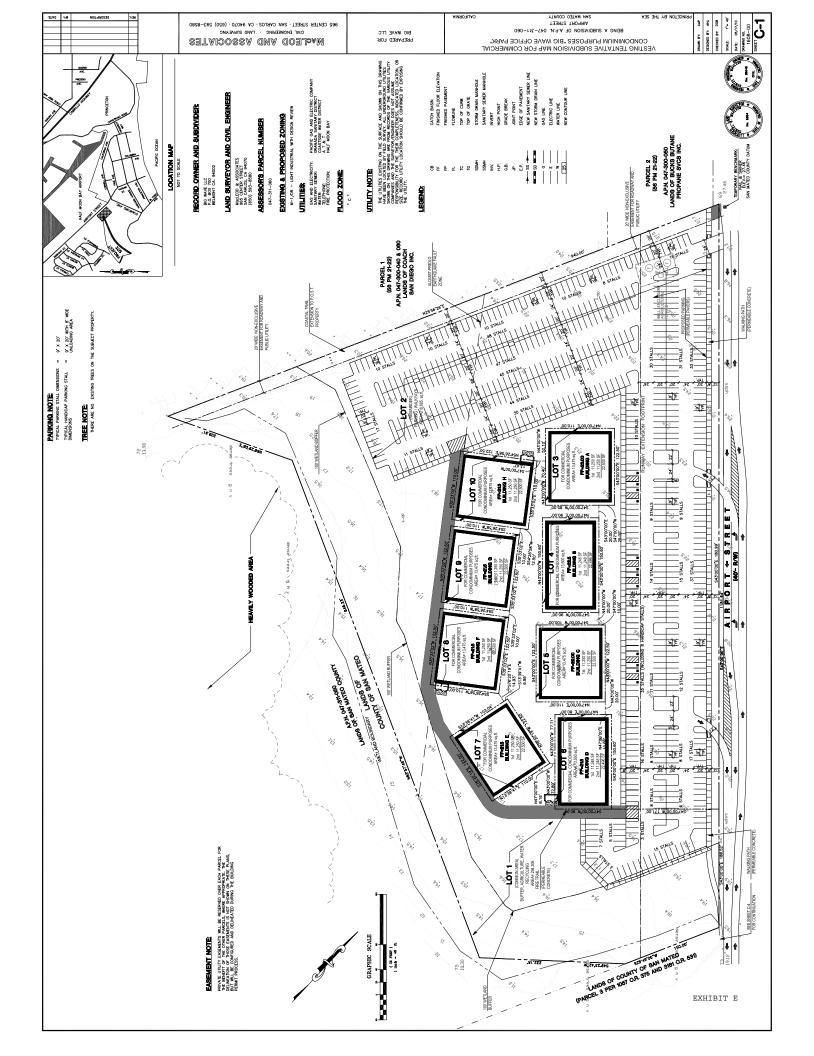
(Reference: San Mateo County Recorder's Document No. 98-038473, recorded March 23, 1998)

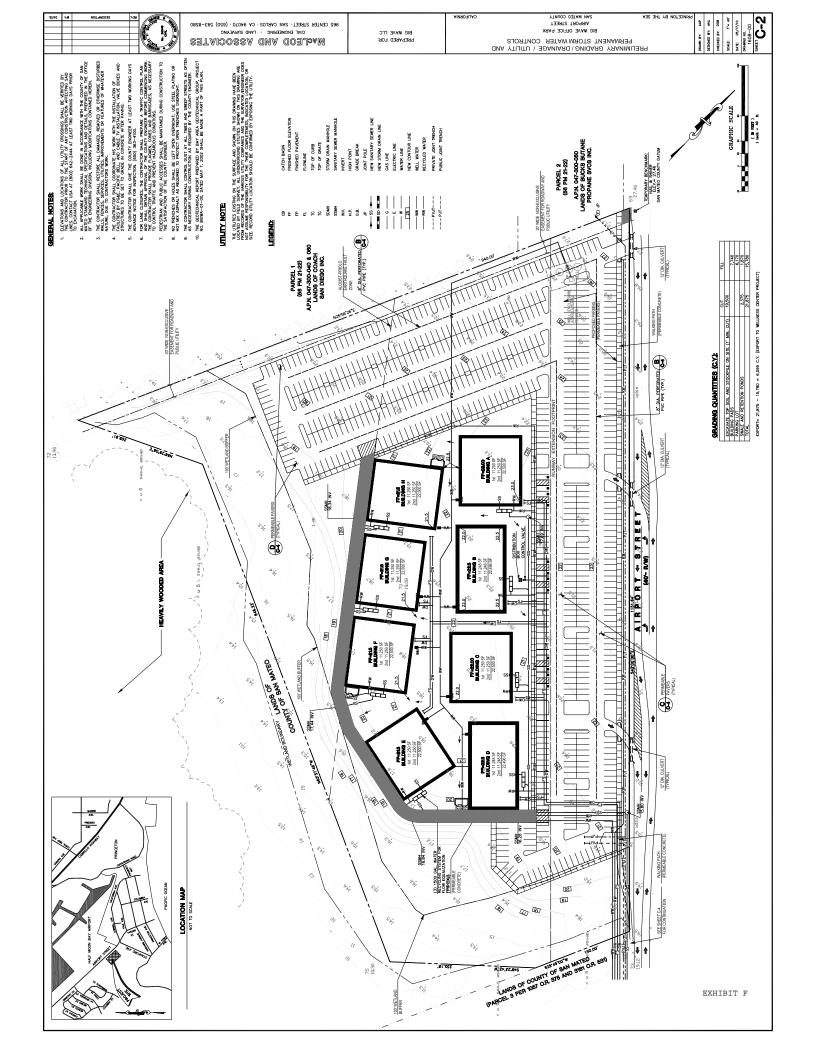
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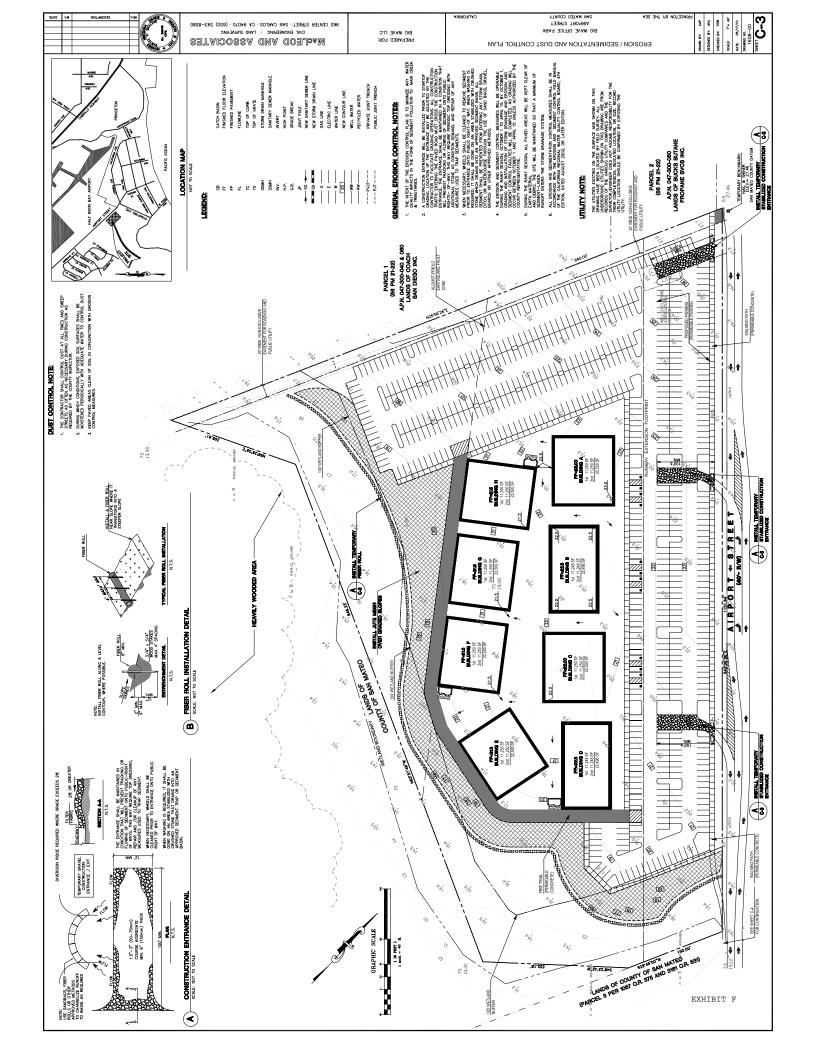
(INSERT PROJECT APPROVALS)

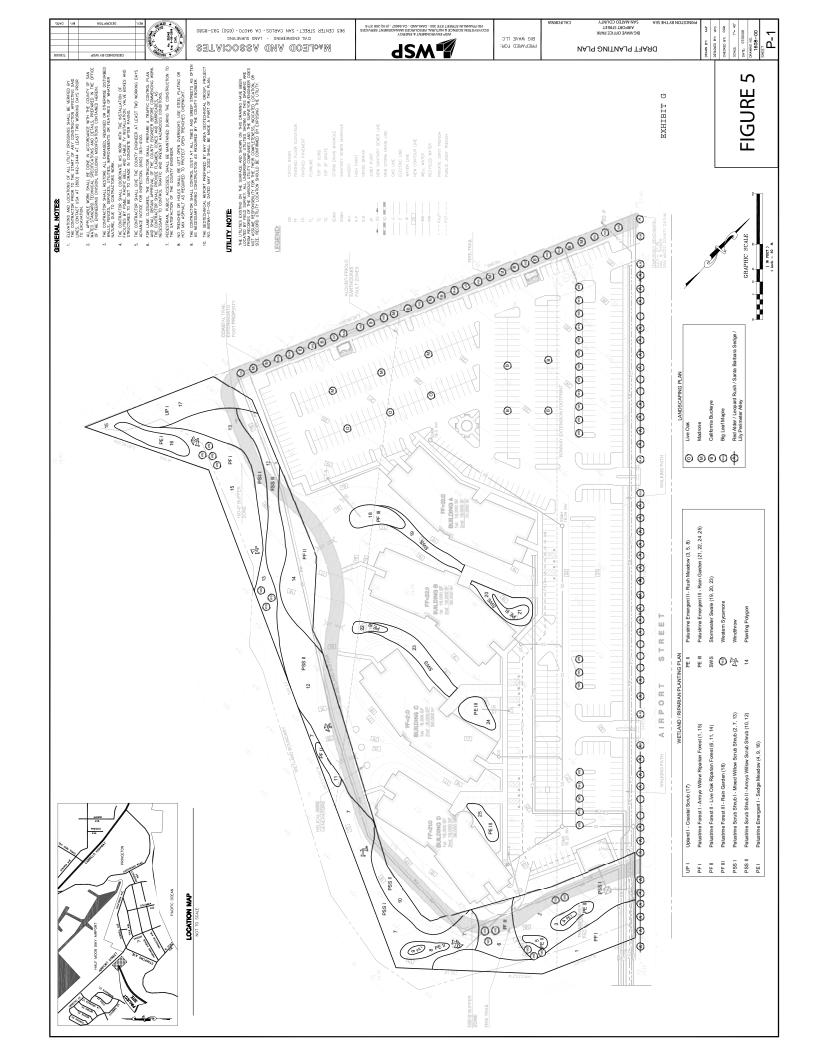


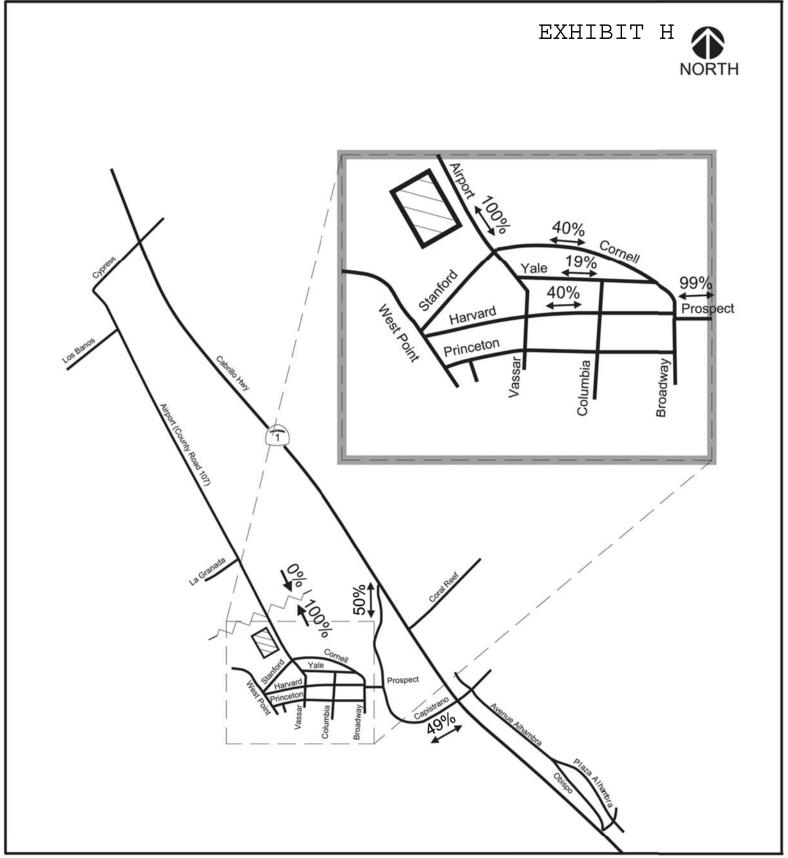








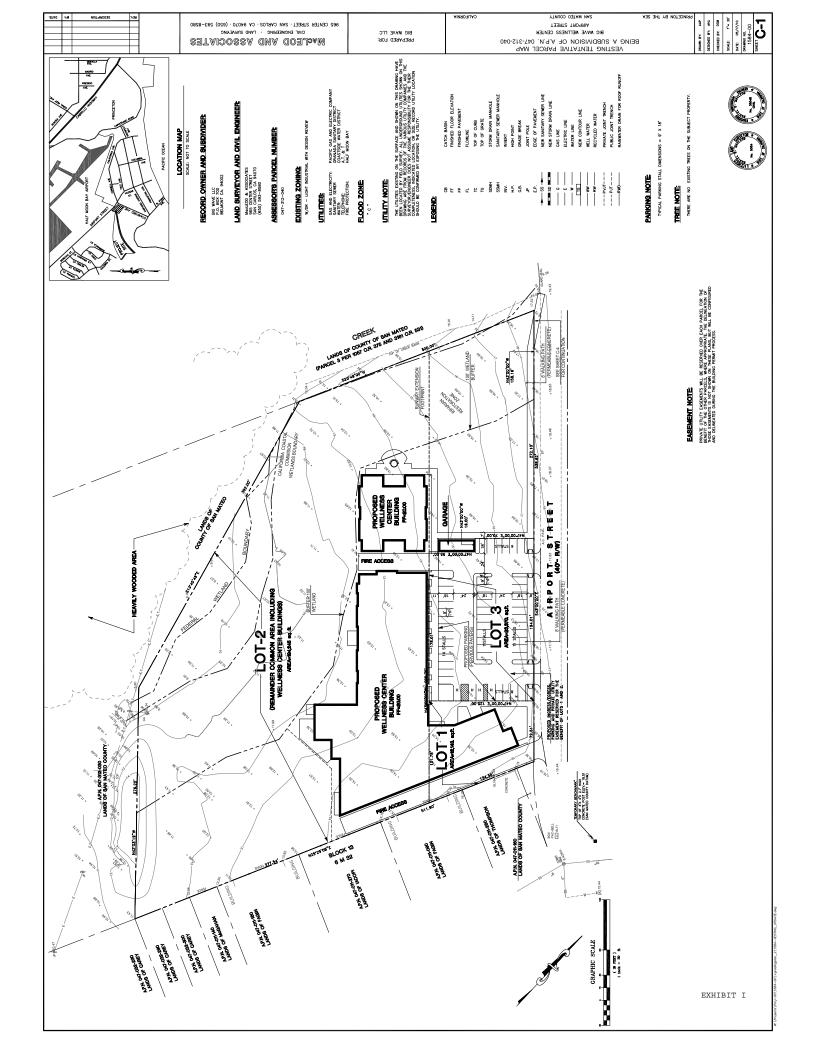


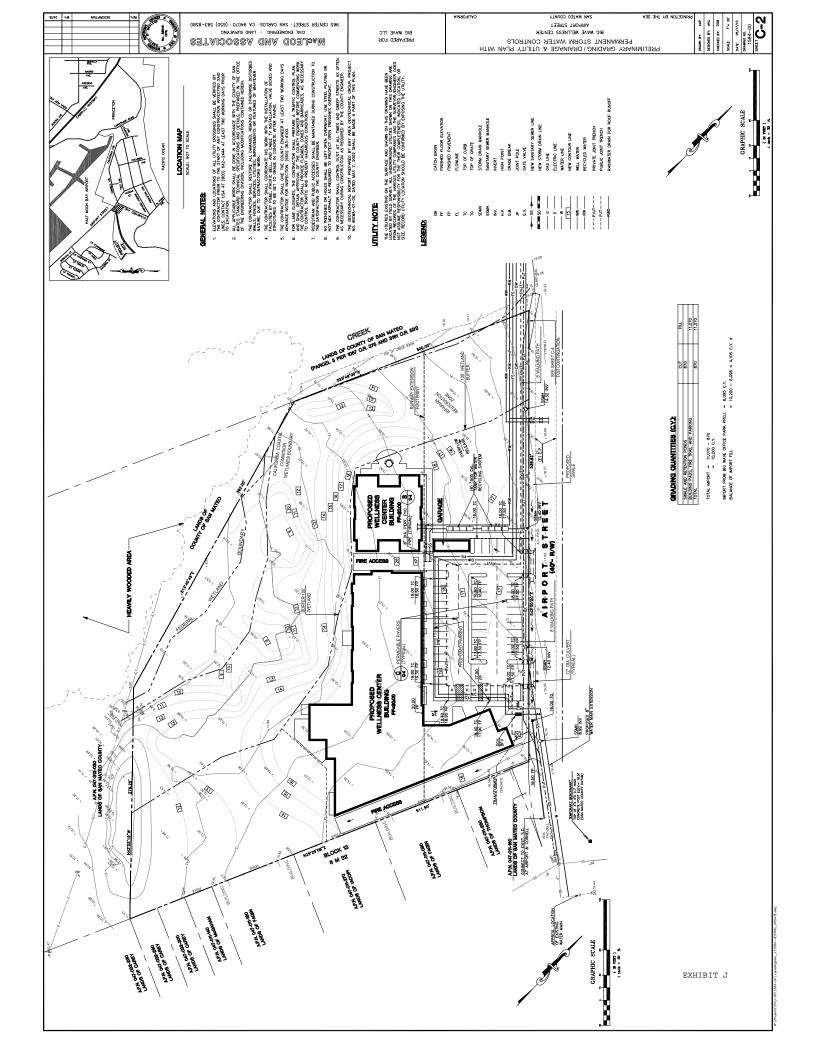


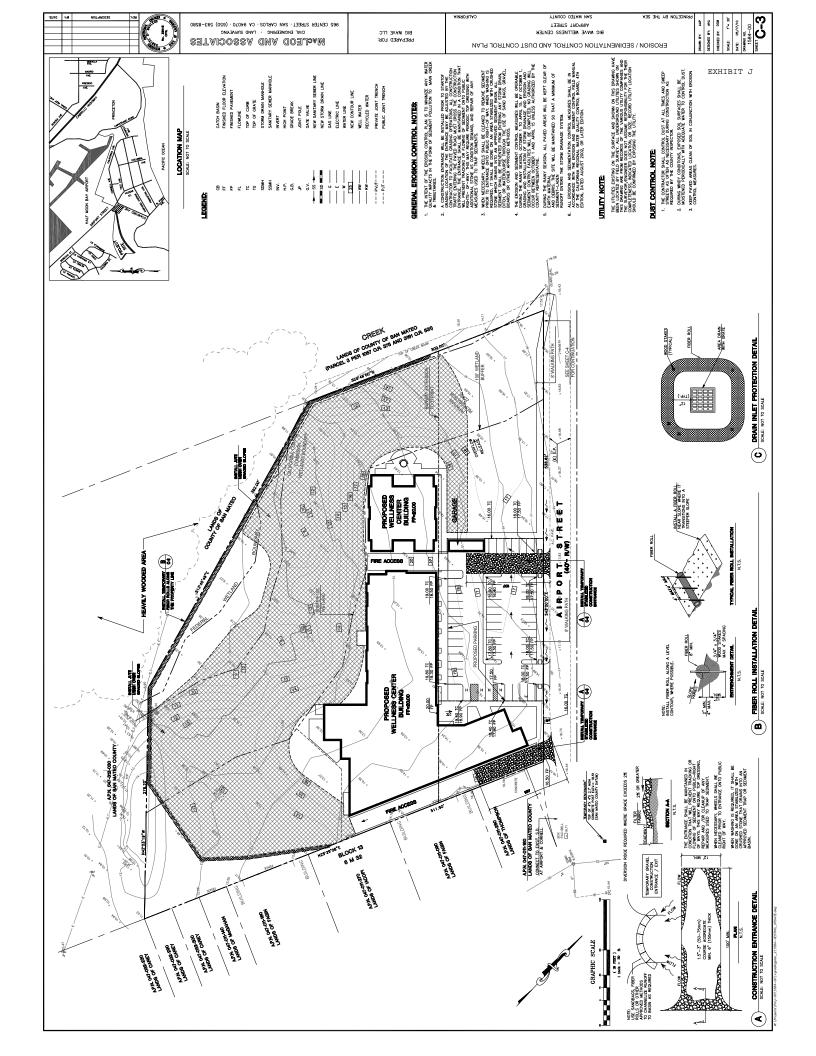
LEGEND

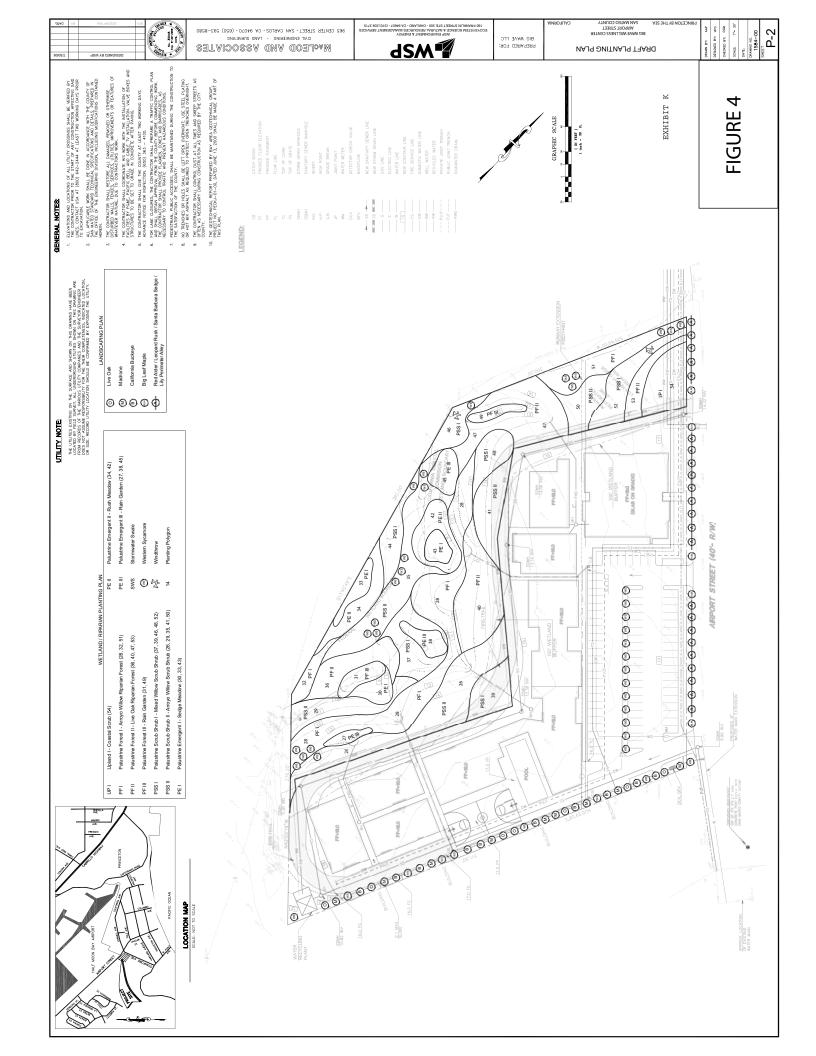
SITE LOCATION

FIGURE D









Draft (90%) Basis of Design Report

Riparian & Waters/Wetlands Ecosystem Restoration for Big Wave Wellness Center and Office Park San Mateo County, California



August 4, 2008

Prepared for:



Big Wave LLC 1333 Jones Street Suite 307 San Francisco, CA 94109

Prepared by:



Ecosystem Science & Natural Resources
Management Services
160 Franklin Street, Suite 300
Oakland, CA 94607

DISCLAIMER

WSP Environment & Energy has prepared this basis of design report for use by Big Wave LLC. Waters of the U.S., including wetlands (waters/wetlands) boundaries presented in this report are described in a previous report by WSP (2008a). These waters/wetlands boundaries have been approved by the U.S. Army Corps of Engineers, San Francisco District (File No. 2008-001025; Regulatory Division, U.S. Army Corps of Engineers, San Francisco District, June 5, 2008). Wetland boundaries under California Coastal Commission jurisdiction have not received formal approval.

Lyndon C. Lee	August 4, 2008
Lyndon C. Lee, Ph.D.	Date
Principal Ecologist & Vice President	
Ecosystem Science and Natural Resources Management Services	

WSP Environment and Energy

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EXECUTIVE SUMMARY

The Big Wave Wellness Center and Office Park Project (hereafter, "Project") consists of the construction of a residential village and an adjacent commercial property/office park complex. The residential village is designed to provide affordable housing and independent living for a developmentally disabled community, and the office park is designed similarly to provide a state-of-the-art "green", LEED-certified working environment. The primary objective of the project is to construct innovative living and work environments that foster independent and meaningful living/work experiences for disabled young adults. The proposed Project also includes restoration of the waters of the U.S., including wetlands (*i.e.*, waters/wetlands) and California Coastal Commission (state) wetlands on the property that are currently used in agricultural production.

This basis of design report outlines a restoration plan for the riparian/wetland ecosystem that encompasses the federal and state waters/wetlands and their buffer that lie within the project area. This 90% restoration design describes a suite of activities that would increase waters/wetlands ecosystem functions, and to develop a native, diverse, and aesthetically pleasing landscape. Best management practices for stormwater treatment are designed to incorporate retention/detention microdepressions (rain gardens) and swales planted with native species.

The riparian/wetland ecosystem restoration plan includes five elements:

- 1. Earthwork, including mass and fine grading,
- 2. Installation of large wood,
- 3. Planting and irrigation,
- 4. Weed management, and
- 5. Monitoring and adaptive management.

The riparian/wetland ecosystem restoration design integrates the built environment with natural communities through utilization of native species for landscaping, locally adapted plant stock, and when possible, use of propagules obtained from the Project Site and adjacent landscape. Additionally, the Project design encourages community involvement by offering educational opportunities for village residents in the restoration process as well as via an informal foot path within the restored buffer. If implemented as designed, the riparian/wetland ecosystem will result an increase in the hydrologic, biogeochemical, native plant community, and faunal support/habitat functions of the currently farmed wetlands. A monitoring and adaptive management program will be implemented to ensure success of the restoration efforts.

I. INTRODUCTION

The Big Wave Wellness Center and Office Park Project (hereafter, "Project") consists of the construction of a residential village and an adjacent commercial property/office park complex. The residential village is designed to provide affordable housing and independent living for a developmentally disabled community, and the office park is designed similarly to provide a state-of-the-art "green", LEED-certified working environment. The primary objective of the project is to construct innovative living and work environments that foster independent and meaningful living/work experiences for disabled young adults.

The proposed Project also incorporates a restoration plan for the riparian/wetland ecosystem which for the purposes of this project includes (a) the waters of the U.S., including wetlands (hereafter, waters/wetlands), (b) California Coastal Commission (state) wetlands, and (c) a 100 foot wide buffer around these waters/wetlands. The majority of all three areas is currently are used in agricultural production. For the purposes of this Project, a "riparian/wetland ecosystem" is defined as upland, transitional, and waters/wetland habitats, all of which will be restored in a complex mosaic within a 100 ft buffer adjacent to existing federal and state waters/wetlands. Restoration of the buffer will provide significant benefits to waters/wetlands ecosystem functions, relative to existing conditions, particularly with respect to the native plant and animal communities. Of particular importance is the restoration of potential breeding habitat for the California red-legged frog (Rana aurora draytonii) and potential foraging habitat for the San Francisco garter snake (*Thamnophis sirtalis tetrataenia*). The restoration design integrates the built environment with natural communities through utilization of native species for landscaping, locally adapted plant stock, and when possible, use of propagules obtained from the Project Site and adjacent landscape. Additionally, the Project design encourages community involvement by offering educational opportunities for village residents in the restoration process as well as via an informal foot path within the restored buffer.

A. Project Site

The Big Wave Project Site (hereafter, "Project Site") is located in unincorporated San Mateo County, adjacent to Princeton-by-the-Sea, California (Figure 1). The Project Site consists of two agricultural fields totaling 19.5 ac. These fields are separated by a small, county-owned, unnamed intermittent stream that is an extension of San Mateo County's Pillar Point Marsh. As such, it drains directly to the Pacific Ocean, entering the Pacific Ocean via Pillar Point Harbor immediately north of the mouth of Denniston Creek.

The Project Site is bordered to the northeast by the Half Moon Bay Municipal Airport (Figure 2) and to the south by Pillar Point Marsh, a nature reserve that is part of the County of San Mateo Fitzgerald Marine Reserve complex managed by the County's Parks and Recreation Division. A public trailer park is immediately north of the Project Site along Airport Road. Elevations at the Project Site range from 9.0 to 27.7 feet NGVD, although the agricultural fields are generally flat but slope gently to the south and west.

B. Existing Conditions at the Big Wave Project Site

1. Soils and Geomorphic Context

The Project Site is situated on the uplifted Half Moon Bay marine terrace formation within a partially filled coastal basin. The coastal basin consists of Pleistocene coarse-grained, alluvial fan and stream terrace deposits. Underlying sediments include poorly consolidated sand, gravel, and silt comprising the headward-most extent of old alluvial fans (Brabb and Pampeyan 1983). Montara Mountain, a northern spur of the Santa Cruz Mountain sequence of the Outer Coast Ranges, separates this low-lying coastal area from San Francisco Bay to the north and east.

Soils within the Project Site are mapped by the Natural Resources Conservation Service (NRCS, formerly U.S. Department of Agriculture Soil Conservation Service) as Denison clay loam on nearly level slopes (DcA) and Denison clay loam on nearly level slopes that are imperfectly drained (DdA) (NRCS 1961). These soils are derived from granitic alluvium, and have formed on low coastal terraces under the influence of herbaceous vegetation (grass). Denison clay loam soils occur on 0 to 2 percent slopes and the mapping unit has approximately 1 percent hydric inclusions, which typically are found in depressions across the mapping unit. Denison clay loam soils are generally highly fertile. Overall, Denison soils are classified as fine, smectitic (*i.e.*, clay derived from the alteration of the minute glass in volcanic ash, formerly known as bentonite), isomesic (*i.e.*, summer and winter temperatures differ by less than 6°C at 50 cm depth) pachic argixerolls (see Soil Survey Staff 2006).

2. Climate

The Project Site has a mild Mediterranean type climate maintained by persistent sea breezes. Temperatures rarely exceed 90°F and seldom drop below 32°F. Average daily temperatures (by month) range from 51°F to 59°F (NRCS 2007). Cloud coverage and fog are common during the evening and early morning hours, but typically dissipate during mid-day. Total average annual precipitation is 28 inches (NRCS 2007).

3. Hydrology

Hydrologic inputs to the project site are dominated by precipitation and surface runoff. The majority of surface runoff comes to the Project Site via the Half Moon Bay Airport storm water runoff collection system. Within the airport property, runoff is consolidated in a series of channels, culverts, and pipes leading to a pair of concrete culverts (44" diameter) that run southwest under Airport Street. The 44" culverts form the headward-most extent of a stream reach of an unnamed intermittent tributary that bisects the Project Site. This tributary passes through two culverts under West Point Avenue and connects with the tidally influenced Pillar Point Marsh, eventually flowing into Pillar Point Harbor (WSP 2008a).

4. Plant Communities

The Project Site, consisting of two more or less adjacent agricultural fields, currently is under active cultivation. The site is annually plowed, disked, and planted in one or more rotations; therefore, little to no adventive (uncultivated) vegetation persists or has the opportunity to

colonize across the great majority of the Project Site. In those areas where agricultural clearing had not occurred recently (e.g., along Airport Street verge and in very small, scattered patches within agricultural fields), non-native annual grasses and forbs occur. Dominant species along the main verge include wild oats (Avena spp.), bristly oxtongue (Picris echioides), and common vetch (Vicia sativa).

Along the unnamed intermittent tributary that bisects the property and the southern perimeter of the property adjacent to Pillar Point Marsh, riparian (palustrine scrub shrub) and seasonal freshwater wetland plant communities persist (palustrine persistent and non-persistent emergent) (Cowardin et al. 1979). Dominant species within the unnamed drainage include willows (Salix lasiolepis, S. scouleriana, S. sitchensis), California blackberry (Rubus ursinus), and poison hemlock (Conium maculatum). Dominant species along the southern edge of the property included slough sedge (Carex obnupta), soft rush (Juncus effusus), silverweed (Potentilla anserina var. pacifica), field mint (Mentha arvensis), arroyo willow (Salix lasiolepis), and California blackberry. Overall, the vegetation on the proposed project site has been significantly altered and reflects a long history of regular disturbance and agricultural cultivation.

5. Protected Species

No rare plants of conservation concern have been observed on the project site (WSP 2008b). Four rare plant species have been documented by the California Natural Diversity Database (CNDDB) within two miles of the Project Site, but they are unlikely to occur on the Project Site due to lack of suitable habitat.

No rare, threatened or endangered animal species have been observed on the Project Site (WSP 2008b). The WSP field team observed 29 wildlife species on the property during a field survey in early Spring 2008. One species on the watch list of the California Department of Fish and Game, the sharp-shinned hawk, was observed flying above the property. Two special status animal species, *Rana aurora draytonii* (California red legged frog) and *Geothlypis trichas sinuosa* (saltmarsh common yellowthroat) have been recorded in the past on adjacent property (CNDDB 2008). The California red legged frog, including one adult and one sub-adult, were observed in a wetland near the Project Site near West Point Road on May 7, 1999 (CNDDB 2008). The saltmarsh common yellowthroat has been observed near the site in the past; specifically, observations of individuals or breeding pairs were recorded in 1985, 1988, 1989, and 1990, but have not been document since then (CNDDB 2008). During the 2008 field effort, the WSP team observed one common yellowthroat perched in willows in the wetlands adjacent to and to the southwest of the Project Site. These protected species are not expected to occur on the Project Site as no suitable breeding or foraging habitat currently exists.

6. Extent of Jurisdictional Waters/Wetlands and their Buffers

Approximately 0.45 acres of wetlands of "other waters" (Type 3 waters of the U.S.), 0.74 acres (32,180 ft²) of California Coastal Commission waters/wetlands, and 4.26 acres of buffer are delineated at the Big Wave Project Site (WSP 2008a, Figure 3). The great majority of these waters/wetlands are found along the southern margin of the property. The proposed development will avoid all direct impacts to waters/wetlands and the 100 foot buffer set back.

II. OBJECTIVES

WSP Environment & Energy (WSP) was retained by Big Wave LLC to assist in the restoration of the native coastal ecosystems at the Project Site. The purpose of the restoration effort is to increase the functioning of the native coastal ecosystems at the Project Site. Specifically, in this report, WSP was asked to assist with the following tasks:

- 1. Prepare a restoration plan for riparian waters/wetland ecosystem within the buffer area of the Project Site.
- 2. Design a natural landscaping plan of native species for the residential and commercial areas.
- 3. Assist in the design of natural storm water management/rain garden system using native plant species genetically adapted to the central coast of California.

Sections III, IV and V of this report describe designs developed for the riparian buffer restoration, native landscaping, and natural storm water management, respectively.

III. DRAFT (90%) RIVERINE WETLAND ECOSYSTEM DESIGN

A. Guiding Principles

WSP used the following set of principles to guide design of the riverine/riparian waters/wetland ecosystem restoration:

- 1. Give due diligence to federal, state and local regulatory requirements.
- 2. Target no net loss of waters/wetlands area and/or ecosystem functioning.
- 3. Base the restoration design on attainable regional reference conditions.
- 4. Aim to restore the native hydrological, biogeochemical, plant community, and faunal support/habitat functioning.
- 5. Target restoration of riverine ecosystem functions (*e.g.*, through maintaining hydrological connectivity within the landscape and restoring microtopography).
- 6. Integrate the form and function of the natural and the constructed landscapes.

B. U.S. Army Corps and EPA Guidance on Wetlands Compensatory Mitigation

In April 2008, the U.S. Army Corps of Engineers along with the U.S. Environmental Protection Agency issued new standards to improve wetland restoration and protection policies (Federal Register 2008). The new "wetlands compensatory mitigation standards" were offered to promote the use of best available science, promote innovative approaches to the "no net loss of area and/or function" national policy, and to focus on the results of restoration and protection.

Relevant to the Big Wave Wellness Center and Office Park Project, these new Corps/EPA mitigation standards reaffirm the mitigation sequence of avoid, minimize, and mitigate (compensate). The Big Wave Project is avoiding all impacts to existing waters/wetlands (including both waters of the U.S. and Coastal Commission wetlands) and therefore is in line with the new guidance on mitigation sequencing. As described in this basis of design, the proposed restoration of riparian areas adjacent to waters/wetlands will likely result in expansion of at minimum 5.3 acres of state wetlands.

C. General Description and Design Rationale

The riparian waters/wetlands ecosystem buffer design includes ten plant community types that support approximately 75 native California taxa (Figures 4-10). The community types are based upon the U.S. Fish & Wildlife Service's hierachical classification system (Cowardin *et al.* 1979) of five wetland systems – marine, estuarine, riverine, lacustrine, and palustrine. Only wetlands within the palustrine system are appropriate to the Project Site. As such, three palustrine forest communities, two palustrine scrub-shrub communities, three palustrine (persistent) emergent communities are proposed. Additionally, an upland community that supports native coastal scrub species and similarly a plan for the storm water swales also is included.

A total of 54 polygons at the Wellness Center and Office Park (inclusive) will be restored, representing a total 5.3 acres of riparian and waters/wetlands within the buffer and across the built landscape. Specifically, a total of 1.89 acres of palustrine forest, 2.47 acres of palustrine scrub shrub, 0.51 acres of palustrine emergent wetlands will be restored, in addition to 0.26 acres of upland coastal scrub and 0.18 acres of stormwater wetland swales (Figures 4-10).

In the design process of the riparian buffer along the adjacent waters/wetlands of Wellness Center and Office Park, WSP focused on achieving the highest level of ecosystem functioning possible. Design elements relative to ecosystem function were developed based on site history and landscape context and will be monitored over a minimum of ten years post restoration. Importantly, an increased level of function has to be achieved while also achieving a natural, unbroken, visually attractive transition between the restored ecosystem and the residential/commercial landscape. To achieve this target, WSP relied upon:

- 1. A reference database and draft hydrogeomorphic guidebook for 3rd and 4th order riverine waters/wetlands of the central California coast (NWSTC 1996) developed to assist in the design, permitting and monitoring of riverine restorations within this reference domain (biogeographic province),
- 2. Relevant literature, reports, flora documentation, and
- 3. Cumulative 60+ years of professional experience of the lead WSP scientists working in waters/wetlands ecosystems along the central coast of California.

This 90% restoration design is based upon a suite of activities that would increase waters/wetlands ecosystem functions and develop a native, diverse, and aesthetically pleasing landscape. Elements of the restoration design are focused around five phases of work, including earthwork, (mass and fine grading), installation of large wood, planting and irrigation, weed management, and monitoring and adaptive management.

Our rationale for implementation of each technique is described in the following text.

1. Earthwork

Natural transitions within the landscape will need to be restored as a result of historic land uses and the integration of wild and urban environments. Mass grading can restore landscape hydrologic connectivity creating smooth transitions within and between wetland and upland habitat. In addition, mass grading is extremely effective at removing weeds through eliminating standing biomass and elimination of a viable seed bank in the upper soil horizon(s). Earthwork also decreases competition from well-established weeds and, with standard grading techniques such as ripping and/or disking, helps loft soil, blend top and sub-soil horizons, and prepare a successful planting environment.

Fine grading involves the use of directed time to grade microtopographic features within the riverine and riparian environments. Finish grading also involves the placement of large wood structures, and will thus provide an essential element of an ecosystem (detritus). These wood structures will mimic dead and decomposing features of a woody riparian ecosystem, including

snags (standing dead), decadent/decaying logs, and log jam features of floodplains and fluvial systems, as described in the following paragraph.

2. Installation of large wood and log structures

Prior to agriculture, grazing, clearing, industrial uses, and intense water management in California, large wood was a part of natural ecosystems. Log structures can be placed above and/or below ground. Large wood provides numerous ecosystem functions, for example log structures create roughness (*i.e.*, increase Manning's *n*) that slows water flow and spreads it out to promote maximum contact of water with the floodplain surface. Log structures can be strategically placed in order to deflect flood waters away from civil structures including roadways, bridges, *etc*. Large wood creates hydraulic complexity within a reach through dissipation, focusing, and/or adding complexity to the riverine ecosystem and thereby provide habitat for aquatic invertebrates and vertebrates, including fish. Placement of large wood and log structures creates microtopographic variation with abrupt gradients in site water balance which allows for increased plant diversity and variety of habitat microsites.

3. Planting and Irrigation

Planting will be conducted to maintain fidelity to native plant community structure, function, and composition for the Project Site. A native plant nursery will be established on site for the project to provide nursery stock, to hold for planting, and to generate replacement stock should replacement planting become necessary after the project is completed. Collection of seed will be conducted as close to the project site as possible to ensure reestablishment of a suite of locally adapted native plants. An irrigation system will be installed to increase likelihood for planting success. Restoring native plants also will increase the detrital pool (in this case, primarily quickly decomposing carbon sources) that has been removed due to intensive farming. Native plant community restoration improves hydrologic and biogeochemical functioning on the site and provides habitat for native fauna by offering hiding, resting, escape, breeding, and foraging habitats. Establishment of native plants will lead to relative exclusion of non-native and invasive weeds and will provide vertical and horizontal structure within the landscape.

4. Weed Management Strategy

Several aggressive, non-native plant species are present at or near the Project Site, including Himalayan blackberry (*Rubus discolor*) and German ivy (*Delairea odorata*). Invasive weed species not only degrade the plant community functions, but also threaten the success of a restoration project. Therefore, an integrated weed/pest management strategy should be developed and implemented in tandem with the restoration project. The weed management strategy begins with control of existing weeds adjacent to the restoration area through hand pulling, approved localized chemical application, and/or mowing. Installing native plants species with rapid growth rates and/or at high densities will help to quickly develop a canopy which excludes weed recruitment. Continued maintenance including hand weeding and replanting of plants which suffer mortality should be conducted following restoration.

5. Maintenance, Monitoring and Adaptive Management

To ensure that restoration is a success and that appropriate adaptive management/contingency measures are used, the Project Site will be monitored following restoration for a minimum of 5 years. Project targets and standards articulated in the monitoring plan will be established at the beginning of the restoration project and based on the assessment of the path that will achieve stated goals. The monitoring design will include methods to quantify and document each project target and standard and will identify criteria for success. Monitoring protocols will include some combination of photo points, topographic surveys, soil profiles, invertebrate surveys, and/or assessment of vegetation cover and composition. In case project standards and/or success criteria are not met, an adaptive management strategy with contingency measures will be included as part of the monitoring plan. In the event of failure to achieve a project standard, recommended contingency measure(s) will be outlined (e.g., weeding, grading, planting) and implemented as soon as possible.

D. Construction Sequencing

The various tasks associated with the Project Site restoration plan are described in general terms in the following text, which will be used to guide the development of construction plans and specifications.

1. Earthwork (mass and finish grading)

- a) Grade to create a smooth transition to the surrounding landscape
- b) Grade surrounding landscape to increase rugosity in the surrounding landscape. Rugosity is a measure of small-scale variations and complexity or surface roughness. Increased rugosity offers a relatively more diverse array of sites for planting.
- c) Using directed time, construct and link microtopographic depressions and small scale swales, rain gardens, and storm water features.

2. Log Structures

Large wood on and within the active channel and on the adjacent floodplain and associated stream terraces is an integral structural variable of fluvial systems, and an equally important link for plant and animal support ecosystem functions. As such, large wood structures will be constructed across the wetland/riparian buffer.

a) Using directed time, install large wood structures as articulated in the planting plan and other construction documents. These structures shall consist of single logs or piles of log on and beneath final grade (Figure 11).

3. Planting and Irrigation

- a) Through mass grading remove all existing weeds and where possible, seed source in the upper 6 inches of soil.
- b) Lay out (i.e., stake) planting plan as designed (see Figure 4, 5, 8-10)

- c) Install native nursery stock according to planting plan using a suite of plant community types suited to microsite conditions and with fidelity to reference system conditions (Figure 6).
- d) Mulch entire planted and seeded areas with minimum 4" lift of sterile (weed-free) straw
- e) Install temporary irrigation system. Following grading activities, install a temporary irrigation system to provide irrigation water to all planted areas across the wetland and riparian buffer. A temporary irrigation plan will be designed prior to project implementation.

4. Weed Control

After initial establishment of restored riparian/wetland ecosystem area and functioning, management of weeds/invasive species will become a high priority. Implementation of weed management must address (i) re-emergence of weeds from onsite seed banks, (ii) establishment of existing populations of weeds that were not removed in the initial clearing effort, and (iii) colonization of restored area from offsite exotic seeds sources. Weed control efforts should be adapted with an integrated program which includes mowing, hand weeding, and re-planting or interplanting additional plants as necessary. Weed control will be required as part of the monitoring, maintenance and adaptive management activities.

5. Monitoring Maintenance and Adaptive Management

- a) Assume a ten year monitoring interval with monitoring reports completed at Year 0 (baseline), 1, 2, 5, and 10.
- b) Conduct two site visits per monitoring year, wet and dry season. During each visit, characterize the site through the collection of site data referencing project standards including hydrologic, biogeochemical, plant community and faunal support/habitat functions.
- c) Prepare annual monitoring report due by December 15 each monitoring year. Based on observations, recommend any necessary maintenance and/or adaptive management measures.
- d) Implement maintenance and adaptive management measures, including weeding, as necessary.

E. Sediment and Erosion Control

Restoration construction should be initiated and completed during the dry season (May to November). All construction activities must adhere to the project-specific Storm Water Pollution and Prevention Plan (SWPPP) and associated Temporary Erosion and Sediment Control (TESC) plan, both of which must be prepared and submitted by the Big Wave LLC or its consultants to the regulatory community prior to project implementation.

The first step will be to install sediment and erosion control measures according to the SWPPP and TESC. Upon completion of earthwork and log structure installation (e.g., creating

microdepressions, creating windthrow mounds, installing log jams, *etc.*), temporary irrigation must be installed to ensure successful post-construction planting. In addition, Big Wave Group or its consultants may be required to prepare and submit a water quality monitoring plan to regulatory agencies, as part of the monitoring agreement with regulatory agencies.

F. Proposed Design Success Criteria

Specific project standards and associated success criteria (*i.e.*, field indicators/measurements) have been developed for this riparian/wetland ecosystem restoration project. The proposed restoration design places emphasis on the following four project targets.

Project Target 1: Increase waters/wetlands habitat patch size for native wetland and riparian animal species typical of the central California coast.

Project Standard: Success Criteria

1. Increase Patch Size: One hundred percent coverage by native plant communities in the 100 foot buffer.

Project Target 2: Establish and maintain diverse native plant communities, with nursery stock genetically adapted to the restored wetland and riparian ecosystem restoration project site.

Project Standard: Success Criteria

- 1. Percent cover of native tree species in riparian forest communities: Greater than or equal to 95%.
- 2. Percent cover of native shrub species in riparian forest and scrub-shrub communities: Greater than or equal to 40% and less than or equal to 75%.
- 3. Percent cover of native shrub species in riparian scrub-shrub communities: Greater than or equal to 95%.
- 4. Percent cover of native forbs, graminoids, ferns, and fern allies in palustrine persistent and non-persistent emergent community types: Greater than or equal to 80%.
- 5. Percent cover of native forbs, graminoids, ferns, and fern allies in forest and scrub shrub communities: Greater than or equal to 20% and less than or equal to 75%.
- 6. Percent of native species cover in each stratum: Greater than or equal to 85%.
- 7. Vigor of planted stock: Greater than or equal to 80% survival.

Project Target 3: Increase microtopographic complexity (i.e., microdepressions, windthrow mounds) within the restored riparian and waters/wetlands ecosystem restoration project site

Project Standard: Success Criteria

- 1. Structural features: Large wood (windthrow mounds) remain structurally stable.
- 2. Microtopographic roughness: Constructed microtopotraphic features remain intact.

Project Target 4: Increase the faunal support/habitat function for native species within the restored riparian and waters/wetlands ecosystem restoration project site

Project Standard: Success Criteria

- 1. *Vegetative strata*: Forest communities- three or more strata (*i.e.*, trees, shrubs, herbs, with sapling/seedling and/or vines as additional stratum); Scrub-shrub communities greater than or equal to two strata (*i.e.*, shrubs, herbs, with sapling/seedling and/or vines as additional stratum)
- 2. Faunal diversity: Restoration site continues to attract a diversity of native wildlife
- 3. Canopy cover: Greater than 80% cover by two or three strata in forest and scrub-shrub communities.

G. Expected Changes in Ecosystem Functions Following Restoration

The proposed riparian/wetland ecosystem restoration plan is expected to result in the increase in ecosystem functioning as considered by four types of wetland functions: (1) hydrologic, (2) biogeochemical, (3) plant community, and (4) faunal support/habitat functions. Comparisons between current (existing) conditions on the site and wetland conditions expected five years after restoration were assessed using best professional judgment. It should be noted that the riparian restoration will result in an increase of approximately 5.3 acres of wetlands under jurisdiction of the California Coastal Commission, but is not expected to add any increase in federal jurisdiction.

Factors affecting the ability of the wetlands at the Project Site to perform ecosystem functions include, but are not limited to (1) degradation from historical land use, (2) intensity of cropping practices, (3) historic modifications to hydrologic features of the site, (4) non-native species, and (5) urbanization in surrounding landscape.

1. Hydrologic Functions

Energy Dissipation. Energy dissipation is defined as the transformation and/or reduction of the kinetic energy of water as a function of the roughness of the landscape and channel morphology, and vegetation.

Existing conditions at the Project Site do not allow for significant energy dissipation because the site is cleared and farmed. However, installation of large wood, establishment of complex microtopography, and a diverse plant community including trees will promote an increase in this function.

<u>Surface & Subsurface Storage of Water</u>. Surface & Subsurface Storage of Water is defined as the presence of soil and/or geologic materials within the creek ecosystem, including the hyporheic zone, that have physical characteristics suitable for detention, retention, and transmission of water.

The Project Site currently is leveled and degraded by agricultural activities. However, this wetland function is recoverable with the proposed restoration through establishment of sinuous storm water swales hydrologically linked to microtopographic depressions, installation of large wood above and below ground, and development of a native plant community with complex vertical structure.

<u>Landscape Hydrologic Connections</u>. Landscape Hydrologic Connections is defined as *the maintenance of the natural hydraulic connectivity among source areas of surface and subsurface flow to riverine waters/wetlands and other downgradient waters/wetlands.*

This hydrologic function at the Project Site is degraded due to ditching associated with road construction both upstream and downstream and the agricultural activities on the property. The down gradient connection is culverted under and interrupted by West Point Avenue. This function is only modestly recoverable with the proposed wetland and riparian ecosystem restoration.

2. Biogeochemical Functions

Cycling of Elements & Compounds. Cycling of Elements & Compounds is defined as the short- and long-term transformation of elements and compounds through abiotic and biotic processes that convert chemical species (e.g., nutrients and metals) from one form, or valence, to another.

The Project Site is not functioning at a high level in its existing conditions because the original slope wetlands and associated hyporheic zone have been filled, drained, and degraded by agricultural activities. However, this function is recoverable with the proposed restoration due to increased microtopographic variation, installation of large wood, and establishment of a diverse native plant community.

Removal of Imported Elements & Compounds. Removal of Imported Elements & Compounds is defined as the removal of imported nutrients, contaminants, and other elements and compounds in surface and groundwater.

The Project Site currently is functioning at a low level because the original riparian zone has been leveled and degraded as a result of agriculture and road building activities. This function is recoverable with the proposed restoration.

Retention and Detention of Particulates. Retention and Detention of Particulates is defined as the deposition and retention of inorganic and organic particulates (>0.45 μm) from the water column, primarily through physical processes.

The Project Site currently is functioning at a low level because the original riparian zone has been leveled, degraded, and invaded by a large number of non-native species as a result of agriculture and road building activities. This function is recoverable with the proposed restoration.

Organic Matter Export. Organic Matter Export is defined as the export of dissolved and particulate organic carbon from a wetland.

The Project Site currently is functioning at a low level because the original riparian zone has been leveled and degraded as a result of agriculture and road building activities. This function is recoverable with the proposed restoration.

3. Plant Functions

<u>Characteristic Native Plant Communities</u>. Characteristic Plant Communities is defined as the physical characteristics and ecological processes that maintain the indigenous living plant biomass.

The Project Site currently is functioning at a low level because the original riparian zone has been leveled, degraded, and invaded by a large number of non-native species as a result of agriculture and road building activities. This function is recoverable with the proposed restoration. The Project Site should be expected to achieve a reference condition after a period of time that exceeds the expected five-year monitoring program.

<u>Characteristic Detrital Biomass</u>. Characteristic Detrital Biomass is defined as *the process of production, accumulation, and dispersal of dead plant biomass of all sizes*.

The Project Site currently is functioning at a low level because the original riparian zone has been leveled, degraded, and invaded by a large number of non-native species as a result of agriculture and road building activities. This function is recoverable with the proposed restoration and will likely achieve reference standard functioning after ten years or more, i.e., after the conclusion of the anticipated five-year monitoring program.

4. Faunal Support Habitat Functions

Spatial Structure of Habitat. Spatial Structure of Habitat is defined as the capacity of waters/wetlands to support animal populations and guilds through the heterogeneity of structure of vegetative communities.

The Project Site currently is functioning at a low level because the original riparian zone has been leveled, degraded, and invaded by a large number of non-native species as a result of agriculture and road building activities. This function is recoverable with the proposed restoration and will likely achieve reference standard functioning after ten years or more, *i.e.*, after the conclusion of the anticipated five-year monitoring program.

<u>Habitat Interspersion & Connectivity</u>. Habitat Interspersion & Connectivity is defined as *the capacity of waters/wetlands to permit aquatic, semi-aquatic, and terrestrial organisms to enter and leave a riverine ecosystem via large, contiguous plant communities to meet life history requirements.*

The Project Site currently is functioning at a low level because the original characteristic physical complexity of an associated riparian community is not present nor is it juxtaposed in a mosaic of coastal scrub, sage scrub, perennial grasslands, vernal swales, and depressions characteristic of the central Coast Ranges. This function is recoverable with the proposed restoration, and possible reference standard functioning after ten years or more, largely through the restoration of the riverine vegetative structure and adjacent plant communities.

<u>Distribution & Abundance of Vertebrates</u>. Distribution & Abundance of Vertebrates is defined as the capacity of waters/wetlands to maintain characteristic density and spatial distribution of vertebrates (aquatic, semi-aquatic and terrestrial).

The Project Site currently is functioning at a low level because the original characteristic physical complexity of an associated riparian community is not present nor is it juxtaposed in a mosaic of perennial grasslands, vernal swales and depressions characteristic of the central Coast Ranges. This function is recoverable with the proposed restoration, and possible reference standard functioning after ten years or more, largely through the restoration of the wetland and riparian vegetative structure and adjacent plant communities.

<u>Distribution & Abundance of Invertebrates</u>. Distribution & Abundance of Invertebrates is defined as the capacity of waters/ wetlands to maintain the density and spatial distribution of invertebrates (aquatic, semi-aquatic and terrestrial).

The Project Site currently is functioning at a low level because the original characteristic physical complexity of an associated riparian community is not present nor is it juxtaposed in a mosaic of coastal scrub, sage scrub, perennial grasslands, vernal swales and depressions characteristic of the central Coast Ranges. This function is recoverable with the proposed restoration, and possible reference standard functioning after ten years or more, largely through the restoration of the wetland and riparian vegetative structure and adjacent plant communities.

VII. BEST MANAGEMENT PRACTICES FOR STORMWATER TREATMENT

San Mateo County (County) has established best management procedures for the treatment of storm water because federal and state laws require municipalities to reduce pollution to waters of the United States by storm waters. According to the San Mateo County's website (http://www.flowstobay.org/p2business/bestmanagementpractices.html), cities within the County are governed under the San Mateo Countywide Water Pollution Prevent Program as part of the City/County Associate of Governments of San Mateo County. As such, the County has published procedures, guidelines, etc. to reduce and prevent pollution to the adjacent waters. The storm water treatment system proposed for the Big Wave Project incorporates the County's overall approach and practices for storm water management.

Design features for storm water pollution prevention by the Project include separate storm water retention and detention ponds for relatively dirty storm water (e.g., water from parking lots) and relatively clean water (e.g., roof water runoff). Separate water delivery systems for clean and dirty storm water will be constructed at each of the developments (i.e., office park and wellness center). Comparatively dirty storm water will be filtered through a series of grit removal, oil/water separators, and then directed to a retention/detention "rain gardens" (Figures 8 and 9) within the riparian restoration zone. Stormwater will flow through a swale prior to overland flow into the existing wetlands. Similarly, clean storm water will be directed to a separate series of retention/detention microdepressions (rain gardens) via a similar storm water swales (Figure 10). A portion of the clean storm water will be directed to an infiltration basin (one at each development) to recharge ground water. In short, the bioswale/microdepression system will serve to improve water quality in the adjacent existing waters/wetlands ecosystems by treating storm water in a series of treatments as described above.

VIII. CONCLUSIONS

As presented in this 90% Design Report, the Big Wave Wellness Center and Office Park Project consists of the construction of a residential village and an adjacent commercial property/office park complex. The proposed wetland and riparian ecosystem restoration project also includes restoration of the waters of the U.S., including wetlands, California Coastal Commission wetlands that currently exist as agricultural land. Specifically the Project will restore a complex mosaic within a 100 ft buffer adjacent to existing federal and state waters/wetlands to provide significant benefits to waters/wetlands ecosystem functions, particularly the native plant and animal communities relative to existing conditions. A total of ten plant community types, primarily native forest, scrub shrub, and perennial sedge/rush meadows, composed over approximately 75 native plant species arrayed in 54 planting polygons represent the riparian/wetland ecosystem restoration design. Of particular importance is the restoration of potential breeding habitat for the California red-legged frog, and potential foraging habitat for the San Francisco garter snake, two native vertebrates not known to utilize the Project Site, but which may be able to establish viable populations as a result of the restoration effort.

If implemented as designed, the riparian/wetland ecosystem will result an increase in the hydrologic, biogeochemical, native plant community, and faunal support/habitat functions of the currently farmed wetlands. Equally importantly, the project represents a state-of-the art integration of the natural and built environments through the restoration of the immediate landscape immediately surrounding the Office Park and Wellness Center, and through the utilization of native species for landscaping, locally adapted plant stock, and propagules obtained from the Project Site and adjacent landscape.