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VIA FACSIMILE

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Thom McCue, Senior Planner
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2620 1st Avenue
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Re: Partial Revision of the Draft EIR for the Del Monte Forest Preservation and Development Plan

Dear Thom:

Thank you for the opportunity to review the Partially Revised Draft EIR. The following are comments of Pebble Beach Company on the PRDEIR for consideration in preparing the Final EIR. The comments of

Water Supply and Demand

Pebble Beach Company ("PBC") has been an active participant in efforts to significantly reduce pumping in the Carmel River since approximately 1988. At that time, the Carmel Area Wastewater District ("CAWD"), the Pebble Beach Community Services District ("PBCSD"), the Monterey Peninsula Water Management District ("MPWMD"), and the PBC initiated the CAWD/PBCSD Wastewater Reclamation Project (the "Phase I Improvements").

As described in the Draft EIR, the Phase I Improvements consists of several major capital components costing nearly Thirty-Four Million Dollars (\$34,000,000.00) to design, permit, finance, and construct, with the goal of producing eight hundred (800) acre-feet per year ("AFY") of recycled water to replace potable water used for irrigation of golf courses and other major landscape areas in the Del Monte Forest. By providing the financial guarantee that allowed the Phase I Improvements to be built, PBC was clearly, specifically, and legally granted the Water Entitlement as advance mitigation to allow PBC to use the Water Entitlement for future development of its properties in the Del Monte Forest. To date, PBCo has funded over three million dollars in financing and operating costs for the Phase I Improvements under the terms of its guarantee.

In late 1994, the Phase I Improvements went on-line. Since that time, substantial amounts of recycled water – over one billion gallons – have been supplied by the Phase I Improvements in lieu of potable water to irrigate the golf courses and other open space areas that participated in

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the project. Before operation of the Phase I Improvements began, one hundred percent (100%) of average irrigation demand – roughly 950 AFY – was met with potable water provided by Cal-Am. Following implementation of the Phase I Improvements, the impact on the Carmel River environment, including any threatened species, has been significantly benefited, as the Phase I Improvements have reduced Cal-Am water used for irrigation by an average of approximately 670 AFY. We have enclosed a chart that summarizes the quantity of water supplied from the Carmel River and the Phase I Improvements annually for the last nine years and demonstrates the success of the Phase I Improvements in reducing withdrawals from the Carmel River Basin. Even with the future use of all of PBC's water entitlement, the Phase I Improvements will continue to produce an average net reduction in potable water use on the order of three hundred (300) AFY.

As a general comment, PBC believes that the failure of the PRDEIR to give credit to PBC for the potable water savings from the Phase I Improvements is unfair, unsupportable, and in violation of existing agreements with the public agencies that have been validated by an action of the California courts. The Phase I Improvements were clearly intended as advance mitigation for the impacts of the increased use of potable water by future projects planned by PBC, including the DMF Plan. If the Phase I Improvements had never been constructed in reliance on the validity of the Water Entitlement, or if the Phase I Improvements ceased to operate today because of the failure to recognize the Water Entitlement, the Carmel River environment would be significantly worse off than with the continued operation of the Phase I Improvements. The construction and operation of the Phase I Improvements should therefore be considered when determining what the "baseline" water usage is for measuring impacts on the Carmel River environment.

1 (cont.)

With that background in mind, PBC, in response to agency requests for further water savings from the Carmel River, is nevertheless committed to construction of the Phase II Improvements as an additional, voluntary mitigation measure for new golf course and other improvements in the DMF Plan. Given, however, that the Phase I Improvements should be given significant credit as advance mitigation for DMF Plan water impacts, the mitigation measure for the Phase II Improvements should be modified as follows: (1) Mitigation Measure PSU-D1 should be re-written to require that the Phase II Improvements be constructed and operational prior to the completion of the new golf course, rather than prior to any of the other proposed Project developments; (2) Mitigation Measure PSU-D3 should be deleted in its entirety, as PBC believes that any potential impacts to the Carmel River environment would be fully mitigated by the combined water savings from the Phase I and Phase II Improvements. Further mitigation in the form of supplying recycled water to the Carmel River lagoon or its environs during a "wet" year is unnecessary if even a relatively minor amount of mitigation credit is given to the water savings from the Phase I Improvements (for example, if 41 acre feet is recognized as having been saved by the Phase I Improvements, compared to an actual savings of 602 acre feet per Table P1-3). If Mitigation Measure PSU-D3 is maintained over PBC's objections, however, the mitigation should at a minimum be amended in several respects. First, the mitigation measure

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should be modified to ensure that the supply of recycled water for golf course irrigation continues to remain available during the peak irrigation periods of a "wet" year. The modification should limit the provision of 30 acre feet to the Carmel River lagoon or its environs to periods when Forest Lake Reservoir contains more than 210 acre feet (so that the Reservoir water level never falls below 50% of its capacity as a result of implementation of this mitigation measure). This clarification should be feasible given the estimate in the PRDEIR that during a "wet" year, the Forest Lake Reservoir will contain approximately 350 acre feet during the months when water may need to be provided. Second, the mitigation should make clear that providing up to 30 acre feet of recycled water should only be required when requested by an appropriate public agency with jurisdiction over the desired level of water in the Carmel River lagoon. There should be no automatic requirement to provide such recycled water if such agencies conclude that the water is unnecessary (or even undesirable) in such a "wet" water year. Finally, as to the costs of permitting, constructing, and operating any necessary improvements for the provision of the recycled water required, the mitigation should provide that the costs shall be shared between PBC and CAWD as they shall jointly agree, with the proviso that PBC shall pay all such costs if PBC and CAWD fail to agree to share the costs. This clarification would recognize that CAWD may have independent reasons for supplying recycled water to the Carmel River lagoon or its environs, including during years other than a "wet" year, and that CAWD may therefore be willing to share in the costs of permitting, constructing, and operating such improvements.

3 (cont.)

Infrastructure Capacities

Impact PSU-E1 will be fully mitigated by Mitigation Measure PSU-D1. Mitigation Measure PSU-E1 should therefore be deleted as unnecessary. PBCSD will be able to confirm this conclusion, as the Phase II Improvements have been designed to remedy any existing deficiencies in the Reclamation Project relating to supply and distribution facilities.

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Yadon's Piperia

Page P2-12 Lines 42-43 to P2-12 Lines 1-2: The removal of 34 plants for the residential lots should be a less than significant impact.

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Page P2-13 Lines 18-23: Given that the primary reasons for listing Yadon's piperia were 1) initially, its assumed rarity based on an incorrect estimate that only 2,000 known occurrences of the plant existed and 2) once that estimate was proven wrong by surveys that established at least 88,000 known occurrences, the assumed threat from "future development", PBC believes that in fact preservation of sufficient areas of habitat will be sufficient to assure the likely recovery of the species. The current estimated number of Yadon's piperia in areas proposed to be preserved by PBC exceeds the total known number of Yadon's piperia at the time the plant was listed.

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Mitigation Measure BIO-D1-1: The required mitigation adjacent to the minimal number of homes proposed, all of which are immediately adjacent to existing development, is onerous given that a maximum of 34 additional plants out of 86,459 already proposed to be preserved by the PRDEIR. The first part of this mitigation should therefore be deleted.

7

Page P2-16 Lines 19-21: The primary success criterion should be the long-term sustainability of Yadon's piperia, rather than "no net loss" as proposed by the PRDEIR. PBC believes that the preservation areas proposed, combined with enhancement and resource management, are more than adequate to mitigate the impacts of the Project on Yadon's piperia to a less than significant level. This conclusion is consistent with the discussion on Page P2-21 Lines 21-38, regarding preservation. Based on the 2004 surveys, the number of preservation areas (and individual plants found in such areas) proposed by the Project and the PRDEIR appear to far exceed the total amount of Yadon's piperia that the US Fish & Wildlife Service and California Department of Fish & Game previously considered necessary to the sustainability of the species. Viewed in this context, the requirement of transplantation should be considered as a supplemental mitigation to continue to advance the scientific knowledge about the plant, and potentially to contribute to the expansion of its habitat; but transplantation success should have no impact on the overall conclusion that the preservation and management levels proposed by the Project and the PRDEIR reduce impacts on Yadon's piperia to less than significant levels. The land proposed for preservation, most of which is zoned for residential uses, constitutes a mitigation commitment on the order of tens of millions of dollars by PBC.

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Page P2-16 Lines 32-38: The PRDEIR should make clear that the areas proposed for transplantation must be outside of golf course play.

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Page P2-17 Lines 40-42: The PRDEIR should make clear that the areas proposed for transplantation must be outside of golf course play.

Page P2-19 Lines 41-43: The PRDEIR should make clear that, to the extent that the areas between fairways are in play as part of the golf course, no resource management or transplantation activities will be required that would interfere with the operation of the course. These activities will occur in areas that are out of play, though we they may occur within areas that are in play provided they have no impact on the golf course operations.

10

Page P2-20 Lines 3-4: Open space parcels, protected by scenic easements, should be created where appropriate for PBC to manage significant occurrences of Yadon's piperia adjacent to residential lots. No management or scenic easements should be required for Yadon's piperia within the boundaries of residential property owners, as such a requirement would be difficult, if not impossible, to enforce.

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Page P2-20 Lines 25-33: The PRDEIR should make clear that the proposed fencing is intended to have no impact on the operation of the golf course. The fencing will only be required in

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areas that are out of play and only where (and, in the case of golf tournaments, when) necessary to protect Yadon's piperia.

12 (cont.)

Page P2-22 Lines 1-2: Same comment as on Page P2-16 Lines 19-21.

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Traffic

Mitigation Measures TC-B3 and TC-B3(C). These two mitigation measures require PBC to contribute fair-share traffic impact fees for various improvements to specified regional highway segments and intersections. PBC's fair-share contribution should be adjusted to reflect the fact that PBC's cost for its proposed Phase 1b Improvements to the Holman Highway (Highway 68) segment would exceed by a significant amount PBC's fair-share of the total cost of the overall Holman Highway Improvements (the Ultimate 4 Lane Project). As a result, PBC should receive a credit for the amount by which the cost of its Phase 1b Improvements will exceed its fair-share contribution to the Holman Highway Project. Based on calculations by Fehr & Peers, and assuming that the cost of PBC's Phase 1b Improvements are \$1 million as currently estimated, PBC should receive a credit toward the total fair-share mitigation fees calculated in the PRDEIR as follows:

8,091 cars	Total cumulative traffic (AM + PM peak hours) at Highway 1/Highway 68 intersection
2,031 cars	Traffic cumulative going to and from the 17 Mile Drive Gate
25%	17 Mile Drive Gate traffic as a percentage of total cumulative traffic (2,031 cars / 8,091 cars)
\$1.0 Million	Cost of Phase 1b Improvements (Mark Thomas Estimate)
\$0.750 Million	Discounted cost to reflect 25% "local access" benefit (\$1.0 Million x 75%)
\$13.9 Million	Ultimate 4 Lane Holman Highway Project (Source: Regional Fee Study)
2.7%	Pebble Beach Fair-Share to Ultimate 4 Lane Project (Source: DEIR Page 4.4-49)
\$0.375 Million	PBC's Fair-Share Contribution to Ultimate 4 Lane Project (\$13.9 Million x 2.7%)
\$0.375 Million	PBC's Overpayment toward Ultimate 4 Lane Project (Discounted Cost of \$0.750 Million - Fair-Share Contribution of \$0.375 Million)

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PBC's overpayment for the Holman Highway/68 Improvements should be applied to the regional highway fees identified in the PRDEIR.

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<p>\$0.704 Million PBC's \$0.329 Million</p>	<p>Regional Highway Fees (PRDEIR) (reduced, if appropriate, to reflect comments below) Fair-Share Contribution by Pebble Beach toward Regional Highways (\$0.704 Million - \$0.375 Million) based on estimated Phase 1b cost of \$1 million. If the ultimate cost of Phase 1b exceeds \$1 million, PBC's fair-share contribution should be reduced accordingly.</p>	<p>13 (cont.)</p>
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Some additional comments from Fehr and Peers on the Traffic section:

<p>Page P4-4 Line 13: To be clearer, delete the sentence: "This analysis is focused on daily peak hour trips." Replace with the sentence: "This analysis is focused on peak hour trips for a typical weekday."</p>	<p>14</p>
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<p>Page P4-4 Line 19: The last sentence of the paragraph is incomplete. While the intent is clear from the preceding discussion, that no additional special event traffic will occur as a result of the Project, the sentence should be completed.</p>	<p>15</p>
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<p>Page P7 Pages 3/4: The table between page 3 and 4 incorrectly summarizes Mitigation Measure TC-B3(C). The table should read: "The applicant would be responsible for payment of a traffic impact fee for planned improvements to certain regional highway segments and intersections."</p>	<p>16</p>
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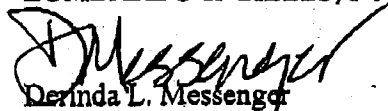
<p>Table P7-3: The project contributions for Highway 1 south of Pebble Beach are all less than 1% and the intersection level of service is LOS D/E. This level of impact is "less-than-significant," and no mitigation should be required. The table should be updated accordingly.</p>	<p>17</p>
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<p>Page P7-11 Lines 14 and 15: The text states that the project is cumulatively significant but the Project contributes less than 1% to locations with LOS D/E. This level of impact is "less-than-significant", and no mitigation should be required.</p>	<p>18</p>
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Thank you for the opportunity to comment on the PRDEIR.

Sincerely,

LOMBARDO & GILLES, PC


Derinda L. Messenger

DLM:js

Comparison of Cal - Am Withdrawal of Water From the Carmel River Basin With and Without Reclamation

Water Year	A		B		C		D		E		F	
	SWRCB Order 95-10 Maximum AFY withdrawal without penalty (interim)		CRB Production (actual AFY withdrawn)		Reduction in Cal-Am Withdrawals (AFY)		AFY above (+) or below (-) WR 95-10 limit (actual history) [col. B - A]		Cal Am Withdrawals (AFY) [col. B + C]		AF above (+) or below (-) WR 95-10 limit (calculated) [col. E-A]	
1995	11,990		10,036		603 Savings		- 1,954 under		10,639		- 646 under	
1996	11,990		11,701		552 Savings		- 289 under		12,253		+ 263 OVER	
1997	11,285		12,847		782 Savings		+1,562 OVER		13,629		+ 2,344 OVER	
1998	11,285		10,154		590 Savings		- 1,131 under		10,744		- 541 under	
1999	11,285		10,384		667 Savings		- 901 under		11,051		- 234 under	
2000	11,285		11,179		769 Savings		- 106 under		11,948		+ 663 OVER	
2001	11,285		10,721		600 Savings		- 564 under		11,321		+ 36 OVER	
2002	11,285		10,759		734 Savings		- 526 under		11,493		+ 208 OVER	
2003	11,285		11,130		721 Savings		- 155 under		11,851		+ 566 OVER	
9 YR AVG			10,990 Avg. Withdrawal		668 Avg. Savings		- 451 Avg. under		11,658 Avg. Withdrawal		+ 295 Avg. OVER	

Phase II Additional Beneficial Effect on Cal-Am Withdrawals						F	
A		B	C	D	E		
Average Withdrawal Without Reclamation		Average Reduction in Withdrawals Phase I	Average Actual Withdrawn [col. A-B]	Average Reduction in Withdrawals Phases I and II	Additional Reduction in Withdrawals [col. D-B]	Additional AFY below WR 95-10 limit [(11,285-10,990 = 295) + 275]	
11,658 AFY		668 AFY	10,990 AFY	943 AFY	275 AFY	-570 AFY under	