

EXHIBIT B
PROJECT DISCUSSION
PLN970159/Rancho Los Robles
October 8, 2008

Project Location and Setting.

The project is located in the unincorporated town of Las Lomas in the northern Monterey County coastal zone. The site is approximately 14 miles north of Salinas, four miles southeast of Watsonville, five miles east of Monterey Bay and five miles west of Highway 101. The subdivision will convert 33.58 acres of woodland, pasture, and farmland along Sill Road into 97 single-family lots and 4 townhouses with 12,000 to 17,000 square feet of commercial fronting Hall Road. The project application was deemed complete on September 21, 2000.

The general plan designates the town of Las Lomas as Medium Density Residential (MDR) and surrounding lands as Rural Density Residential (RDR) and Resource Conservation (RC). The subject property is designated as MDR, with a commercial opportunity. The proposed subdivision is part of the rural housing cluster of Las Lomas centered on Hall and Las Lomas Roads. Hall Road is the main east/west access road for Las Lomas, and provides a regional link between Highway 1 and Highway 101. Las Lomas lies within the Highlands North groundwater basin subarea.

The subject property is located at the edge of Las Lomas, although within the area planned for urban-level development. The property is currently being used for horse boarding and grazing, and strawberry production. A hill rises from Hall Road about 30 feet to meet Sill Road on the northern side of the property, affording a level area at the southeast corner along Hall Road, and a level terrace adjacent to Sill Road. A stand of coast live oak trees is the most important site feature, dominating the western side. Two small houses, two mobile homes, two barns and coral fencing are the only structures.

A church and a single-family home are west of the project site and small single-family residences are to the north and east. Agricultural land lies to the south and preserved open spaces along Elkhorn Slough to the west and southwest. Hall District elementary school is located about two-tenths of a mile to the east, and a small store that marks the commercial center of Las Lomas is about two-tenths of a mile to the west.

Proposed Subdivision and Development.

The applicant is proposing to subdivide two parcels (total 33.58 acres) into 97 single family lots, one 0.6-acre lot for multi-family housing (four units), one 1.76-acre commercial parcel, and about 9.7 acres for parks and open space. The project would include removal of 25 oaks and demotion of existing structures. A General Development Plan (GDP) and Coastal Development Permit (CDP) for commercial and multi-family development are proposed for the lower portion of the site along Hall Road. About 56,850 cubic yards of grading is proposed.

The subdivision will eliminate the current farm uses and change the land forms to allow the new housing and roads. Most of the development will be beyond the hill crest out of view from Hall Road. Trees and new commercial structures along Hall Road will hide the rest of the development from view. A wetland detention system next to the commercial uses on Hall Road will capture stormwater from the hillside. Planting willow trees along Hall Road around the drainage area will combine with the open space to reduce visibility and increase habitat.

The challenge of this project is to create new housing without impacting the rural qualities of Las Lomas and the valuable features of the farm property. Housing development could result in several significant impacts: water supply; regional traffic; local circulation conflicts; loss of wetland habitat; loss of oaks; and ridgeline development and excessive grading. These are discussed in the following paragraphs.

Water Supply. The subject property lies within the north Monterey County hydrogeologic area. Groundwater overdraft has been of concern in this region for many years, with major studies completed in 1995 (Fugro West) and 2002 (Monterey County WRA). The overdraft of water from the aquifers has led to extensive seawater intrusion in the areas west of the project site. The groundwater basin is divided into several interconnected subareas (the subject property is within Highlands North), and the Highlands North Sub-basin is in overdraft. The Revised Basin Management Plan strategies include replacement of coastal groundwater with recycled and imported water, which would allow groundwater pumping for existing and planned development without further seawater intrusion. Implementation of recycling was planned for 2007 and 2009. One key element, the import of water from the Central Valley Project, is not expected to occur in the foreseeable future and PVWMA is investigating other options to off-set groundwater withdrawals.

The County established the North County Hydrological Study Area Fee in 2001, and the project is subject to that fee (\$1,000 per lot). Pursuant to the Subdivision Map Act (Section 66474.2), subdivisions deemed complete between 11-16-1990 and 1-1-2001 are processed according to the rules in effect at the time these projects were deemed complete, including Chapter 18.51 (Water Impact Fee Program) of the Monterey County Code. The Project was deemed complete on 9-21-2000. The North County Hydrological Study Fee Program was in effect at that time. In accordance with the provisions of that Ordinance, payment of a water impact fee was required to address the County's requirement for a project to demonstrate that it has a long term sustainable supply of water. Therefore, the Project is consistent with this requirement in Title 19. A mitigation measure/condition has been imposed accordingly. Fees collected to date have been used to fund development of a comprehensive plan and projects that are identified in that plan. The fees collected from this proposed project would be applied to such projects.

Because the subject property has experienced intensive water demands associated with past agricultural uses, the proposed development would reduce historic usage on the site. The project, with significant water conservation efforts incorporated, would use less water than has historically been used on the site. Accordingly, there would be a net benefit to the groundwater basin that could result from the use of less water on the project site. However, PVWMA recently lost a court appeal regarding a key source of funds for major projects. As a result, funding for importing water and other projects is currently in question. Because of this uncertainty, and out of an abundance of caution, the Revised Draft EIR determined that the project would result in a potentially significant and unavoidable cumulative impact on regional groundwater.

There are localized areas of nitrate contamination in the vicinity. The project would benefit groundwater nitrate levels by removing current agricultural uses, but could negatively affect the quality of storm water run-off to Elkhorn Slough. More impermeable surfaces from residential development would increase stormwater runoff and contaminates contained in the runoff.

Regional Traffic. The north Monterey County area experiences traffic congestion at several locations along Salinas Road/Hall Road/San Miguel Canyon Road and on State Route 1 through Moss Landing. The project would add more automobile trips to these congested roadways. In recent years the County has constructed signal lights at the Hall Road/Las Lomas Drive intersection (two-tenths of a mile to the west) and the Hall Road/San Miguel Canyon Road intersection (two miles to the east). Several more improvements will be required to accommodate build-out conditions in North County. The County collects a fair-share traffic fee on an *ad hoc* basis, which pays each development's fair share of improvement costs. However, traffic conditions will continue to deteriorate before enough funds are collected to make improvements. Caltrans will build an interchange at State Route 1/Salinas Road, but has no plans to widen State Route 1 through Moss Landing. The project will pay a fair-share fee toward cumulative traffic and direct traffic; however, there is still a significant unavoidable impact for cumulative traffic on State Route 1.

Local Circulation. The subject property is situated in a key location between the "center" of Las Lomas (marked by the Las Lomas store and Las Lomas Drive intersection) and the Hall District elementary school. The project could influence the nature of the community's character to a significant extent. As currently proposed, the development does not promote cohesive community form. Although the site includes both residential and commercial uses, they are isolated from each other and from the community as a whole. Development of this site has the potential to connect Las Lomas into a focused community. Accordingly staff has recommended several Conditions that would result in a unified project design and connect the project to nearby parts of Las Lomas. With these changes, the project would promote a more cohesive community. A key measure is to provide better connectivity to the school, central Las Lomas, and within the project. Accordingly, staff recommends provision of off-site pedestrian connections to the school, and a new street within the project to better connect the commercial with residential. The new street would intersect Hall Road, about 1,000 feet west of the Hall Road/Sill Road intersection and eliminate a proposed commercial driveway in the same location. The commercial driveway would be moved to this new internal street. The staff recommended Reduced Single Family Development Alternative includes this new street.

Loss of Wetland Habitat. The subject property does not contain extensive wetlands; however, there are about 0.6 acres that qualify as wetlands under the Coastal Act definition and which must be protected. The proposed project will place fill and a berm in the wetland area, resulting in a raised detention basin. The detention area could serve recreational purposes as well, under the proposed project, but could affect wetland functions. Accordingly, mitigation measures are recommended that would require a naturalized basin design that would enhance wetland function at the site. This approach not only preserves the wetlands, but promotes filtering of pollutants prior to storm water running off toward Elkhorn Slough. The recreational area would be adjacent to the wetland/basin. (See discussion of the Community Park below)

The staff recommended Reduced Single Family Development Alternative would move the recreational area to the upper terrace, and allow the basin and all of the surrounding area to be fully developed as wetland habitat, thereby increasing the size of the wetland area and enhancing its biological utility and function.

The site also contains a very small isolated area of willow riparian vegetation in the eastern corner along Sill Road. The EIR permits, and staff recommends, re-establishment of this vegetation as part of a larger cohesive habitat in association with the aforementioned wetlands.

Although the conceptual plan for the staff recommended Reduced Single Family Development Alternative shows preservation of this area, lots could be extended into this area if the willow riparian vegetation is re-established in another location within the project site.

Loss of Oaks. The subject property's most striking feature is the stand of large coast live oak trees at the western side. Sill Road is also lined with large oak trees. The project was initially designed to minimize loss of trees (an estimated four trees); however, more careful study of the site plan by arborists determined that a total of 25 significant trees would be lost if the project were developed. The arborist noted that many of the on-site oak trees have health or structural defects. The project provided large areas of open space (29% of the project site) along the southern and western facing terrace slopes, to preserve the greater concentration of the oak woodland habitat, however, an estimated 25 significant trees on the periphery of this area would be lost. The project would enhance the oak woodland habitat through the cessation of grazing that would have beneficial effects for the understory allowing young oak trees to establish and increasing the age diversity of the trees. Staff has also conditioned the project to minimize the loss of oaks and enable the applicant to locate homes in the wooded part of the site. The staff recommended Reduced Single Family Development Alternative reduces development of roads and lots within the wooded area to reduce total tree loss to no more than 20 oak trees.

Ridgeline Development/Site Grading. Early visual analysis determined that development on the near edge of the site's upper terrace would be visible from Hall Road and would create silhouettes above the ridgeline. In response to this, the applicant proposed a berm along the top of the slope combined with removing an extensive amount (about 56,850 cubic yards) of soil behind the berm to lower the building pads on portions of the upper terrace. Without the grading, additional ridgeline development would occur. Recommended Conditions (from the EIR) to reduce visibility requires single-story houses on some lots and vegetative screening prior to the issuance of building permits. The screening will eliminate most views of the proposed housing along the top of the hill from Hall Road.

The staff recommended Reduced Single Family Development Alternative project would replace lots along the edge of the upper terrace with a park. Some screening or single-story restrictions might still be required for a few lots, but the alternative would eliminate most of the lots with ridgeline development potential.

Community Park. The subdivision has proposed 101 housing units that will require 0.9 acres of parkland according to Section 19.12.010 Recreation Requirements of the County Subdivision Ordinance, Title 19. The Monterey County Parks Department requires that the subdivision dedicate reasonably level land with no environmental constraints that can be used for active recreation. The Proposed Project has designated 1.9 acres adjacent to the wetlands. As currently designed, a portion of this park could be wet for several months of the year and therefore, it does not fully comply with the subdivision ordinance. The applicant has recently submitted an alternative variation on parkland dedication that would comply with the acreage requirement within the 101-lot design. This alternative park arrangement consists of three smaller park areas on the upper terrace. The applicant is also examining technological approaches that would keep the park area dry; however, this approach may conflict with the necessity to preserve the wetland area. The Park Department prefers a large park that could be used for soccer or comparable playing area.

The staff recommended Reduced Single Family Development Alternative would create a large park area (2.5 acres) on the edge of the upper terrace. Plus two 0.5-acre open space areas. This Alternative would be consistent with County ordinances, function year round and avoid potential impacts to wetlands.

Conclusions. The site's land use designation is MDR, with development intensity of between one and four units per acre (a range of 34 to 135 units on this site). The proposal is 34 units less than the maximum allowed, however various site constraints reduce the number of units that may feasibly fit the site without high-density clustering in the buildable locations. Site constraints include slopes in excess of 25 percent, wetlands, and the stand of oak trees. Regional water supply and traffic issues also hinder full build-out potential. Staff recommends modifications to the design to preserve wetlands and oak trees, eliminate ridgeline development, and reduce impacts on traffic and cumulative water supply, and to provide a more cohesive design that relates better to the surrounding community. Alternative project designs are discussed in the following sections.

Rancho Los Robles EIR Alternatives.

The Rancho Los Robles Subdivision EIR evaluated the proposed project for impacts to Aesthetics, Biological Resources, Geology and Soils, Hydrology and Water Quality, Transportation/Traffic, Air Quality, Water Service and Sewer Service. CEQA Guidelines requires alternatives to the proposed project that would reduce or avoid significant effects. The impacts of most concern affect water supply, traffic, biological resources and visual resources.

Reasonable Alternatives to the project must be considered that will attain most of the project objectives but avoid or substantially lessen significant impacts. Five alternatives were evaluated in the EIR.

- A "No Project" Alternative would continue the existing use without change.
- A delayed "Future Project" would use the land uses and policies of the Monterey County General Plan update and North County LUP/LCP.
- The "Reduced Single-Family Development" Alternative (RSFDA) would maintain the same type of use with less density using 80 units (68 single-family, four duplex units and four apartments) with commercial on Hall Road.
- A "Mixed Density Clustered Development" would have 97 total units divided between single-family, duplex, fourplex and townhouse/condo/apartment with commercial on Hall Road.
- "Reduced Water Use" is a proposal that includes a variety of off-site water conservation and groundwater recharge strategies to minimize water use for the proposed project.

The EIR compared and rated alternatives for each significant effect. Each alternative was measured for all of the significant impacts with adjustments for changes in density, land surface disturbance, traffic, water use, storm water runoff, biological, geological and visual impacts. The environmentally superior alternative was the Reduced Single-Family Development alternative.

However, based upon input from the Subdivision Committee and internal staff discussions, staff determined that several modifications to the RSFDA in the draft EIR would result in project with a number of preferable components and would further reduce several of identified project impacts. This staff recommended Reduced Single Family Development alternative is further described below.

Staff Recommended Reduced Single Family Development Alternative.

The staff recommended Reduced Single Family Development Alternative made minor but important improvements to the similar reduced density alternative presented in the draft EIR (EIR alternative). Changes were made with respect to street configuration, lot location, park location and size, neighborhood connections, commercial entrance, and apartment location. The staff modifications allow one more lot and one more entry as compared to the EIR alternative but reduce some impacts to steep slopes and allow better road connections. The commercial changes make the commercial proposal more accessible and reduce traffic conflicts at Hall Road.

The proposed local road that serves new houses on the eastern side of the property will connect to Hall Road by skirting the eastern end of the slope. The road will allow residents to connect to the commercial uses on Hall Road by driving or walking through the subdivision. The road connection will also eliminate a driveway on Hall Road in favor of an intersection with pedestrian controls. Cars turning into the access road can line up to enter the commercial driveway away from Hall Road traffic. The hillside and the wetland area below it will be preserved as open space. Houses will be removed from the visible edge of the upper terrace, eliminating ridgeline development and reducing concerns about slope stability.

The entry points for the new subdivision will connect to Miller and Kinghall roads north of Sill Road. The connections will allow more north/south linkage with Sill and Hall Roads. The new entry will not be as formal as the proposed entry that had a landscaped median and parkways with no fronting lots, but will allow another lot along Sill Road. An additional entry from Hall Road will improve fire access to the residences and directly serve the commercial uses.

The western side of the property had several properties located on slopes and near the top of steep slopes. The new road alignment will create a shorter cul-de-sac for Oak Ridge Road to eliminate lots on steep land and move lots toward Sill Road. The small existing drainage swale will be preserved outside of the development area.

The alternative provides housing opportunities for a variety of income levels. The alternative would create 80 housing units with 68 single-family lots, four duplex lots and four apartments. Affordable housing units would be provided in excess of County requirements. The applicant proposes four rental apartments for low income households and three houses for incomes between 120 to 180% of median income “workforce housing.” Conditions 38 and 39 provide for the inclusionary housing to equal four apartment units and the “workforce housing” to equal three of the single family lots.

The following comparisons were made for the staff recommended Reduced Single Family Development Alternative for all of the EIR environmental categories to show how the staff alternative is environmentally superior to the original proposal and the other alternatives. The staff recommended Reduced Single Family Development Alternative was environmentally superior to both the mitigated and unmitigated proposed project for 16 of the 27 objectives compared by the Rancho Los Robles EIR and no worse than similar for the remaining issues. This alternative is significantly better for Aesthetics, Biological Resources, Geology and Soils, Hydrology and Water Quality, Transportation and Air Quality with similar results for Fire Flow and ranks as the best environmental alternative.

Visual Impacts, Ridgeline Development/Site Grading. Visual analysis under current policy interpretation clearly showed that housing on the near edge of the site's upper terrace would create ridgeline silhouettes that must be mitigated. The project proposed a berm along the top of the slope while removing soil behind the berm (about 56,850 cubic yards). The proposed berm and grading is inconsistent with North County LUP Visual Resources 2.2.2 General Policy 5 and CIP sections 20.144.030.B.4, 20.144.030.B6, and 20.144.100 (A) (2) (c). Without the grading, additional ridgeline development would occur.

The staff recommended Reduced Single Family Development Alternative will avoid ridgeline impacts. A park is proposed for the edge of the upper terrace with housing kept back toward Sill Road. Housing on the western side can be screened by existing or planted trees. Grading will be minimized, less erosion will result during construction and a natural and aesthetically desirable hillside will be maintained within the viewshed of Hall Road.

Geology and Soils The housing would be kept away from the edge of the upper terrace and away from 25% slopes. The proposed project would have two lots within 25% slopes, although the building envelopes would be outside of the 25% slopes, and twenty six lots on slopes of 11 to 25%. The staff recommended Reduced Single Family Development Alternative will have two lots within 50 feet of slopes greater than 25% and three lots with slopes of 11 to 25%. Potential for landsliding (and associated hazards to persons and property) would be reduced and erosion will be less without grading near steep slopes.

Biological Resources, Loss of Wetland and Trees The 0.6 acres of wetlands as defined by the Coastal Act would be preserved by moving the park to the upper residential area. The original proposal places development on the upper terrace and calls for fill and a berm in the wetland area, resulting in a raised detention basin. The detention area would serve as recreation at the expense of wetland functions.

The staff recommended Reduced Single Family Development Alternative will place a 2.5 acre public park along the upper ridgeline and reduce the need for grading to create a berm and lowering of the lots. Two small open spaces (0.5 acres total) will be located on the western side of the site. The wetland will be enhanced and function more as a filter for stormwater and allow absorption by plants and trees. Fewer houses and impervious surfaces will create less runoff reducing the size of detention required. Fewer trees will be removed (an estimated 20 trees compared to an estimated 25 trees – although Conditions from the EIR may reduce these numbers) since less housing is proposed but development still would be placed among the trees on the western side of the site. Adjustment of the streets and housing could save more trees along with tree transplanting where possible.

Consistency with County Ordinances. The staff recommended Reduced Single Family Development Alternative will better meet County of Monterey Land Use and Coastal Implementation Plans. The staff recommended Reduced Single Family Development Alternative complies with North County Land Use Plan, Visual Resources 2.2.2 General Policy 5 and North County CIP Sections 20.144.030.B.4, 20.144.030.B6, and 20.144.100 (A) (2) (c) without the necessity for significant grading. The staff recommended Reduced Single Family Development Alternative also meets requirements of the North County Land Use Plan 2.3.2 General Policies 1 which restricts development in environmentally sensitive habitat areas including wetlands and 2.5.3. C. Siting New Development 3 (a.) (c.) to prevent erosion. The

parkland satisfies Section 19.12.010 Recreation Requirements of the County Subdivision Ordinance, Title 19 for a subdivision of 80 units.

Community Parkland The subdivision has proposed 101 housing units that will require 0.9 acres of parkland according to Section 19.12.010 Recreation Requirements of the County Subdivision Ordinance, Title 19. Although the proposal has 1.9 acres of park space, the proposal doesn't fully comply with Title 19 for parkland on site. Monterey County Parks Department requires that the subdivision dedicate 0.9 acres of reasonably level land with no environmental constraints that can be used for active recreation. A park should be located on the upper terrace so that no residential property is farther than one-quarter mile from the nearest park site.

The staff recommended Reduced Single Family Development Alternative has the correct amount of parkland at the appropriate place within the subdivision. Small open spaces can be used for active recreation within ¼ mile of most of the existing and proposed development. The 2.5 acre park can be used for active recreation, solves the ridgeline problems of the proposed project and creates preserved open space for the home owners and community. Sensitive slopes are protected from development and erosion will be reduced.

The staff recommended Reduced Single Family Development Alternative would also enhance the wetland area by moving the parkland to the top of the hill and allowing the detention basin to function as a wetland. More trees could also be added to screen the detention area that would become more of a natural looking wetland. The potential habitat value would also increase without recreation disturbance.

Local Circulation The staff recommended Reduced Single Family Development Alternative would still reinforce Hall Road as a commercial focal point between the “center” of Las Lomas and the Hall District elementary school. The commercial property on Hall Road would influence the nature of the community to a significant extent. Cohesive community form with residential and commercial uses linked at Hall Road can be better achieved with this alternative. This site holds the opportunity to connect Las Lomas into a focused community and that purpose is better served by the staff recommended Reduced Single Family Development Alternative.

Traffic and Air Quality The traffic and air quality impacts from the staff recommended Reduced Single Family Development Alternative would be less than the proposed subdivision. Fewer houses would create 20% less traffic with total trips reduced by 12%. Due to the internal link road, there would be less traffic on Sill Road, and traffic at intersections would be more dispersed. Cumulative impacts would be less due to fewer lots and less traffic generated. The intersections with existing Service Levels E to F would be the most important areas of improvement. There would still be a significant unavoidable cumulative traffic impact to SR1. The connection to Hall Road will allow residents to reach the commercial area directly within the subdivision, and to return home without driving on Hall Road. The street would replace a pathway that was included in the proposed project for pedestrian circulation. Pedestrians would use the sidewalks along the street.

Hydrologic Resources Water The staff recommended Reduced Single Family Development Alternative would further reduce water consumption on the site from what is estimated for the proposed project's 101 units. Water use reductions would be approximately 20%. Accordingly, there would be additional benefits to the groundwater basin from the reduction in water usage as

compared to baseline. The improved detention basin would provide better storm water filtration of site run-off, and site run-off would be reduced due to reduced impervious surfaces.

Conclusion. Staff believes that the staff recommended Reduced Single Family Development Alternative should be recommended by the Planning Commission to the Board of Supervisors for its approval. This alternative better meets County ordinances and LUP policies and further reduces some of the significant impacts identified in the draft EIR compared to the proposed project and compares at least equally to the EIR alternative.