

Attachment A
Project Description and Discussion

Pebble Beach Company
PLN100138

Board of Supervisors
June 19, 2012

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PROJECT DESCRIPTION & DISCUSSION

A. INTRODUCTION

Setting

The proposed project involves Pebble Beach Company's (PBC's) application for development and preservation of sites within Monterey County's unincorporated Del Monte Forest (DMF) area. The approximately 5,300 acre DMF area is located on California's Pacific Coast and is bounded by the Pacific Ocean to the west and the cities of Pacific Grove, Monterey, and Carmel-by-the-Sea to the north, east, and south, respectively (see the Vicinity Map at **Attachment H** of this staff report).

The DMF area includes residential areas, three resort hotels (The Lodge at Pebble Beach, The Inn at Spanish Bay, and Casa Palmero), a small commercial center (at The Lodge at Pebble Beach), seven 18-hole golf courses including clubhouses, one 9-hole executive golf course, the S.F.B. Morse Botanical Reserve and Huckleberry Hill Natural Habitat Area (HHNHA), Forest Lake Reservoir, Robert Louis Stevenson School, Pebble Beach Equestrian Center, trails, and roads. Pebble Beach Company (PBC) offices, the Pebble Beach Community Services District (PBCSD), and local offices of the California Department of Forestry and Fire Protection (CAL FIRE) are also located within the DMF.

Background

PBC has submitted previous applications for development and preservation of its land within the DMF, including the Pebble Beach Lot Program in 1992, Refined Alternative 2 in 1996, and the Del Monte Forest Preservation and Development Plan in 2002 (which was consistent with the "Measure A" initiative approved by Monterey County voters in 2000). After the California Coastal Commission (CCC) denied the Measure A Local Coastal Program Amendment (LCPA) in 2007, PBC and CCC staff met to discuss feasible development alternatives within the Del Monte Forest. These discussions resulted in the DMF Agreement (see **Attachment I** of this staff report), which is the basis for the associated LCPA and the development proposal, also known as the Pebble Beach Company Concept Plan (Concept Plan). The LCPA was required to establish the regulatory framework for the development proposal, consisting of the build-out development and preservation of the remaining undeveloped Pebble Beach Company properties located within the DMF. The Board of Supervisors adopted a resolution of intent to approve the LCPA on January 24, 2012 and submitted the proposed amendments to the California Coastal Commission (CCC) for certification. On May 9, 2012, the CCC held a hearing to consider certification of the proposed amendment and unanimously certified the amendment as submitted. On May 22, 2012, the Board acknowledged receipt of the CCC resolution certifying the LCPA and adopted the LCPA by adopting a resolution to amend the Del Monte Forest Land Use Plan and adopting an ordinance to amend the Monterey County Coastal Implementation Plan. The LCPA will become effective on June 22, 2012.

Prior Project Recommendations

Del Monte Forest LUAC

The Del Monte Forest Land Use Advisory Committee conducted a duly noticed public meeting on December 2, 2010, and voted unanimously to support the project as proposed.

Subdivision Committee

The Subdivision Committee conducted a duly noticed public hearing on April 9, 2012, and by a vote of 5 to 1 recommended that the Planning Commission recommend to the Board of Supervisors approval of the project.

Housing Advisory Committee

The Housing Advisory Committee (HAC) conducted a duly noticed public meeting on May 22, 2012, and voted unanimously to recommend that the Applicant comply with the 20% inclusionary housing requirement by constructing moderate income units at the Pebble Beach Company Corporation Yard site, with a preference that they be rental housing units, and paying an in-lieu fee for any remaining fractional obligation.

Planning Commission

The Planning Commission conducted a duly noticed public hearing on May 30, 2012, and by a vote of 8 to 1 recommended that the Board of Supervisors certify the EIR and approve the project, subject to an additional recommendation for the Board to consider regarding inclusionary housing (**Attachments D and E**). See below for a detailed discussion of inclusionary housing, the HAC and Planning Commission recommendations, and staff's recommendation.

Project Sites

The proposed project includes specific development activities and preservation areas that occur at different project sites, and these sites collectively comprise the project area. The locations of the project area and project sites are shown on the Vicinity Map (at **Attachment H** of this staff report). The project sites and corresponding Assessor's Parcel Numbers (APNs) are listed below:

Proposed Project Site Assessor's Parcel Numbers

Location of Project Site	Assessor Parcel Number
The Lodge at Pebble Beach	
Project Element	
Meeting Facility Expansion	008-423-029
New Colton Building	008-423-030
Fairway One Reconstruction	
Fairway One House	008-423-019
Beirne Residence	008-423-002
Parking and Circulation Reconstruction	008-431-009
The Inn at Spanish Bay	
Conference Center Expansion	007-091-028
New Guest Cottages	007-091-028, 007-091-033
New Employee Parking	007-101-041
Collins Field-Equestrian Center-Special Events Area	
Driving Range Relocation to Collins Field	008-321-006, 008-321-007
Equestrian Center Reconstruction	008-313-003
Special Events Area Grading and Expansion	008-313-003

Location of Project Site	Assessor Parcel Number
Project Element	
Area M Spyglass Hill	
New Resort Hotel (Option 1)	008-272-011
New Residential Lots (Option 2)	008-272-011
Residential Lot Subdivisions	
Area F-2	008-032-004
Area I-2	008-031-014
Area J	008-022-024, 008-022-035
Area K	008-021-009, 008-022-031, 008-022-032
Area L	008-021-009
Area U	008-313-002, 008-313-003
Area V	008-312-002
Collins Residence	008-321-008, 008-321-009
Corporation Yard	008-041-009
Preservation Areas	
Area B	007-101-041
Area C	007-101-041
Area F-1	008-032-005
Area F-3	008-032-006
Area G	008-041-009
Area H	008-031-015, 008-034-001
Area I-1	008-031-019
Area J-1	008-022-024
Area J-2	008-022-035
Area J-3	008-561-020
Area K	008-021-009, 008-022-031
Area L	008-021-009
Area M	008-272-011
Area N	008-241-008, 008-311-011, 008-272-010, 008-272-011
Area O	008-242-007
Area PQR	008-171-009, 008-171-022, 008-163-001, 008-163-003, 008-163-005, 008-164-001
Area U	008-313-002
Area V	008-312-002
Corporation Yard	008-041-009
Note: Proposed project sites are contained within the listed parcels, but do not necessarily include the entire parcel.	

B. PROJECT DESCRIPTION

Overview

The proposed project includes PBC's application for renovation and expansion of visitor-serving uses; creation of single-family residential lots; road, infrastructure, and trail improvements; and preservation in the DMF area. The development proposal includes multiple Combined Development Permits (CDPs) to allow the phased development and preservation of the remaining undeveloped Pebble Beach Company properties located within the DMF. The CDPs consist of 12 vesting tentative maps for the subdivision of approximately 899.6 acres, resulting in the creation of 90 to 100 single-family residential lots, the renovation and expansion of visitor

serving uses, and the preservation of 635 acres as forested open space. The CDPs include multiple Coastal Development Permits, Coastal Administrative Permits, and Design Approvals to allow: new structural development at four primary sites (The Lodge at Pebble Beach, The Inn at Spanish Bay, Spyglass Hill, and the Pebble Beach Equestrian Center); new and amended General Development Plans at five locations; lot line adjustments; structural and hardscape development, including associated grading; development within 100 feet of environmentally sensitive habitat; development on slope exceeding 30 percent; tree removal; and development within 750 feet of a known archaeological resource. Development includes the following: The Lodge at Pebble Beach – Renovation and expansion of visitor-serving and recreational facilities to include the addition of hospitality and meeting space, relocation of the Pebble Beach Golf Links Driving Range, and construction of 60 visitor-serving guestrooms; The Inn at Spanish Bay – Renovation and expansion of visitor-serving and recreational facilities, to include the addition of hospitality and meeting space, construction of 40 visitor-serving guestrooms, and construction of a surface parking lot to provide approximately 285 parking spaces; Spyglass Hill - Construction of a 100-room resort and spa to include the addition of hospitality and meeting space, a restaurant, a 19,700 square foot spa with underground parking for approximately 40 vehicles, construction of a parking facility with a level at grade and two levels below grade to accommodate approximately 301 vehicles and other ancillary facilities, or an alternative option that would result in the subdivision of this area into 10 single-family residential lots; Pebble Beach Equestrian Center - Site redevelopment consisting of demolition of the existing equestrian facilities and construction of new equestrian facilities to include a covered arena, employee housing, barns and stalls, vehicle storage, interior roadway, parking, and accessory structures; the construction of associated infrastructure improvements; relocation of existing trail segments and construction of new trail segments; construction/installation of internal roadway, circulation, and drainage improvements at four intersections (Congress Road and 17-Mile Drive; Congress Road and Lopez Road; Sunridge Road and Lopez Road; and Portola Road and Stevenson Drive); and the reconfiguration of the main entrance/gate to the Pebble Beach/Del Monte Forest area at the Highway 1/Highway 68/17-Mile Drive intersection.

Pebble Beach Company Application

The development proposals are summarized below. Specific information regarding the development proposal, including grading/drainage plans and architectural renderings, can be found in the application plan set (Pebble Beach Company 2011) on file at the County Planning Department in file PLN100138.

- Visitor-Serving Development:
 - The Lodge at Pebble Beach
 - The Inn at Spanish Bay
 - Collins Field–Equestrian Center–Special Events Area
 - Area M Spyglass Hill (100 guest units and spa with Area M New Resort Hotel, Option 1)

- Residential Lot Subdivisions:
 - 88 to 98 new residential lots¹ (98 lots with Area M New Residential Lots, Option 2)

¹ The Collins Residence Residential Lot Subdivision currently consists of two existing residential lots, which will be subdivided into 4 residential lots. Thus, when including all 4 lots at the Collins Residence, there would be a total of 90 lots (Area M Option 1) to 100 lots (Area M Option 2).

- Roadway, Infrastructure and Trails:
 - Roadway Improvements
 - Infrastructure Improvements
 - Trail Improvements

- Preservation Areas:
 - Preservation and conservation of 635 acres of Monterey pine forest and other native habitat
 - Resource management of the preservation areas

All structures would be designed and constructed in accordance with the current California Building Code (CBC), Monterey County's Fire Code, and other relevant County zoning and development standards.

Attachment 1 to Attachment C of this staff report provides a listing of the County entitlements or permits required for the proposed project.

The Lodge at Pebble Beach

Approval of the permits would allow visitor-serving accommodations at The Lodge, increase the efficiency of service to patrons of The Lodge, and improve accessibility to services for residents, guests, and visitors to this area of Del Monte Forest.

The existing development at The Lodge complex includes The Lodge with 161 guest rooms, the Fairway One House with five guest rooms, and Casa Palmero with 24 guest rooms; The Spa at Pebble Beach; The Beach & Tennis Club; and several retail shops and restaurants. The Lodge complex is located on 17-Mile Drive approximately 1.5 miles north of the lower Carmel Gate entrance to Del Monte Forest.

Approval of the permits at The Lodge complex would allow construction of a net increase of 55 new visitor-serving units, additional meeting and support areas, and the following supporting improvements.

- **Meeting Facility Expansion.** The existing 5,000 square feet (sf) meeting facility would be renovated and expanded to provide an additional 2,100 sf of meeting room space and 2,900 sf of additional support and circulation areas in the back. The improvements are proposed to result in more efficient meeting space, a protected entrance, a covered service corridor for staff to access meeting rooms, banquet preparation and cooking areas, and storage. An elevator is proposed to provide disabled persons access to other areas of The Lodge.
- **New Colton Building.** Construction of the new Colton Building would provide 20 additional visitor-serving units on an existing parking lot adjacent to the existing Flavin, Morse, Jeffers, and McComas buildings. Access would be from the existing driveway off Cypress Drive. This building would displace 32 parking spaces but would provide 31 replacement parking spaces in the basement level.
- **Fairway One Reconstruction.** The existing five guest-room Fairway One House and the Bierne residence would be removed to allow for the construction of a new Fairway One visitor-serving facility, with 40 units in six guest buildings and a 4,772 sf hospitality building. Fairway One would front the north side of the first fairway of the Pebble Beach Golf Links, directly opposite the proposed Colton Building.

- **Parking and Circulation Reconstruction.** The central circulation and 113-space surface parking area located north of the existing Meeting Facility would be reconfigured. A new two-level 224-space parking facility and 23-space short-term surface lot would be constructed. Circulation improvements are proposed to improve resident and visitor access to parking, and safe access for pedestrians between parking areas and visitor-serving uses. The proposed parking will meet zoning ordinance requirements for parking for the complex (surplus of 7 spaces).

The Inn at Spanish Bay

Approval of the permits would expand options for visitor-serving accommodations at The Inn, increase the efficiency of service to patrons of The Inn, and provide needed parking for employees and guests.

The existing development at The Inn complex includes The Inn with 269 guest rooms; The Spanish Bay Club and Tennis Pavilion; and several restaurants and retail shops. The Inn complex is located on 17-Mile Drive approximately 0.3 mile south of the Pacific Grove Gate and 2.5 miles north of the lower Carmel Gate entrance to Del Monte Forest.

Approval of permits at The Inn complex would allow construction of 40 new visitor-serving units, additional meeting space, and supporting improvements as follows.

- **Conference Center Expansion.** The existing ballroom on the first floor would be expanded outward, by extending the outside walls of the existing building to create an additional 4,155 sf of meeting, support and circulation space; the existing meeting facilities would be expanded by adding meeting rooms on the backside of both the first floor and lower fairway level for an additional 4,660 sf of meeting and circulation space.
- **New Guest Cottages.** Proposed development would add 40 guest rooms in five two-story buildings, with a hospitality building in the middle. The new buildings would displace 30 existing parking spaces that would be replaced by a new 285-space parking lot in Area B (described below).
- **New Parking.** Proposed development in Area B would add a 285-space surface parking lot for employees, as well as guests, and an approximately 200-foot pedestrian trail across from the main entry to The Inn at the intersection of 17-Mile Drive and Congress Road. The remainder of Area B would be open space and preservation areas. The proposed parking will meet zoning ordinance requirements for parking for the complex (surplus of 73 spaces).

Collins Field – Equestrian Center – Special Events Area

The Collins Field–Equestrian Center–Special Events Area is located just north of The Lodge. Approval of permits for this area would allow the following elements.

- **Pebble Beach Links Driving Range Relocation from Area V to Collins Field.** The driving range would be relocated from its current location within Area V to the area known locally as Collins Field because the current location is considered undersized by modern standards and cannot incorporate support facilities. The proposed site development will also avoid direct impacts to Pacific Grove clover as the recommendation is to incorporate Alternative 3 from the EIR, which requires avoidance of the clover area. The new driving range would include tee-box hitting stations and terraced tees; a putting and chipping green; a 350 sf golf ball kiosk with restroom; a 2,300 sf golf academy with training center, offices and restrooms; and a

26-space surface parking lot. The proposed parking will meet zoning ordinance requirements for parking for the driving range (surplus of 1 space). The current driving range location is proposed to be subdivided for residential use, as described under "Residential Lot Subdivisions".

- **Equestrian Center Reconstruction.** The existing equestrian center would be demolished, and new equestrian facilities would be constructed to include a covered arena, employee housing, barns and stalls, vehicle storage, interior roadway, parking, and accessory structures. Although there would be a new covered arena in place, the overall footprint of the new facility would be smaller than the existing facility, and there would be a minor capacity reduction. Hours of operation would be primarily daylight hours, though the covered arena would be used for indoor training and lessons during evening hours. A manure management plan would be prepared for review and approval by the County Health Department. The proposed parking will meet zoning ordinance requirements for parking for the equestrian center (surplus of 2 spaces).
- **Special Events Staging Area Grading and Expansion.** The special events staging area would be graded and slightly expanded northward. All existing structures and corrals would be removed from the site.

Area M Spyglass Hill

For Area M Spyglass Hill, two development options, a new resort hotel or residential lots, are under consideration. Approval of the Combined Development Permit allows the construction of Option 1 (Hotel); no subdivision of the property is required for the hotel to be constructed and no subdivision map is being approved. If the applicant later wishes to pursue Option 2, permit amendments and an LCP amendment would be required.

- **New Resort Hotel (Option 1).** The resort hotel option includes development of a new resort hotel on approximately 16 acres located across from the Spyglass Hill Golf Course at the Spyglass Hill Road/Stevenson Drive Intersection. The proposed development is composed of the main hotel, 100 guest rooms, and a spa facility. The main hotel area would have a lobby (2,955 sf), restaurant (4,672 sf), bar/lounge (2,005 sf), meeting areas (5,120 sf), offices/storage/retail (4,500 sf), and a three-level parking facility (one surface and two underground levels) to accommodate 301 vehicles. The 100 guest rooms would be in 11 different single-story structures (totaling 79,400 sf) that are terraced so all have ocean views and to minimize disruption of views. The 19,700 sf spa would have a fitness facility and parking for 41 vehicles (27 underground spaces and 14 surface spaces). The buildings would be designed to be low profile, and building materials would include stone veneer, cedar board siding, and aluminum windows/curtain wall. The proposed parking will meet zoning ordinance requirements for parking for the complex (surplus of 34 spaces).
- **New Residential Lots (Option 2).** The residential lot subdivision option consists of 10 single-family residential lots within the same building footprint as the proposed hotel. Staff has included a condition of approval to require PBC to submit an application for a subsequent LCPA if PBC opts to develop Area M with ten (10) residential lots instead of a hotel and spa. The LCPA would amend the land use designation and zoning classification of the 15.78 acre parcel proposed for the development within Area M from Visitor-Serving Commercial (VSC) to Low Density Residential. Since VSC zoning allows subdivisions and single-family residential structures with the granting of a Coastal Development Permit, the LCPA would not be required for the

alternative subdivision and residential development to occur on the site. However, staff views this approach as a means to avoid potential confusion for future site development proposals.

Residential Lot Subdivisions

The proposed project includes creating new residential lot subdivisions, which would enable future development of up to 90 single-family residences². The proposed residential lot subdivisions are located in nine areas within or adjacent to existing golf courses or other development. The elements of the proposed residential use development are described below.

- **Area F-2 (16 lots).** The proposed development site is a 19.5-acre parcel in the Gowen Cypress Planning Area surrounded by the Poppy Hills Golf Course to the north, east, and west. The parcel would be subdivided to provide 16 residential lots ranging in size from 1 to 1.49 acres, averaging 1.10 acres, and totaling 17.71 acres. Roadway and public utility easement would total 1.79 acres. Access to residential sites would be by an internal road with access from Lopez Road. The existing trail on the site would be relocated and extended.
- **Area I-2 (16 lots).** The proposed development site is an 18.74-acre parcel in the Middle Fork Planning Area surrounded by Poppy Hills Golf Course to the north and west and Viscaino and Ronda Roads and residential development to the south. The parcel would be subdivided to provide 16 residential lots ranging in size from 1 to 1.62 acres, averaging 1.13 acres, and totaling 18.14 acres. Roadway and public utility easement would total 0.32 acre, and 0.28 acre would be open space. Primary access would be from Viscaino and Ronda Roads. The existing trail on the site would be relocated and extended.
- **Area J (5 lots).** The proposed development site consists of two parcels totaling 9.38 acres in the Spyglass Cypress Planning Area, with frontage on Spyglass Woods Drive. The two parcels would be subdivided to provide five residential lots ranging in size from 0.55 to 0.98 acres, averaging 0.76 acre, and totaling 3.80 acres. Open space would total 5.58 acres.
- **Area K (8 lots).** The proposed development site consists of two parcel areas totaling 10.62 acres in the Spyglass-Cypress Planning Area. Stevenson Drive extends between the two parcels, which are otherwise surrounded by the Spyglass Hill Golf Course. The two parcel areas would be subdivided into eight lots ranging in size from 0.44 to 0.74 acre, averaging 0.63 acre, and totaling 5.02 acres. Open space would total 5.78 acres. Roadway area would total 0.9 acre.
- **Area L (10 lots).** The proposed development site is a 20.92-acre parcel area located within the Spyglass-Cypress Planning area with access off of 17-Mile Drive by Dune Road. The parcel is situated between Spyglass Hills Golf Course and Indian Village. Residential development would be on the south side of the existing road that extends to the Indian Village preserve area. The parcel would be subdivided into 10 lots ranging in size from 0.58 acre to 0.95 acre, averaging 0.71 acre, and totaling 7.09 acres. Open space would total 9.25 acres and roadway area would total 1.76 acres.

² If New Residential Lots (Option 2) is selected for Area M Spyglass Hill instead of New Resort Hotel (Option 1), the project would enable future development of up to 100 single-family residences. The proposed project would create 88 to 98 new residential lots (depending on Option 1 or 2). The Collins Residence area contains two existing residential lots, each with a residence. The existing residences will be demolished and with the project there could be up to four new residences on the proposed four residential lots.

- **Area U (7 lots).** The proposed development site consists of an area totaling 22.28 acres in the Pebble Beach Planning Area. The parcel area would be subdivided to provide seven residential lots ranging in size from 0.71 to 0.83 acre, averaging 0.78 acre, and totaling 5.48 acres. The residential lots would be located on the south side of and fronting Drake Road, with the Equestrian Center to the south and open space preserve areas to the east and west (also in Area U) and across Drake Road to the north (in Area N). Open space would total 16.69 acres.
- **Area V (14 lots).** The proposed development site is a 23.06-acre parcel in the Pebble Beach Planning Area and currently being used for the Pebble Beach Golf Links Driving Range, which would be relocated to Collins Field as previously described. The parcel would be subdivided to provide 14 residential lots ranging in size from 0.47 to 0.5 acre, averaging 0.49 acre, and totaling 6.82 acres. Open space would total 15.47 acres and roadway area would total 0.77 acre.
- **Collins Residence (4 lots/2 new lots).** The proposed development site consists of 3.85 acres, currently subdivided into two legal lots of record, in the Pebble Beach Planning Area with frontage on Alva Lane to the west and the relocated driving range to the east. The two existing residential units on the site would be demolished. The site would be subdivided to provide four residential lots ranging in size from 0.75 to 0.91 acre, averaging 0.84 acre, and totaling 3.34 acres, for an increase of two lots over existing conditions.
- **Corporation Yard (10 lots).** The proposed development site is a 22.46-acre parcel area at the PBC Corporation Yard site. The parcel area would be subdivided to provide 10 residential lots ranging in size from 0.38 acre to 0.60 acre, averaging 0.47 acre, and totaling 4.7 acres. The PBC offices and maintenance facilities to the south would remain in use. Maintenance activities would continue to occur, but would be relocated from the site to an area east of the offices. A landscaped berm would be installed along the south side of the residential development to provide a buffer from activity in the Corporation Yard. The Corporation Yard area would total 7.42 acres. The portion of the parcel along the northwestern edge adjacent to the HHNHA would remain open space and passive recreation (e.g., playing Frisbee, dog walking) would be allowed, but there would be no formal recreation structures. Open space for passive recreation would total 1.45 acres. Open space preserve area would total 6.96 acres. Trails are proposed along existing dirt roads to connect this residential subdivision to the trail system in the HHNHA.

Roadway Improvements

The proposed project includes several roadway improvements to facilitate traffic flow. The improvements are described generally in this section (see Plan Set pages R-1 through R-8) and are required to be constructed by the conditions of approval:

- **SR 1/SR 68/17-Mile Drive Intersection Reconfiguration.** The elements of the improvements are:
 - Demolish existing raised median; pave and restripe at SR 68 within project limits; and construct an additional right-turn lane in the eastbound direction within the project limits by adding a lane on the south side. The additional eastbound right-turn lane would end at a mandatory right-turn lane to the Pebble Beach entrance, and a right-turn onto the SR 1 southbound on-ramp.
 - Widen the SR 1 southbound off-ramp to accommodate one exclusive right-turn lane, one through lane, and one left-turn lane.

- Improve the southbound SR 1 on-ramp/Pebble Beach entrance by reconfiguring the intersections with SR 68, and forming a five-legged intersection to separate the Pebble Beach entrance from the SR 1 on-ramp entrance.
- Modify the SR 1 southbound on-ramp.
- Construct a retaining wall along the SR 1 southbound on-ramp.
- Maintain and improve the access from the Pebble Beach entrance directly to the southbound SR 1 on-ramp. This on-ramp would be separate from the main on-ramp entrance at SR 68.
- Modify signals at the SR 1/SR 68 intersection.

These proposed intersection improvements are a subset of the Highway 68 Widening Project, a regional transportation project that widens SR 68 eastbound from one to two lanes from east of the Scenic Drive overcrossing to the ramp terminal intersection with SR 1; widens the SR 1 southbound off-ramp to provide a left-turn lane; and reconfigures the SR 1 southbound on-ramp to separate Pebble Beach-related and highway-related traffic.

Regional transportation plans are prepared and maintained by the Transportation Agency for Monterey County (TAMC) and the Association of Monterey Bay Area Governments (AMBAG). The current Regional Transportation Plan (RTP) recommends widening of SR 68 from 0.1 mile west of the Community Hospital of Monterey Peninsula (CHOMP) to east of the SR 1/SR 68/17-Mile Drive intersection. The intent of the project described in the Project Study Report (PSR) is to relieve existing and future traffic congestion on SR 68, and to improve traffic safety and vehicular access to the Pebble Beach entrance, CHOMP, and Beverly Manor Complex. Due to the lack of available funding, this improvement is listed as an unconstrained project in the RTP. A PSR was completed and approved by Caltrans in 2000 to facilitate future funding opportunities should they become available. The applicant proposes to implement a portion of the PSR project, referred to as the "Phase 1B Interim Improvement." This project element (SR 1/SR 68/17-Mile Drive Intersection Reconfiguration) would be constructed by the applicant after obtaining an encroachment permit from Caltrans.

- **Congress Road/17-Mile Drive Intersection Improvement.** This intersection is located at the entrance to The Inn at Spanish Bay. Proposed improvements are re-striping to incorporate pedestrian crosswalks at the intersections (connecting the new employee parking in Area B with the pedestrian facilities at The Inn at Spanish Bay) and a 50-foot left-turn lane from 17-Mile Drive to the entry drive for The Inn at Spanish Bay. Handicap ramps are incorporated into the proposed intersection design to assist pedestrians at the delineated crosswalks. Stop-sign controls are incorporated into the proposed intersection design so that all intersection approaches are stop controlled.
- **Congress Road/Lopez Road Intersection Improvement.** The proposed improvement to this intersection is a realignment to eliminate the acute intersecting angle and improve sight distance. The proposed realignment includes realigning a portion of Congress Road, cutting the bank along Lopez Road, and widening a portion of Lopez Road.
- **Lopez Road/Sunridge Road Intersection Improvement.** This intersection is located at the entrance to the Corporation Yard. Proposed improvements are lane

channelization and minor realignment to improve sight distance and turning radii, and to more clearly delineate the intersection.

- **Portola Road/Stevenson Drive Intersection Improvement.** Proposed improvement is a realignment of Portola Road at Stevenson Drive to eliminate the acute intersecting angle and improve sight distance.

Trail Improvements

There are approximately 31.5 miles of existing hiking and equestrian trails within the Del Monte Forest. The proposed project would add 2.4 miles of trails, for a total of 33.9 miles. The areas of new and relocated trails are described below:

- **Area F-2.** Because future residential development proposed for Area F-2 would remove 1,870 linear feet of existing trail, the project includes 1,890 linear feet of replacement trail to the east of the existing trail along the Poppy Hills Golf Course. The net increase is 20 linear feet.
- **Area I-2.** Because future residential development proposed for Area I-2 would remove 3,400 linear feet of existing trail, the project includes 3,470 linear feet of replacement trail to the north of the existing trail along the Poppy Hills Golf Course. The net increase is 70 linear feet.
- **Area J.** Future residential development proposed for Area J requires relocation of existing trail so it is outside of the new lots. The net increase is 130 linear feet.
- **Area K.** Future residential development proposed for Area K requires relocation of existing trail so it is outside of the new lots. The net increase is 56 linear feet.
- **Area PQR.** Create 1.36 miles of new trails in the Pescadero planning area. Most of this would be along existing dirt and fire roads; however, 0.25 mile would be a new trail connection between fire road #20 and fire road #21.
- **Corporation Yard Area.** Create 0.15 miles of new trails on existing dirt fire roads and 0.25 miles of new connector trails to connect the proposed residential lot subdivision to the network of trails in the HHNHA and SFB Morse Botanical Preserve.
- **HHNHA.** Create 0.59 miles of new trails following the existing Haul Road.

Additionally, the project would include dedicating bicycle lanes along approximately 9.4 miles (4.7 miles in each direction) of existing roadway (17-Mile Drive - Spyglass Hill Road - Stevenson Drive - to the Peter Hay Golf Course and back to the Pacific Grove Gate).

Infrastructure Improvements

Development sites would be served by existing and new water, sewer, and reclaimed water lines. New infrastructure lines are required to be installed as described below:

- **Water Lines.** On-site water line extensions would be installed at development sites to provide connections to existing water lines. Approximately 3,300 linear feet of new off-site water lines would be installed as described below. The linear feet indicated are estimates.
 - Area F-2. Install 230 feet of 8-inch-diameter water line and connect to a 12-inch water main in Lopez Road.
 - Area K. Install 2,500 linear feet of six-inch-diameter water line and connect to a six-inch water main in Stevenson Drive.
 - Area L. Install 400 linear feet of 6-inch diameter water line and connect to an eight-inch water main in 17-Mile Drive.

- Area V. Install 100 linear feet of 8-inch diameter water line and connect to a 6-inch water main in Forest Lake Road.
- **Sewer Lines.** On-site sewer line extensions would be installed at development sites to provide connections to existing sewer lines. Approximately 6,300 linear feet of new off-site sewer lines would be installed as described below. The linear feet indicated are estimates.
 - Collins Residence. Install 530 linear feet of 10-inch diameter sewer line in Alva Lane.
 - Corporation Yard. Install 875 linear feet of 4-inch-diameter sewer line in Sunridge Road.
 - Area I-2. Install 1,340 linear feet of 8-inch-diameter sewer line in Viscaino Road and connect to an existing manhole in Viscaino Road, and install 390 linear feet of 8-inch diameter sewer line in Viscaino Road and connect to an existing manhole at the intersection of Viscaino Road and Ronda Road.
 - Area J. Install 310 linear feet of 6-inch diameter sewer line in Spyglass Woods Drive.
 - Area K. Install 1,020 linear feet of 8-inch diameter sewer line in Stevenson Drive.
 - Area L. Install 40 linear feet of 6-inch diameter sewer line in Dune Road.
 - Area M (Option 1 and 2). Install 1,000 linear feet of 8-inch diameter sewer line in Spyglass Hill Road.
 - Area U. Install 230 linear feet of 8-inch diameter sewer line in Drake Road for residential subdivision. Additionally, install 330 linear feet of six-inch diameter sewer line through the Area U subdivision utility easement to Drake Road for the proposed Equestrian Center reconstruction.
 - Fairway One Complex. Install 1,100 linear feet of 8-inch-diameter sewer line and connect to the existing 10-inch-diameter main located parallel to the 18th fairway on the Pebble Beach Golf Links.
- **Reclaimed Water Lines.** The applicant proposes to irrigate the new landscaping with water from the Carmel Area Wastewater District (CAWD)/Pebble Beach Community Services District (PBCSD) reclamation plant. On-site reclaimed water lines would be installed to carry reclaimed water to irrigation areas, except the Corporation Yard.
- **Storm Drains.** New off-site storm drains would be installed to serve proposed developments. Retention basins are planned at the proposed Residential Subdivisions in Areas F-2, I-2, J, K, L, U, V, Collins Residence, and Corporation Yard. Retention basins are also planned for the new employee parking in Area B at The Inn at Spanish Bay, for the new resort hotel in Area M Spyglass Hill, the reconstructed Equestrian Center, and the relocated driving range (from Area V to Collins Field).

Preservation Areas

There are currently 685 acres of undeveloped open space that is formally preserved (either in fee title or easement) through the Del Monte Forest Foundation (DMFF) in the Del Monte Forest. The applicant proposes to formally dedicate or preserve an additional 627 acres of undeveloped areas, comprised of Monterey pine forest and other native habitat, through the DMFF in the Del Monte Forest. Additionally, the applicant proposes conservation easements for approximately 8 acres that comprise smaller buffer areas and setbacks around development sites. Preservation of these lands is proposed to be accomplished through amendments to the LCP to change land uses and densities, dedication of conservation easements to the DMFF, and management of the newly dedicated lands by PBC for the benefit of biological resources; these actions are required by the

project conditions of approval. For purposes of the proposed project, the 635 acres of dedication and conservation areas are considered the proposed “preservation areas”. The preservation and conservation acreages are summarized below:

Preservation Area	Current LUP Designation	LUP Designation with LCP Amendment	New Dedication Area (acres)	New Conservation Easements (acres) ¹
Area B	MDR, OF	OF	19.45	0.29
Area C	MDR, OF	OF	29.05	0.83
Area F-1	MDR, OF	OF	9.77	0.47
Area F-3	MDR	OF	16.81	0.31
Area G	MDR, OF	OF	59.97	0.56
Area H	MDR, OF	OF	49.81	1.08
Area I-1	LDR, MDR, OF	OF	38.16	0.66
Area I-2	OF	OF	0.28	0
Area J-1	MDR	OF	3.19	0.05
Area J-2	MDR	OF	1.59	0.26
Area J-3	MDR	OF	0.8	0.16
Area K	MDR	OF	4.7	1.14
Area L	MDR	OF	8.51	0.74
Area M	MDR, OF, OR, OS	OS	34.12	0
Area N	LDR	OF	48.87	0
Area O	MDR, OF	OF	19.5	0.48
Area PQR	LDR, OF	OF	245.89	0
Area U	LDR	OF	16.69	0.75
Area V	MDR	OF	12.56	0.2
Corporation Yard Area	CGC	OF	6.96	0
Total			626.68 (627)	7.98 (8)

Note: LDR = low-density residential; MDR = medium-density residential; VSC = visitor-serving commercial; CGC = coastal general commercial; OR = open space recreation; OF = open space forest; OS = open space shoreline (including dune habitat).
¹The “conservation easements” are for smaller buffer areas and setbacks around development, as opposed to the larger preservation areas. For purposes of the proposed project, the 627 acres of dedication areas are considered the “preservation areas”.

In order to provide for integrated resource management of the proposed preservation areas, a Master Resource Management Plan (Master RMP) for implementing resource management has been developed by the County with technical assistance from ICF, and was included in the Draft EIR. The Master RMP is considered part of the proposed project because it is a necessary component to managing the preservation areas for the benefit of biological resources. The Master RMP establishes a framework for the development of site-specific RMPs for each preservation area. The Master RMP also establishes a framework for development and approval of work plans for restoration activity, monitoring, and adaptive management of all dedicated areas. Through this framework, the habitat value of the dedicated lands can be preserved in perpetuity with an appropriate context of monitoring, funding, and oversight.

Project Construction

This section describes the anticipated construction associated with the proposed development.

- **Grading.** To accommodate proposed development, grading would occur at some of the development sites. It is estimated that the project would result in up to approximately 247,000 cubic yards of cut material and up to approximately 211,000

cubic yards of fill material. Much of the fill material would be supplied from cut material either from the same or another project development site. Storage sites for cut and fill material would be located on the former quarry site (Spyglass Pit) in Area M Spyglass Hill or in the Special Events Staging Area. Cut material that is not used for fill would be transported to the Marina Landfill. Truck routes for hauling cut and fill material would include SR 1 northbound via the SR 1 Gate, or SR 68 eastbound to SR 1 northbound via the SFB Morse Gate.

- **Tree Removal.** Proposed development would result in the removal of up to approximately 6,700 trees³. Of the trees removed, approximately 45% are 12 inches in diameter or more and 85% are Monterey pine trees. All removed trees for Pebble Beach Company's resort, recreational, and infrastructure projects would be taken to the Corporation Yard wood processing facility. These trees would be processed for use as firewood or chipped for use in various on-site landscaping projects. Residential lot owners would be responsible for tree removal and disposal as part of their normal construction process, as separately reviewed and approved by the County for each lot. The permits for each development project include a description of the amount of tree removal allowed pursuant to that permit.
- **Duration.** Project construction is estimated to occur in four phases over ten years with Phase I beginning in September 2012 and Phase IV ending in August 2022. A preliminary construction duration schedule is provided in the Draft EIR at Table 2-5.
- **Construction Hours.** Construction activities would be limited to between the hours of 8 am and 6 pm, Monday through Saturday. There would be no construction on Sundays or national holidays.
- **Construction Vehicle Access.** The conditions of approval limit major construction truck activity to key collector roads in the forest. Construction truck access to The Lodge at Pebble Beach would be by the SR 1 Gate. Construction truck access for The Inn at Spanish Bay would be via the SFB Morse Gate. Internal construction truck traffic between improvement areas would generally use Congress Road, Lopez Road, and Forest Lake Road. The roadway improvements along Congress Road and at Lopez Road, as previously described, would be completed prior to the rest of the construction to facilitate construction access.
- **Construction Management.** The proposed project would result in construction-related traffic, dust, and noise, as summarized below.
 - **Construction Traffic.** Construction traffic could impact traffic flow on adjacent streets and aggravate the operations of intersections previously identified as deficient. Mitigation identified includes scheduling truck trips to comply with the Del Monte Forest Architectural Board Guidelines, development and implementation of a traffic control plan, review and approval for construction truck traffic routes from Monterey County and include the routes in all contracts, and implementation of the SR 1/SR 17/17-Mile Drive improvements early in the overall construction schedule.
 - **Construction Dust.** Construction of the proposed project would result in PM 10 emissions and fugitive dust from earth moving and site grading, construction worker vehicles, and mobile and stationary construction equipment exhaust.

³ For the purpose of environmental review, this amount presumed a conservative scenario of the clearing of 15,000 sf on all proposed residential lots, which would not occur. For each residential lot, the County would review the proposed residence design and coordinate with the property owner to minimize tree removal. The total number of trees removed would likely be substantially fewer.

Mitigation has been identified, including: using after-market emissions control technology on on-road and off-road construction equipment to reduce diesel emissions, fugitive dust controls, and implementing measures to reduce construction-related exhaust emissions as recommended by MBUAPCD.

- **Construction Noise.** Construction of the proposed project would result in exposure of outdoor activity areas of noise-sensitive land uses at certain locations to construction noise greater than 85 dB at a distance of 50 feet during construction, under a worst case assumption. Mitigation has been identified including; limits on work hours, location of equipment and use of buffers and barriers, use of sound control devices, shielding/shrouding of impact tools, machinery management, truck routing, a noise complaint response/tracking program, and additional measures as identified as necessary to comply with the County's noise ordinance.

C. LOCAL COASTAL PROGRAM AMENDMENT (LCPA) OVERVIEW

Background

The LCPA was required to establish the regulatory framework for the development proposal. The applicant's proposal consists of the build-out development and preservation of the remaining undeveloped Pebble Beach Company properties located within the Del Monte Forest (DMF). The proposed project is within the DMF Planning Area, which is nearly all within the Coastal Zone; and the proposed development is almost entirely within the Coastal Zone portion of the DMF. Therefore, all of the proposed project that is within the Coastal Zone is subject to the DMF Land Use Plan (LUP). A small portion of the project area (Area D-17 acres) is located within the non-coastal area. The LUP is organized around eight geographic planning areas (Spanish Bay, Spyglass Cypress, Middle Fork, Pescadero, Huckleberry Hill, Gowen Cypress, Pebble Beach, and Country Club). Within these eight planning areas are a series of smaller planning areas delineated as Areas A through Y. Changes to the LUP require a Local Coastal Program amendment subject to certification by the California Coastal Commission (CCC).

In the Coastal Zone, the certified LUP functions as the General Plan (GP), as supplemented by the 1982 GP for matters not addressed by the LUP. The County's General Plan was updated in October 2010, but only for the Inland Areas which does not include most of the Del Monte Forest. The County's prior General Plan (sometimes referred to as the "1982 General Plan") still applies within the Coastal Zone for those matters not addressed in the LUP.

The Planning Commission conducted a duly noticed public hearing on the LCPA on December 14, 2011, and by a vote of 9 to 1 recommended the Board of Supervisors adopt a resolution of intent to amend the text, policies, and figures of the Del Monte Forest Land Use Plan and the Coastal Implementation Plan, Parts 1 and 5, including land use re-designations and zoning reclassifications at multiple locations throughout the Del Monte Forest, Coastal Zone. Subsequently, the Board of Supervisors conducted a duly noticed public hearing on January 24, 2012, and by a vote of 4 to 0 adopted a resolution of intent to approve the LCPA. On May 9, 2012, the California Coastal Commission adopted a resolution to certify the LCPA as submitted. On May 22, 2012, the Board acknowledged receipt of the CCC resolution certifying the LCPA, adopted a resolution to amend the Del Monte Forest Land Use Plan, and adopted an ordinance to amend the Monterey County Coastal Implementation Plan (i.e., the Board adopted the LCPA). The LCPA will become effective on June 22, 2012. The CDPs, if approved by the Board, will be effective only after the LCPA goes into effect.

Amendment

The adopted LCPA to the Del Monte Forest LUP amended, deleted, and added text to policies of the LUP and amended, deleted, and added text to the regulations of the Coastal Implementation Plan (CIP, Part 1 and 5). The main purposes of the LCPA were as follows:

- To allow the development proposal to be implemented if the project is approved. The policies and regulations balance remaining development adjacent to or within existing developed areas while requiring preservation of large intact contiguous areas of forest and other sensitive habitat areas. Since the development proposal affects the entire Del Monte Forest area, County and CCC staffs reviewed the entire DMF LCP. The changes reflect a bilateral staff effort to update the DMF LCP as needed, while deferring more substantive issues to the upcoming Periodic Review.
- To update the LCP to reflect the changes in conditions in the Del Monte Forest since the original adoption of the LCP in the 1980s, and to correct errors and provide clarity within the Del Monte Forest portions of the LCP. The updates to the text reflect current conditions including, but are not limited to, the following topic areas: ESHA, forest resources, hazards, scenic and visual resources, cultural resources, land use and development, circulation, water and wastewater, housing, and public access.
- To focus the LUP as a policy document, while moving implementing detail into the CIP.

Land Use, Density, and Rezoning

The Pebble Beach development proposal is consistent with the LUP and CIP as amended. Overall, the build-out potential for residential units has been significantly reduced. Per the former LUP, potential build-out of the remaining DMF properties could have resulted in the development of approximately 890 units (former LUP Table A). The LCPA has reduced this potential build-out on PBC properties identified in Table A to 86 units, a reduction of 805 units (this number does not include the proposed lots at the Corporation Yard or the Collins residence parcels, which would increase the total number of market-rate units to 100). Also, the potential developable acreage has been reduced from approximately 550 acres to approximately 90 acres, a reduction of 460 acres. This is in addition to approximately 105 units that could be developed on existing, undeveloped legal lots in the DMF not owned by the Pebble Beach Company.

The former LUP also contained no provision for new visitor-serving units. The LCPA allows an increase to the build-out potential by increasing the total number of allowed guestrooms within the DMF area. The Lodge at Pebble Beach, Fairway One, The Inn at Spanish Bay, and Casa Palmero currently have 161 guestrooms, 5 guestrooms, 269 guestrooms, and 24 guestrooms, respectively, for a total of 459 guestrooms. The former LUP allowed a total of 460 guestrooms. The LCPA allows this total to be expanded by 240 new guestrooms, for a revised build-out total of 700. The Concept Plan proposes to place 195 new visitor-serving units at The Lodge (55), The Inn (40), and a new hotel at Spyglass Hill (100). The increase expands options for visitor-serving accommodations and improves accessibility to services for residents, guests, and visitors to the DMF.

D. INCLUSIONARY HOUSING RECOMMENDATIONS & CONSIDERATIONS

While the Coastal Act encourages the protection of existing, and the provision of new, affordable housing opportunities for persons and families of low and moderate income levels within the coastal zone, the Coastal Act does not require the LCP to include housing policies and programs.

Hence, the LPCA states generally that one of the County's objectives is to increase the overall availability of low and moderate income housing in both the coastal and inland regions. In addition, the DMF LUP Housing Key Policy as amended states: "Housing opportunities for persons and families of low to moderate income should be protected and provided, both within the Forest and in outlying areas, as a function of new development within the Forest." Monterey County Code Chapter 18.40, the County's Inclusionary Housing Ordinance, applies in both the inland area and Coastal Zone. With respect to this issue, any potential option to address inclusionary housing (e.g.; on-site, off-site, in-lieu fee, etc.) would fit within the policy framework of the adopted LPCA.

The applicant has proposed payment of an in-lieu fee (approximately \$5M) to comply with the inclusionary housing requirement for the project. The County's Inclusionary Housing Ordinance allows for this type of modification. Specifically, Section 18.40.050(B)(2) of the Ordinance provides for modifications to the requirements of the Ordinance based on a finding of unusual or unforeseen circumstances. PBC proposed an in-lieu fee versus on-site compliance due to the lack of public services and schools within the Del Monte Forest.

The Housing Advisory Committee (HAC), after considering a number of options for compliance, conducted a public meeting on May 22, 2012, and voted unanimously to recommend that the Applicant comply with the 20% inclusionary housing requirement by constructing moderate income units at the Pebble Beach Company Corporation Yard site, with a preference that they be rental housing units, and paying an in-lieu fee for any remaining fractional obligation. See **Attachment G** of this staff report for a full copy of the HAC resolution.

The Inclusionary Housing Ordinance and its associated administrative manual require 20% inclusionary housing, consisting of units 6% at very low, 6% at low, and 8% at moderate (8%) income levels. However, exceptions may be allowed to the income level requirements based on unusual and infrequent situations. In its findings, the HAC acknowledged the lack of residential serving uses and public transportation, both of which are desirable when developing very low and low income affordable housing. The HAC also found that the Pebble Beach Company employs a significant number of people within the project area who could potentially qualify for inclusionary housing at a moderate income level and who would benefit from the opportunity to live within the project area. The HAC also identified property and road maintenance assessments as justification for the rental preference.

After consideration of the HAC recommendation, the applicant's testimony, public testimony, and the record as a whole, the Planning Commission recommended that the Board of Supervisors consider requiring the applicant provide 20% of the total number of new housing units (with the 20% calculation to be based upon total number of units, including those that will be developed in the project as Inclusionary Units) as on-site inclusionary housing at the Corporation Yard site at the affordability levels required by the Inclusionary Housing Ordinance (6% very low, 6% low, and 8% moderate income) and to pay an in-lieu fee for any remaining fractional unit. The Planning Commission also recommended that the PBC permit state that if the applicant identifies a preferable alternative site or sites on the Monterey Peninsula prior to construction of the inclusionary units at the Corporation Yard, the applicant would be allowed to request to substitute construction of the required units to those areas, provided that County consideration of any such request would be subject to all appropriate environmental review and public hearing processes. The Planning Commission recognized the role of the Board of Supervisors as the decision authority with regard to inclusionary housing compliance, and requested the Board

consider this recommendation. **Attachment D** of this staff report, the Planning Commission project resolution, includes the Planning Commission's finding and evidence regarding Inclusionary Housing.

The Planning Commission based its recommendation on the following findings:

- a) Opportunities for affordable housing within the Monterey Peninsula area are limited;
- b) Housing for very low and low income as well as special needs households is an identified need in the Monterey Peninsula area. However, constructing new off-site Inclusionary Housing (either in the cities or in the unincorporated areas) would most likely be extremely challenging due to water and traffic issues. Although not recommending off-site compliance, the Planning Commission recognizes the possibility that off-site inclusionary housing could be substituted in the future if the applicant were to identify a site, provided that any such proposal is subject to all appropriate environmental review and public hearing processes;
- c) Given that the project represents the final build-out and preservation of the applicant's remaining undeveloped properties within the Del Monte Forest (DMF), this is the last opportunity in the foreseeable future to have affordable housing built in the DMF;
- d) The Pebble Beach Company employs a significant number of people within the project area who could potentially qualify for inclusionary housing and who would benefit from the opportunity to live within the project area. Others that reside in the DMF also employ workers who may qualify for very low and low income units;
- e) The Corporation Yard site offers the opportunity to construct Inclusionary Units in a higher-density format. This location has been analyzed to include inclusionary units in the project Environmental Impact Report as an Alternative;
- f) As an Alternative to the proposed project, the EIR analyzed the impacts associated with developing 10 market-rate lots and 18 inclusionary units at the Corporation Yard site. The Corporation Yard site was selected as a potential on-site location for inclusionary housing based on the terms of the DMF Agreement and subsequent discussions with the CCC staff, which views the Corporation Yard as the only site suitable for higher-density residential housing; and
- g) The project design and process has been under preparation for some time based on a number of competing objectives, including the protection and enhancement of the valuable natural resources within the project area which constrain locating Inclusionary Housing at alternative locations closer to services.

In addition to the HAC and Planning Commission findings, County staff also submits the following information for the Board's consideration regarding the number of lots and/or units ultimately approved at the Corporation Yard site:

- a) The LCPA re-zoned this 4.7 acre site as Medium Density Residential, 6 units per acre (MDR/6), which would only allow up to a total of 28 market-rate and inclusionary units. PBC has proposed 10 market-rate units for the Corporation Yard site. The addition of 22 moderate income inclusionary units would total 32 residential lots and units, would exceed the maximum allowed by zoning, and therefore would necessitate the reduction of four market-rate lots;
- b) As an alternative to the proposed project, the EIR analyzed the impacts associated with developing 10 market-rate lots and 18 inclusionary units at the Corporation Yard site. The Corporation Yard site was selected as a potential on-site location for inclusionary housing based on the terms of the DMF Agreement and subsequent discussions with the

CCC staff, which views the Corporation Yard as the only site suitable for higher-density residential housing;

- c) Although the applicant employs a significant number of people within the project area who could potentially qualify for inclusionary housing and who would benefit from the opportunity to live within the project area, the lack of services and public transportation could limit the number of interested households;
- d) Providing an In-Lieu Fee for a portion of the compliance would provide funding for affordable housing projects and/or programs benefiting the Planning Area;
- e) Housing for very low households is an identified need in the Monterey Peninsula Planning Area. Allowing the option of constructing very low income units off site closer to services would help meet this unmet need, if a suitable site were identified in the future;
- f) An in-lieu fee could be leveraged to build more units than would be constructed in the Corporation Yard, assuming a suitable site could be entitled; and
- g) The remote nature of the Corporation Yard site from services would preclude some grant opportunities.

Based on the considerations above, County staff recommends the following:

- a) The development of 18 to 22 units on the project site, at the required affordability levels, and payment of an In-Lieu Fee for any remaining units (.4 to 4.44 units), provided that the total number of units at the Corporation Yard (Inclusionary plus Market) shall be limited to twenty-eight (28) units as analyzed in the FEIR;
- b) If the applicant identifies a preferable alternative site or sites on the Monterey Peninsula prior to construction of the inclusionary units at the Corporation Yard, the applicant can request substitution of the required on-site units with an equal number of off-site units, subject to appropriate approvals and environmental review. If such off-site units are developed, they all need to be rental and at the same affordability levels as the Corporation Yard project site;
- c) Require the inclusionary units to be constructed and ready for occupancy within five (5) years of the date of the recordation of the first Final Map or prior to the issuance of building permits for a maximum of 20 market rate units; and
- d) Any Inclusionary In-Lieu Fee would be prioritized for the production of affordable housing benefiting the housing needs in the Monterey Peninsula area, if feasible.

Regardless of the inclusionary housing compliance option eventually approved, the project will be conditioned to require the applicant to execute an Inclusionary Housing Agreement prior to the recordation of the first final map that will set forth the details of the compliance including, but not limited to, the type, location, and size of the Inclusionary Units, the timing of providing the units, and the payment of the In-Lieu Fee.

E. SUMMARY OF WATER SUPPLY & DEMAND CONSIDERATIONS

The project has an adequate long-term water supply and manages development in the area so as to minimize adverse effects on the aquifers and preserve them as viable sources of water for human consumption.

Policy 111 of the LCPA states that development shall only be approved if it is first clearly demonstrated that the development will be served by an adequate, long-term public water supply, and where such development clearly incorporates all necessary measures to assure no net

increase in water demand from Cal-Am sources where extraction is leading to resource degradation, other than development that uses the remaining available Pebble Beach Company MPWMD Water Entitlement from the original 365 AFY granted to Pebble Beach Company (pursuant to its Fiscal Sponsorship Agreement with MPWMD, dated October 3, 1989, as amended), consistent with applicable law for such use.

As described in the EIR, Section 3.12, Water Supply and Demand and in Appendix H to the EIR, the Applicant intends to use a portion of its Water Entitlement to supply water for the proposed project. As described in the EIR in Table H.2-2C, the total water demand of the proposed project (estimated as 135 AFY in an average year and up to 145 AFY in a critically dry year) is less than the amount available for the Applicant's use (238 AFY) after taking into account the amount of the original entitlement (365 AFY) and the amount previously sold to other parties or dedicated to other use (127 AFY, as of Fall 2011).

Policy 111 explicitly states that development can be approved in relation to water supply if it uses the remaining available water entitlement. As such, the proposed project is, by definition, consistent with Policy 111. This is further evidenced by the Del Monte Forest Land Use Plan Chapter 3, Land Use and Development Element, Pebble Beach Company Concept Plan, Requirements Applicable to Water and Wastewater: "Development pursuant to the concept plan may satisfy its water demand through the use of water supply associated with the Pebble Beach Company and Monterey Peninsula Water Management District (MPWMD) Water Entitlement (Entitlement) (identified in the Pebble Beach Company-MPWMD Fiscal Sponsorship Agreement dated October 3, 1989, as amended), consistent with applicable law for such use."

Del Monte Forest Land Use Plan Chapter 4 (Land Use Support Element, Water and Wastewater Services, Water Supply Conditions), the origin of the Water Entitlement in the Applicant's financing of the Recycled Water Project, which has resulted in a reduction in potable water withdrawals from the Carmel River. This section of the LCPA specifically describes that use of the Water Entitlement is an exception to the LCP requirement for formal demonstration of a long-term public water supply in favor of the recognition of the specific circumstances of the origin of the entitlement. As described in the EIR, Section 3.12 (see footnote 2 on Page 3.12-9), even with complete use of the Water Entitlement, the cumulative effect of the Recycled Water Project and full use of the Water Entitlement, would be a net reduction of potable water withdrawals from the Carmel River of approximately 600 AFY.

F. SUMMARY OF TECHNICAL ANALYSIS AND CONCLUSIONS OF SIGNIFICANT IMPACTS FROM THE EIR

Summary of Resource Impacts

The impacts of the proposed project, identified mitigation, and significance conclusions are discussed in detail in Chapter 3 of the Draft EIR and the FEIR. Following is a brief discussion of significant impacts by resource topic, followed by a list of the significant and unavoidable impacts.

Significant Impacts

Aesthetics. The proposed project would change certain portions of existing views within Del Monte Forest. It would degrade the views where new development is visible from 17-Mile Drive (including views of residential development in Area F-2 and the Corporation Yard),

and it would degrade the visual character and quality and introduce light and glare at some development sites. These impacts would be less than significant with implementation of the mitigation measures.

Biological Resources. The proposed project would result in loss of sensitive habitat (e.g., Monterey pine forest and small areas of seasonal wetlands), special-status plants (e.g., Yadon's piperia and other species) and special-status wildlife habitat (e.g., California red-legged frog and other species). Monterey pine forest is affected by most project elements, but the primary effects are due to residential development. Impacts on plants, wildlife, and seasonal wetlands and other waters are also primarily due to residential development. The impacts would be less than significant with implementation of the mitigation measures.

Climate Change. The proposed project would generate GHG emissions and contribute to cumulative greenhouse gas impacts. The impacts would be less than significant with implementation of the mitigation measures.

Cultural Resources. The proposed project would not result in degradation of known significant cultural or paleontological resources, but it could disrupt undiscovered cultural and paleontological resources. The impacts would be less than significant with implementation of the mitigation measures.

Geology, Seismicity, and Soils. The proposed project could result in exposure of structures and people to seismic hazards, unstable soils, and hazardous materials and could increase erosion and sedimentation. The impacts would be less than significant with implementation of the mitigation measures.

Hydrology and Water Quality. The proposed project would result in alteration of drainage patterns, increased impervious surfaces and stormwater runoff, and water quality degradation from construction and sedimentation and contaminants in stormwater. The impacts would be less than significant with implementation of the mitigation measures.

Land Use and Recreation. The proposed project could result in incompatible land uses where residential use in Area U is proposed adjacent to the existing equestrian center. However, these inconsistencies have been resolved by adoption of the certified LCPA, and application of mitigation measures regarding manure management. The impacts would be less than significant with implementation of the mitigation measures and conditions of approval.

Noise and Vibration. The proposed project would result in increased noise and vibration during construction. Additionally, the ventilation equipment for the underground parking structures would generate operational noise. Traffic noise increases would not be significant. Noise impacts overall would be less than significant with implementation of the mitigation measures.

Public Services and Utilities. The proposed project would expose people and structures to risk of wildland fire where proposed residential development is adjacent to undeveloped open space, most notably the Corporation Yard. The impacts would be less than significant with implementation of the mitigation measures.

Significant and Unavoidable Impacts

Impacts determined to be significant and unavoidable include the following: air quality, traffic, and water supply impacts. Mitigation has been identified to reduce impacts, but not to a less than significant level.

Air Quality. The proposed project would result in increased emissions of priority pollutants and dust during construction and operation, as well as exposure of new sensitive receptors (residents in Area U) to odor from operation of the Equestrian Center. All but one of the impacts would be less than significant with implementation of the mitigation measures. Impact AQ-C1, which identifies a short-term (i.e., an approximately 3 month) increase in PM10 emissions due to grading and construction, would not be reduced to a less-than-significant level.

Transportation and Circulation (Traffic). The proposed project would result in construction-related traffic that would temporarily increase traffic volumes that would affect Level of Service (LOS) and intersection operations. The proposed project would also add substantial traffic to certain intersections along SR 68 or SR 1 to decrease from acceptable levels of service to unacceptable levels or to worsen existing unacceptable levels of service, would add traffic to regional highway sections that are projected to operate at unacceptable levels of service, and would add traffic to a SR 68 highway ramp already projected to operate at an unacceptable level of service. Implementation of mitigation measures would reduce identified significant impacts, but impacts related to construction traffic and impacts related to certain roadways outside the Del Monte Forest where mitigation is payment of fair-share impact fees would remain significant after mitigation.

Water Supply and Demand.

The proposed project would generate demand for water and would represent an increase in water use above the 2011 baseline. Given the current uncertain nature of regional water supplies, the additional project water demand could intensify water supply shortfalls and possible rationing starting in 2017 if the Regional Water Supply Project (or its equivalent) is not built by then. Local water infrastructure is included to serve the proposed project, and existing supply infrastructure outside the project area is adequate to serve the project through 2016. The Regional Project (or its equivalent) will need to be built by 2017 to serve existing demand and the increase in demand from the project, and regional water supply infrastructure and operations will have secondary environmental impacts. In addition, the project's water demand would directly or indirectly contribute to the need for new regional water supply infrastructure. Therefore, this is a potentially significant and unavoidable impact.

Conclusion

Due to the identification of significant unavoidable impacts, prior to approving the project, the Board must adopt a statement of overriding considerations weighing the benefits of the project against its significant unavoidable impacts. A proposed statement of overriding considerations is included in the CEQA resolution (Attachment B).

Staff is recommending that the Board of Supervisors:

- a. Certify the Final Environmental Impact Report (**Attachments J, K, and M**) for the Pebble Beach Company Project (**Attachment B**);
- b. Adopt the Statement of Overriding Considerations (**Attachment B**);

- c. Approve Combined Development Permits for the Pebble Beach Company Project, including twelve vesting tentative maps and multiple Coastal Development Permits, Coastal Administrative Permits, and Design Approvals, based on the findings and evidence and subject to the conditions of approval (**Attachment C**); and
- d. Adopt the Mitigation Monitoring and Reporting Plan (**Attachment C**).