

Attachment A

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ATTACHMENT A

PEBBLE BEACH COMPANY INCLUSIONARY HOUSING PROJECT DESCRIPTION AND DISCUSSION - PLN130447

Project Description

Pebble Beach Company (PBC and/or Applicant) requests approval to build 24 affordable housing units on a vacant site in Pebble Beach. The project site is located easterly of SFB Morse Drive and south of Ortega Road, Pebble Beach (portion of Assessor's Parcel Number 008-041-009-000), Greater Monterey Peninsula Area Plan. The proposed development site is also known as Area D. The project site is located in the non-coastal, inland area and is thus subject to the Monterey County 2010 General Plan.

Units would range in size from 1,078 square feet to 1,343 square feet, within 4 separate 6,998 square foot buildings, resulting in a total building area of 27,992 square feet. Each housing unit would have an entry gate leading into a front-patio area lined with private planting/garden areas surrounded by 6-foot-high walls. Each unit would have a second patio with an adjacent small storage closet located in the rear of the unit, and a balcony off the rear bedroom for units on the second floor. The three-bedroom units would have a third patio located outside the third bedroom.

Up to 725 trees (135 Monterey pine and 590 oak) would be removed to accommodate the project. To compensate, all removed trees will be replaced at a 1:1 ratio. In addition, 10.5 acres of the 13.2-acre project site would be preserved as open space. Area D is divided by SFB Morse Drive, so the open space would consist of the 6.5-acre portion of the project site surrounding the 2.7-acre development area on the east side of SFB Morse Drive, and the 4-acre area west of SFB Morse Drive.

The 24 units would have 67 total parking spaces, 9 more than required under Monterey County Code (MCC). A total of 24 covered spaces (carports) will be provided on the west side of Morse Court and 43 uncovered spaces on the east side of Morse Court. Each of the 24 residential units would have an associated covered carport with a storage closet. Vehicular access to the project site would be from SFB Morse Drive. A new two-way roadway, called Morse Court, would be constructed to serve as the driveway into the project site from SFB Morse Drive. A concrete sidewalk would extend the length of the residential development, between the carports and the residential buildings. The sidewalk would continue along Morse Court at the north and south ends of the development out to SFB Morse Drive. From the north driveway, a decomposed granite walkway would extend along the east side of SFB Morse Drive approximately 370 feet to an existing bus stop.

New on-site utilities would include the following: Installation of a new 8-inch sanitary sewer line and 8-inch water line in Morse Court that would connect to each of the residential buildings; installation of a new joint trench line in the new Morse Court with gas, electric, telephone, and television utilities below the sidewalk in front of the residential buildings; and installation of a storm drain and retention basin to accommodate storm water runoff resulting from the approximately 65,080 square feet of new impervious surfaces in the residential development.

Project Relationship to the Pebble Beach Company Concept Plan

Condition of Approval No. 18 of the Pebble Beach Company Concept Plan (Concept Plan), approved by the County of Monterey Board of Supervisors on June 19, 2012 (Board of Supervisors'

Resolution No. 12-149) and modified by a Minor and Trivial Amendment on May 28, 2014 (Resolution No. 14-024/RMA-Planning File No. PLN140155) requires PBC to develop at least 18 units of inclusionary housing in the Greater Monterey Peninsula Area Plan planning area, including the incorporated cities located therein, within five years of recordation of the first residential subdivision map approved under the Concept Plan, or if Applicant fails to do so, \$5 million which PBC has deposited with the County as security for that obligation will convert to County funds to be used for assistance in development of affordable housing within the Greater Monterey Peninsula Area Plan planning area. PBC has proposed to develop 24 units of inclusionary housing on the project site to satisfy this requirement. The 24 units plus payment of an in-lieu fee equivalent to one unit satisfies PBC's inclusionary housing obligation should PBC elect the option, authorized under the Concept Plan, of creating 100 market rate lots rather than 90 lots plus the Spyglass Hotel (see Master Response 5 of the Final EIR).

The Concept Plan project did not preclude the potential build-out of Area D, now proposed as the inclusionary housing project site. The Concept Plan project included approval of the subdivision of Area D for future residential development. The basis of the Concept Plan project was a 2009 negotiated agreement between PBC and the California Coastal Commission for the preservation and build-out of remaining undeveloped PBC properties in the Coastal Zone of the Del Monte Forest. The inclusionary housing project site, or Area D, is not located in the Coastal Zone.

Project Analysis

The 13.2-acre project site (Area D) consists of undeveloped, forested area bisected by SFB Morse Drive, with 9.2 acres on the east side and 4.0 acres on the west side. Natural features on the site include Monterey pine trees, oak trees, understory vegetation, and the Sawmill Gulch drainage which extends through the southern portion of the site. Additionally, there is a network of informal/unofficial trails used by neighboring residents for recreation purposes.

General Plan and Zoning Consistency.

As proposed, the 24-unit development is consistent with applicable general plan policies and zoning regulations. The project site is split-designated Medium Density Residential (4 units per acre) (MDR-4) and Resource Conservation (Open Space Forest (OF)), and existing land use designations for the Project site would not change with project implementation. The zoning designations for Area D date to September 16, 1969, when classifications of Transitional (zoning remained under consideration) and Residential, both of which allowed residential uses, were assigned. Prior to that date, the site was considered unclassified, with no zoning designation. On July 20, 1993, the County adopted the current zoning classifications for Area D (RC/10 and MDR/4-D). No changes to the site's zoning have occurred since 1993. Both the RC/10 and MDR/4-D classifications allow residential uses; however, the Applicant has proposed to place the 2.7-acre development footprint within the area zoned MDR, and the County used the MDR acreage to calculate a density of potential site development of 24 units.

Current land uses adjacent to the site include low- and medium-density residential development within a forest setting, as well as undeveloped open space that is predominantly forested. The site is bordered by residential uses on the north, east and west sides. The Del Monte Park neighborhood adjacent to the project site on the east includes single-story and two-story single-family residences. The residential blocks west of Montecito Street have an approximate gross density between 5 and 7 dwelling units per acre (du/ac) based on existing conditions. The residential areas in Pebble Beach to the west of the project site have lower densities, ranging from approximately 1 to 4 du/ac, but the units are separated from the

project site by distance and the proposed forest preservation area to the west of SFB Morse Drive. The proposed residential use would have a density of approximately 3.1 du/ac in the proposed development area (24 units in 7.7 acres).

While the proposed multi-family housing within the proposed 2.7-acre development footprint is more dense than the housing in the Del Monte Park neighborhood, the overall height of the new two-story buildings would be approximately the same height as the two-story single family residences to the east of the project, including some two-story residences along the western edge. Additionally, the project site would be physically and visually separated from the Del Monte Park neighborhood by a forested buffer. Both the proposed residential development and open space preserve are considered compatible with surrounding land uses because they would not change the character of nearby residential land uses, and would be separated physically and visually from those nearby areas. Clustering of the units within a more concentrated development footprint allows substantial forested open space to be maintained around the project site. The forested area will serve as a transition from the multi-family housing to the adjacent neighborhood, and will not result in a change to the character of the Del Monte Park neighborhood.

Tree Preservation and Forest/Biological Resources.

The project site (Area D) consists of 13.2 acres of undeveloped, forested land. The proposed development would result in the removal of up to 725 trees. Regardless of placement, development of the project within Area D would result in a loss of forest habitat. Therefore, the applicant designed and sited the project to minimize the removal of trees by consolidating the development footprint onto approximately 2.7 acres. Movement of the development footprint to the south is not feasible due to a drainage easement which crosses Area D from the Del Monte Park neighborhood to SFB Morse Drive. Movement of the development footprint to the north would locate the new units closer to the existing residences in the Del Monte Park neighborhood, thereby compromising the integrity of the forest buffer.

General Plan policies encourage clustering of uses to reduce impacts, such as impacts to biological and forest resources. Clustering development allows retention of a larger preserve area than would be retained in an alternative scenario at a similar or lesser density, yet would potentially impact all of the 7.7 acres of area zoned MDR. This is consistent with the intent of General Plan Policies LU-1.7, 8.2, and 8.5. Clustering allows the preservation of open space on the remaining 10.5 acres of Area D, which the County would require to be placed under easement (Condition No. 31). To provide additional mitigation for the loss of Monterey pine forest habitat, the EIR proposed mitigation requiring setting aside 8.4 acres of the Old Capitol Site for preservation purposes. The 135-acre Old Capitol Site, as a condition of the Pebble Beach Company Concept Plan, is required to be dedicated with the intention of using it for project mitigation for multiple projects, including for this project. The condition requires dedication and allows individual projects to use the site as a mitigation bank, such as the 8.4 acre set aside identified as Mitigation in the EIR. At the Planning Commission hearing a discussion between the applicant and the Commission resulted in the applicant agreeing to dedicate the entire site as mitigation for impacts to Monterey pine forest. The condition as modified by the Planning Commission has been carried forward in the recommendation to the Board of Supervisors.

Public Services.

The 24 affordable housing units would add an estimated 78 permanent residents, thereby increasing demand for services and utilities. Impacts to police and fire protection, emergency access, schools, wastewater and solid waste, and utilities have been analyzed and

determined to be less than significant. Infrastructure exists to the project site in the adjacent roadways and has the capacity to support the level of development proposed. Specifically, the project would increase demand for wastewater conveyance and treatment at the Carmel Area Wastewater District facility. The Pebble Beach community is currently using less than half (approximately 400,000 gpd) of its allotted 1 million gpd capacity, and future wastewater flows are not expected to exceed 700,000 gpd.

Long-Term Sustainable Water Supply.

The applicant's use of water for this project is pursuant to a valid, legal water entitlement affirmed by the Monterey Peninsula Water Management District, Cal-Am, and the State Water Resources Control Board. Please refer to the EIR section 3-12 for a discussion on the context of the water resources for the project and the mitigation paid for by the applicant which has a demonstrated benefit to the Carmel River Alluvial Aquifer. The finding for a long-term sustainable water supply consistent with General Plan Goal PS-3, and Policies PS-3.1 and PS-3.2, is based upon the Recycled Water Project that has been benefiting the Carmel Alluvial Aquifer for 20 years. The Applicant's funding of this project, which reduced pumping in the Carmel River Alluvial Aquifer by as much as 1,000 acre feet per year (AFY), provided the Applicant a total water entitlement of 380 AFY. As analyzed and described in the EIR, the total water demand of the proposed project, estimated at approximately 5.87 AFY in an average year and up to 6.32 AFY in a critically dry year, is less than the amount available for the applicant's use (87 AFY) which is determined by taking into account the amount of the original entitlement (380 AFY) and the amount previously sold to other parties or dedicated to other use (279 AFY, as of 2014).

The project's demand (and the Applicant's entitlement) is much less than the amount of water already saved from the Applicant's financing of the Recycled Water Project, which has restored more water to the Carmel River than the Applicant proposes to use. Thus, when comparing the Applicant's usage of water before the Recycled Water Project with the project's proposed water use, there would still be a net benefit to the Carmel River. As described in the EIR, Section 3.12, 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.

Building and Site Design.

The proposed project site and surrounding area are designated as a Design Control Combining District (D District), which regulates the location, size, configuration, materials, and colors of structures and fences to assure the protection of the public viewshed and neighborhood character. The buildings are designed to stagger the six units in each building providing variety in the building facades, and there is also variation along on each elevation of the buildings. The height of the buildings has been minimized using a shallow roof pitch, resulting in a building height of 23 feet for a two story building. This is within the 30 feet maximum height allowed within the zoning district. The appearance and height of the buildings would be consistent with the neighborhood character and not result in degrading any public views.

The proposed coloring for the project includes medium gray siding and dark gray shingles. Metal deck railings and aluminum trim associated with windows and sliding doors would also be medium to dark gray, and portions of the patio fencing would be sided to match the buildings' facade. The medium to dark coloring used on these features would help these elements to blend with the natural setting and recede into views compared to very light

colors. Portions of the facade and patio fencing would receive plaster cement that would be light to medium gray. Sand or beige colored accents would be used for smaller design details like exterior fascia, trim, gutters, downspouts, and roof eaves. While lighter, these elements would receive partial shading from eaves, building extrusions (e.g., deck storage areas and kitchens), and from the buildings because of the staggered layout.

The project would introduce new residential units at a density of approximately 9 dwelling units per acre (du/ac) in the proposed development area (24 units in 2.7 acres) and a density of approximately 3.1 du/ac within the entire area currently designated for medium density residential use (24 units in 7.7 acres), to a presently undeveloped site bordered by existing residential uses on the north, east and west. The Del Monte Park neighborhood adjacent to the project area on the east includes single-story and two-story single-family residences. The residential blocks west of Montecito Street have an approximate gross density between 5 and 7 du/ac based on existing conditions. The residential areas in Pebble Beach to the west of the project site have lower densities, ranging from approximately 1 to 4 du/ac, but the units are separated more from the project site by distance and the proposed forest preservation area to the west of SFB Morse Drive.

While the proposed multi-family housing within the proposed 2.7-acre development footprint is more dense than the housing in the Del Monte Park neighborhood, the overall height of the new two-story buildings would be approximately the same height as the two-story single family residences to the east of the project, including some two-story residences along the western edge. Additionally, the project site would be physically and visually separated from the Del Monte Park neighborhood by a forested buffer. While there would be limited views through vegetation understory from the Del Monte Park neighborhood to the new development, there would not be any “side by side” views of the new multi-family development and the single-family development. Thus, within the Del Monte Park neighborhood, the character would remain single-family residential as the new multi-family buildings would be physically and visually separated from the existing Del Monte Park neighborhood.

The project design seeks to retain the forested character of the site. The project maintains a setback of over 70 feet from SFB Morse Drive, which will maintain the forested environment along that roadway. The buildings will be setback from the Del Monte Park neighborhood by a minimum of 127 feet. A small corner of the parking area will be approximately 50 feet from the Del Monte Park neighborhood, and the remainder of the parking area will exceed 90 feet from the property line. These distances will maintain the forested character along the project site boundary with the Del Monte Park neighborhood. The forested area surrounding the project’s development footprint will provide a substantial buffer from the Del Monte Park neighborhood, and as a result protect the character of the neighborhood. As stated previously, 10.5 acres of the 13.2-acre project site would be placed under conservation easement and preserved as open space, including 6.5 acres immediately surrounding the 2.7-acre development footprint.

Vehicular access to the project site would be from SFB Morse Drive via a new two-way private roadway, called Morse Court, constructed to serve as the driveway into the project site. No new road or driveway connections would be constructed to the adjacent Del Monte Park neighborhood. A concrete sidewalk would extend the length of the residential development, between the carports and the residential buildings. The sidewalk would continue along Morse Court at the north and south ends of the development out to SFB Morse Drive. From the north driveway, a decomposed granite walkway would extend along

the east side of SFB Morse Drive approximately 370 feet to an existing bus stop. The 24 units would have 67 total parking spaces, 9 more than required under applicable development regulations. A total of 24 covered spaces (carports) will be provided on the west side of Morse Court and 43 uncovered spaces on the east side of Morse Court. Each of the 24 residential units would have an associated covered carport with a storage closet.

Site grading activities would generate approximately 3,325 cubic yards (CY) of cut and 3,325 CY of fill, with no net export of soil. If there is any excess material, it would be removed offsite and transported to the Monterey Regional Waste Management Landfill in Marina, California. The applicant submitted an associated grading plan, which locates a stockpiling area at the southern end of the development site. The stockpiling area would be used for onsite parking and stockpiling during construction. The stockpiling area would be surrounded by silt fencing, and the stockpiles would be covered when not in use. The maximum depth of excavation would be approximately six feet for the new utilities.

As discussed above, the proposed structures and uses are consistent with the surrounding residential neighborhood character (i.e., structural design features, colors, and material finishes). The proposed development would also not have a significant impact on a public viewshed. Both the proposed residential development and open space preserve areas are considered compatible with surrounding land uses, and would not change the character of nearby residential land uses because they would be separate physically and visually from those nearby areas. The new uses are residential in nature and would not introduce incompatible uses. As proposed, the project assures protection of the public viewshed, is consistent with neighborhood character, and assures visual integrity.

Prior Project Recommendations and Decisions

The project was referred to the Del Monte Forest Land Use Advisory Committee (LUAC) for review. The LUAC heard the matter on September 5 and October 3, 2013, and voted unanimously (7 – 0) to not make a recommendation on the project as proposed.

The Monterey County Housing Advisory Committee (HAC) heard the matter on January 8, 2014, and voted unanimously (5 – 0) to support the project, conditioned upon preparation of an EIR, and providing additional parking spaces and recreation areas. The applicant subsequently revised the plans to add 9 parking spaces, more than required under applicable development regulations. Additional recreational facilities were not required because the environmental analysis concluded that adequate recreational amenities already exist to support the development. Also, addition of new facilities on site would expand the development footprint, requiring an increase in tree removal, and reduction the proposed preservation area.

The Monterey County Planning Commission, at a duly noticed public hearing on June 8, 2016, voted unanimously (6 – 0) to certify the Final EIR, adopt the CEQA findings and a Statement of Overriding Considerations, approve a Combined Development Permit to allow the proposed development, and adopt a Mitigation Monitoring and Reporting Plan.

Environmental Review

Pursuant to the California Environmental Quality Act (CEQA), an Environmental Impact Report (EIR) (SCH#: 2014081052) has been prepared for this project. The Draft EIR (DEIR) was circulated for public review from April 30 through June 19, 2015. The DEIR identified impacts that are either less than significant or can be mitigated to less than significant levels related to Aesthetics, Air Quality, Biological Resources, Climate Change, Cultural Resources, Geology, Seismicity and Soils, Hydrology and Water Quality, Land Use and Recreation, Noise and

Vibration, Transportation and Circulation, and Public Services and Utilities. The EIR identified unavoidable significant impacts to Transportation and Circulation, and Water Supply and Demand that cannot be mitigated to less than significant levels.

The County prepared responses to comments received during the DEIR circulation period, and made revisions as appropriate to the DEIR. The DEIR, revisions to the DEIR, comments on the DEIR from persons and organizations, responses to those comments, and an errata dated March 2016 constitute the Final Environmental Impact Report (FEIR). The Final EIR was released to the public, Planning Commission, and Board of Supervisors on March 9, 2016, and responds to all significant environmental points raised by persons and organizations that commented on the DEIR.

The County received eighty-one (81) comment letters during the Draft Environmental Impact Report (EIR) public review period. Many comments are similar or concern the same issue. For these comments, the County prepared Master Responses, as well as individual responses. The responses to comments begin with a brief summary of the comment, respond to the comment, and then identify if revisions to the Draft EIR are required. Revisions provided pursuant to comments are noted and included in the Final EIR, Volume 1, Revised Draft EIR.

The Master Responses (MR) prepared include:

- MR1 - Segmentation/Piecemealing
- MR2 - PBC Buildout Limits and Area D Buildout
- MR3 - Area D as Prior Preservation Area
- MR4 - Rationale for Not Paying In-Lieu Fee, Providing Workers a Stipend, or Using Existing Housing Stock
- MR5 - Rationale for Proposing 24 Inclusionary Housing Units Instead of 25
- MR6 (including 6a – 6g) - Alternatives
- MR7 (including 7a – 7d) - Aesthetics
- MR8 (including 8a – 8b) – Biological Resources
- MR9 - New Resident Population Estimate of 78
- MR10 (including 10a – 10e) - Traffic
- MR11 - Water Supply

The full text of both master and individual responses can be found in the Final EIR, Volume III, Chapter 3, Responses to Comments. The comment letters can be found in the Final EIR, Volume III, Chapter 2, Comments Received on the Draft 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.

Aesthetics. The proposed project would change the visual character of the project site, and would introduce new sources of light and glare. Potentially significant impacts have been mitigated to less than significant levels through mitigation measures and conditions of approval that incorporate native infill plantings, design features, landscaping requirements, and light and glare reduction measures. Mitigation Measure (MM) AES-B1 and MM BIO-A1 would provide additional visual screening. Conditions of Approval Nos. 11 (Landscape Plan), 12 (Exterior Lighting Plan, 15 (Restoration of Natural Materials), 16 (Underground Utilities), and 17 (Tree Replacement) supplement these mitigation measures and further reduce impacts.

Biological Resources. The proposed project would result in loss of habitat and trees (e.g., Monterey pine forest). The project could also result in the loss of special-status wildlife and habitat (e.g., California red-legged frog and other species), and degradation of waters (e.g., drainage to Sawmill Gulch). Additionally, the project would contribute to cumulative impacts to these resources. Potentially significant impacts on biological resources have been mitigated to a less than significant level through mitigation measures and conditions of approval that require development and implementation of a site-specific resource management plan for the Area D preservation area, including maintenance and enhancement of habitat; dedication of conservation easements to the Del Monte Forest Conservancy; dedication of additional area of undeveloped Monterey pine forest; protection of water quality; pre-construction surveys for California red-legged frog (CRLF), pallid bat roosts, and raptors; minimization of habitat disturbance during construction activities; and protection of retained trees from construction disturbance (MMs BIO-A1, BIO-A2, BIO-B1, BIO-C1, and BIO-C3). These measures would also reduce cumulative biological resource impacts to less than considerable/significant. In the Final EIR, MM BIO-A1 has been revised to clarify the requirements of the site resource management plan; MM BIO-A2 has been revised to require dedication of additional area of undeveloped Monterey pine forest in the Old Capitol site; MM BIO-C1 has been revised to clarify that CRLF preconstruction survey areas and exclusion fencing be determined by a biologist; and MM BIO-C2 has been deleted because additional evidence submitted by a qualified biologist and reviewed by the County supported the conclusion that the low potential for legless lizards to be found did not warrant mitigation. The revised measures are equivalent or more effective in mitigating or avoiding potential significant effects and they will not cause any potentially significant effect on the environment for the following reasons: MM BIO-A1 clarifies the habitat protection, monitoring, and management requirements of the preservation area; MM BIO-A2 will increase the area of dedicated, undeveloped Monterey pine forest by 8.4 acres; and MM BIO-C1 clarifies and strengthens the CRLF preconstruction survey requirements. MM AES-B1 would further minimize impacts to special status species. Conditions of Approval Nos. 9 (Tree and Root Protection), 15 (Restoration of Natural Materials), 17 (Tree Replacement), and 18 (Nesting Survey) supplement these mitigation measures and further reduce impacts.

Climate Change. The proposed project would generate greenhouse gas (GHG) emissions during construction and operation, which would contribute to cumulative GHG impacts. Potentially significant impacts to climate change have been mitigated to a less than significant level through mitigation measures that require implementation of best management practices for greenhouse gas (GHG) emissions during construction; and a reduction of annual GHG emissions by either reducing GHG emissions to below the efficiency threshold using a combination of design features, or validating the GHG emission offset value of preserving Monterey pine forest on the Old Capitol site (MMs CC-A1, and CC-A2a or CC-A2b). These measures would also reduce cumulative climate change impacts to less than considerable/significant. In the FEIR, MM CC-A2a has been revised to clarify methodology based on recent case law. The revised measure is equivalent or more effective in mitigating or avoiding potential significant effects and will not cause any potentially significant effect on the environment because the revised mitigation measure still requires reduction of greenhouse gas emissions consistent with AB 32.

Geology, Seismicity, and Soils. Project construction (e.g., excavation for utilities installation in areas of shallow groundwater and weak soils) could result in seepage and exacerbate soil instability. The impact would be less than significant with implementation of

the mitigation measure to dewater where excavation is 5 feet or greater and shoring of temporary cuts during construction (MM GSS-D1).

Land Use and Recreation. The project would increase recreational demand and use, which could result in and contribute to cumulative recreational impacts on biological resources. The impacts would be less than significant with implementation of the biological mitigation measure to implement a site specific resource management plan for the open space preservation areas (MM BIO-A1).

Noise and Vibration. Project construction activities would generate noise and vibration. Potentially significant impacts of noise and vibration have been mitigated to a less than significant level through mitigation measures that require monitoring the effectiveness of noise attenuation measures; noise-reducing treatments on equipment; location of equipment from sensitive receptors as far as practicable; installation of temporary noise barriers; shielding, shrouding, or use of sound-control devices on equipment; shutting off equipment when not in use; limiting hours of construction that cause vibration; vibration testing; and disseminating essential construction schedule information to residents including complaint contact numbers and relocation provisions (MMs NOI-B1 and NOI-C1).

Transportation and Circulation (Traffic). One potentially significant impact on transportation and circulation has been mitigated to a less than significant level through a mitigation measure that requires extension of a decomposed granite walkway southward along SFB Morse Drive (MM TRA-D2). Additional potentially significant impacts on transportation and circulation that are significant and unavoidable that would not be mitigated to a less than significant level are discussed below.

Summary of Significant and Unavoidable Resource Impacts

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

Transportation and Circulation (Traffic). Although the project would contribute a relatively smaller number of new trips to the impacted locations, the County has identified these trips as a significant and unavoidable impact. Implementation of mitigation measures would reduce identified significant impacts; however, impacts related to certain roadways would remain significant and unavoidable even after mitigation. The fair-share contribution amounts identified in the mitigation measures are very small, and the improvements are not included in any local or regional improvement plan or fee program. Thus, it is unlikely the improvements would ever be built, and the impact would be significant and unavoidable. Instead of dedicating fair-share fees for an improvement that will not likely ever happen, the fair-share fees would instead be redirected by the County to assist with the repayment of the excess funding commitment the applicant has made to the SR1/SR68 roundabout project beyond its fair-share. This mitigates the traffic impact since the inclusionary housing project would contribute trips through the SR1/SR68 intersection.

The DEIR identified that construction traffic would result in short-term increases in traffic volumes that would affect level of service and intersection operations. The DEIR also identified the project would add traffic to certain far intersections and highway segments that would worsen existing and cumulative unacceptable levels of service, and would add traffic to regional highway sections that are projected to operate at unacceptable levels of service. Mitigation measures TRA-A1, TRA-C1, TRA-C2, TRA-C3(C), TRA-C4(C), and TRA-

C5(C) require the development and implementation of a construction traffic control plan; payment of fair-share contributions for improvements at State Route (SR) 68 and Skyline Forest Drive, Sunset Drive and Congress Avenue, SR68 and Aguajito Road, and SR1 northbound merge at SR68; and fair-share payment of the Transportation Agency of Monterey County (TAMC) Regional Development Impact Fee.

In the FEIR, measures TRA-C1, TRA-C2, TRA-C3(C), TRA-C4(C), and TRA-C5(C) have been revised to clarify that the County and/or TAMC may credit the fair-share amounts as partial repayment of the applicant's excess funding commitment for the SR1/SR68 roundabout project in excess of its overall fair share. This is the same approach used for the Build-Out Project where Pebble Beach Company's fair share of the roundabout project was \$1.8 million. The total traffic mitigation requirement for the build-out project (including the SR1/SR68 improvement) is approximately \$2.5 million. Pebble Beach Company agreed to pay \$4.8 in mitigation in order to fund the roundabout project at SR1/SR68. The rationale for this is that the fair-share amounts for the other specific intersection improvements (other than those in the regional fee program) are insufficient to build any one of the intersection improvements and these improvements are not included in any existing transportation improvement programs. As such, at present, contribution of fees for such improvements would not result in actual improvements. As described in the Draft EIR, the fair-share fees can be redirected to other improvements that are programmed for completion, to result in an effective contribution to actual improvements.

The Draft EIR identified fair share contributions to several specific potential intersection improvements as well as a fair-share contribution to be paid to the Transportation Authority of Monterey County (TAMC) Regional Development Impact Fee Program prior to issuance of building permits. TAMC has identified a list of transportation projects that are funded through the impact fee program. Two of the projects identified by TAMC include improvements to two intersections currently operating at unacceptable levels of service within the study area. The projects are the SR 68 / Community Hospital of Monterey Peninsula (CHOMP) Widening Project and the SR 1 / SR 68 roundabout project. The intent of these projects is to facilitate better operations along SR 68. The SR 1 / SR 68 roundabout project is currently scheduled in 2016, and is expected to be completed by the end of 2016/early 2017.

The revised measures are equivalent or more effective in mitigating or avoiding potential significant effects and they will not cause any potentially significant effect on the environment for the following reason: The mitigation measures have only been clarified in terms of the County's and TAMC's recognition of the applicant's excess funding commitment for the SR1/SR68 roundabout project in excess of its overall fair share.

Water Supply and Demand. The proposed project's water demand would represent an increase in water use compared to existing conditions. Although the new water demand would be within the applicant's current water entitlement and the project could be legally supplied with water by Cal-Am, regional water supplies are uncertain. Cumulative water demand on the Monterey Peninsula exceeds Cal-Am's current legal water supply, requiring new regional water supplies to be developed. Thus, servicing the project could intensify regional water shortages until a regional water supply project is built. With regard to water infrastructure capacity, local water infrastructure is adequate to serve the project. However, developing regional water supply infrastructure and operations would have secondary environmental impacts that could be significant. Finally, if the State Water Board delays enforcement to cease withdrawals from the Carmel River (scheduled to begin in 2017), then

the project and other entitlements could increase withdrawals from the Carmel River, which would have significant unavoidable impacts on biological resources associated with the Carmel River compared to conditions without the project. Therefore, this impact is considered significant and unavoidable. However, it should be noted that the applicant has previously financed the Recycled Water Project, which has resulted in substantially lower Carmel River aquifer withdrawals than would have happened without the Recycled Water Project.

- The EIR identified potentially significant impacts and cumulative impacts to water supply and demand (Impacts WSD-A1 and WSD-A1(C)). The project's water demand would represent an increase in water use compared to without project conditions, but would be within the applicant's current entitlement and could be legally supplied by Cal-Am. However, given the current uncertain nature of regional water supplies, the additional project water demand could intensify water supply shortfalls and rationing starting in 2017 until a regional water supply project is built. Cumulative water demand on the Monterey Peninsula exceeds current water supplies requiring new regional water supplies to be developed. In 2017 and after, given the current uncertain nature of regional water supply planning, the additional project water demand could intensify cumulative water supply shortfalls and rationing until a regional water supply project is built. This is considered a significant unavoidable water supply impact.
- The EIR identified potentially significant impacts to water infrastructure capacity (Impacts WSD-B1 and WSD-B1(C)). Local water infrastructure is included to serve the project and existing supply infrastructure outside the project site is adequate to serve the project. A regional water supply project will need to be built to serve existing demand and the increase in demand from the project. Regional water supply infrastructure and operations will have secondary environmental impacts. Existing, project, and other entitlement demand also create a cumulative demand for a regional water supply project. Regional water supply infrastructure and operations may have significant and unavoidable secondary environmental impacts and the project would contribute to the need for such infrastructure. This is considered a significant and unavoidable impact.
- The EIR identified potentially significant impacts to Carmel River biological resources (Impacts WSD-C1 and WSD-C1(C)). If the State Water Board enforces the limitation on Cal-Am withdrawals from the Carmel River starting in 2017, then the project would not have any impact on biological resources associated with the Carmel River. If the State Water Board delays enforcement, then the project would likely increase withdrawals from the Carmel River aquifer compared to without project conditions and thus contribute to existing and cumulative impacts on Carmel River biological resources until the limitations are fully enforced. This would be a significant and unavoidable impact in the contingency in which the State Water Board delays enforcement of the Carmel River withdrawal legal limit limitations beyond December 31, 2016, until such a time as a regional water supply project provides adequate water to serve existing demand. When State Water Board Order WR95-10 and Order WR2009-0060 are fully enforced (e.g. limiting Cal-Am withdrawals to their legal right limits), it will result in a substantial reduction in Cal-Am withdrawals from the Carmel River. Because the State Water Board orders cap the amount that Cal-Am can withdraw from the Carmel River, the potential provision of water from the river to the project from either the Carmel River or from a regional water supply project would not result in any change in the amount of Cal-Am withdrawals from the Carmel River. Thus, the project would not have a significant

impact on biological resources in the Carmel River once the State Water Board orders are fully in force or a regional water supply project is operational.

- The EIR discloses that proposed regional water supply projects have faced substantial obstacles to implementation, and that an alternative water supply project may be necessary in order to provide the Monterey Peninsula with water. The EIR also discloses that there may be significant unavoidable secondary impacts of such water supply project infrastructure, and also discloses the potential impacts on water rationing if an alternative water supply is not developed by 2017. Thus, the EIR for the project appropriately discloses the general potential secondary impacts of alternative water supply infrastructure to the extent that they have been evaluated to date and discloses potential significant and unavoidable impacts if the alternative water supply projects are not built prior to a potential reduction of Cal-Am's supply from the Carmel River in 2017.
- Mitigation is not feasible because any additional mitigation would be disproportionate to the impact of the project given the applicant's prior financing of the infrastructure for the Carmel Area Wastewater District/Pebble Beach Community Services District Recycled Water Project. The applicant's use of water for this project is pursuant to a valid, legal water entitlement affirmed by the Monterey Peninsula Water Management District, Cal-Am, and the State Water Resources Control Board. The project's demand (and the applicant's entitlement) is much less than the amount of water already saved from the applicant's financing of the Recycled Water Project, which has restored more water to the Carmel River than the applicant proposes to use. Thus, when comparing PBC's usage of water before the Recycled Water Project with the project's proposed water use, there would still be a net benefit to the Carmel River.

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

Project Alternatives

The EIR considered several alternatives to the proposed project in compliance with CEQA Guidelines Section 15126.6. Per CEQA Guidelines Section 15126.6 (f)(2), an alternative project location need only be analyzed if the significant effects of the proposed project would be avoided or substantially lessened by putting the project in another location. None of the alternatives avoid or substantially lessen the significant and unavoidable impacts of the project. In addition, per Public Resources Code Section 21001, agencies should not adopt projects as proposed if there are feasible alternatives which would substantially lessen significant environmental effects of a project to a less than significant level.

The concern relative to alternative location has been a significant point of discussion throughout the entire process. The Final EIR has a comprehensive discussion on project alternatives. This discussion can be found in the FEIR Volume 3: Comments and Responses, beginning on page 3-6.

Appeal

The Appellant (Del Monte Neighbors United), pursuant to MCC Section 21.80.050.A, filed an appeal of the June 8, 2016, decision by the Planning Commission to approve this project. The appeal challenged the Planning Commission's certification of the Final EIR and approval of the Combined Development Permit and Design approval (**Attachment C**). The appeal identified

three primary points which are identified below with a staff response for consideration by the Board:

A. Appellants Contention: The Planning Commission’s Findings regarding Alternatives is Fatally Flawed.

The Appellant argues that the FEIR identified Alternative 2 (Sunset Drive/17 mile Drive) and Alternative 4 (Collins Residential Area) as feasible and environmentally superior alternatives, but the Planning Commission found these alternatives to be legally infeasible resulting in the Planning Commission findings being inconsistent with the FEIR analysis. The Appellant goes on to say the need for a rezone and Local Coastal Plan does not make an alternative infeasible and that the County has created an artificial construct and in the end rejected alternatives simply because they did not like them, not because they are truly infeasible. This appeal contention also indicates that Alternative 3 (Corporation Yard Site) was found infeasible because it would be a reduction in affordable housing, not consistent with the Housing Accountability Act, previous Board findings that it is not a desirable site for affordable housing, and it is not in the Greater Monterey Peninsula Area Plan as required by the Inclusionary Housing Agreement which Appellant contends is “a classic bait and switch” calling into question the efficacy of alternatives analysis, and highlights the unlawful segmentation of the project.

This contention by the Appellant overlooks that the issue of feasibility emerges at two distinct points in the review process: first, in the EIR and next during project approval. Different considerations and even different participants may come into play at each of the two phases. The FEIR addressed this issue in Master Response 6:

First, it is important to distinguish between the feasibility analysis in the EIR and the feasibility determination to be made by the decision-making body on the project. When assessing feasibility of alternatives, an EIR evaluates potential feasibility, taking into account factors such as site suitability, economic viability, availability of infrastructure, general plan consistency, jurisdictional boundaries, and ownership and control of the site (CEQA Guideline sec. 15126.6(a) and (f)). It is the County decision-making body on the project, however, who is ultimately responsible for determining the actual feasibility of alternatives. In determining feasibility, the decision-making body may take into account broader considerations of policy, including “specific economic, legal, social, technological, or other considerations” (CEQA Guidelines sec. 15091(a)(3)). Thus, the EIR considers a reasonable range of potentially feasible alternatives, but the EIR does not determine actual feasibility of alternatives, which is determination to be made by the decision-making body.

The Planning Commission findings reflect their judgment on the actual feasibility of the alternatives. The findings that alternatives are ultimately infeasible because they require modifications to the Local Coastal Program or require a General Plan Amendment and Rezone in an adjacent jurisdiction is based on the importance of the General Plan, zoning and the Local Coastal Plan in state law. Development in any local jurisdiction must be found consistent with the general plan. A General Plan is intended to be the development blueprint, establishing consistency between land uses, for a local jurisdiction and is intended to be stable as evidenced by the limited number of times it can be amended each year. The Planning Commission found that an alternative which required a modification to the zoning and general plan of an adjacent jurisdiction is not something foreseeable with certainty and is thus not feasible.

Similarly the Local Coastal Plan (LCP) functions as the General Plan in the coastal area and also implements the Coastal Act which means it must be certified by the Coastal Commission making it even less subject to indiscriminate amendment. The concern for maintaining the integrity of the LCP is the same as that of the general plan. The Planning Commission found that amending the LCP to insert high density residential into a medium density residential area is not feasible due to the established land use pattern and paramount importance of maintaining the integrity of the LCP.

The Appellant takes issue with only assigning 18 units to the Corporation Yard site, which ignores that the Land Use Plan allows up to 18 units for the subject site if used for affordable housing. This is not a bait and switch as contended but a reflection that the Board of Supervisors designated the site for 18 units and also indicated that due to the site location deep in the forest, lack of convenient access to services and schools, the site is undesirable for affordable housing. The Planning Commission found that based on these factors, the site is not actually a feasible alternative.

B. Appellants Contention: The Project EIR Unlawfully Segmented the Inclusionary Housing Project from the Larger Pebble Beach Project.

This issue is addressed in Master Response 1 in Volume 3 of the Final EIR. Under the Concept Plan, Pebble Beach Company (PBC) had proposed paying an in-lieu fee to satisfy the inclusionary housing requirement. When the County approved the Concept Plan project in June 2012, PBC had not yet submitted any application to the County for development of Area D.

The Board of Supervisors adopted conditions for the approval of the buildout project that included two options for PBC to meet the inclusionary housing ordinance requirements: (1) pay an inclusionary housing fee; or (2) build inclusionary housing units within the greater Monterey Peninsula. The condition did not mandate a specific location to build such units, and PBC did not indicate at the time what manner it would choose to comply with this condition. As such, the prior EIR adequately analyzed the reasonably foreseeable conditions with the buildout project without engaging in speculation as to whether PBC would choose to pay the fee or whether and where PBC might choose to build inclusionary housing units. Thus, there is no more analysis that was required in the EIR for the buildout project at the time of approval in June 2012.

PBC subsequently proposed to the County to build 24 inclusionary housing units in Area D and submitted an application in August 2013 for that purpose. The County, upon reviewing the application, determined that an EIR would be prepared for the inclusionary housing project, and the Draft EIR was prepared and circulated for review. The Draft EIR properly analyzed the cumulative environmental impacts of the inclusionary housing project, in combination with the PBC buildout project, as well as other cumulative development. As indicated in Chapter 4 of the DEIR, the Pebble Beach buildout project is included as reasonably foreseeable projects addressed by the cumulative analysis (see Table 4-2 of DEIR). Thus, the public and decision-makers were properly informed of both the inclusionary housing project impacts, as well as the cumulative impacts of the buildout project plus the inclusionary housing project.

The concern about “piecemealing” or “segmentation” under CEQA is that individual parts of an overall project will be separated in such a way that the full environmental effects will not be fully disclosed and/or that decision-makers will not be fully informed about the environmental effects of their discretionary decisions. In this case, the public and decision-makers have been fully informed about both the specific impacts of the inclusionary housing project and the cumulative impacts of both the buildout project and the inclusionary housing project, so that

there is no deficiency in disclosure of environmental impacts. This is not a situation of dividing up a project to minimize the conclusion about environmental impacts. Rather, this is a situation where new information – the specific inclusionary housing project proposed for Area D – became available after the EIR for the PBC Concept Plan was certified. In compliance with CEQA, the County prepared additional, thorough environmental review to address this new information, analyzing the impacts of the new project in conjunction with the impacts of the previously approved Concept Plan. Therefore, the environmental review has not been piecemealed or segmented.

C. Appellants Contention: Unavoidable Significant Impacts to Monterey Pine Forest ...Preserving other areas from development does not result in mitigation for loss of the species elsewhere. The Project would result in removal of 725 Monterey pine trees and a loss of 2.7 acres of Monterey pine forest.... The FEIR's determination that the Project complies with the Greater Monterey Peninsula Area Plan Policy GMP-3.5 , ..., is simply incorrect. Half of the native oak and Monterey pine will be removed... The Final EIR dismisses the cumulative impact to Monterey pine forest by simply adding a section defining fragmentation, instead of addressing the issue....

The project site consists of 13.2 acres of undeveloped, forested land; however, as is pointed out in the EIR *“The Monterey pine forest on the Project site is degraded in part because of past and ongoing human activity and use of the unofficial recreation trails.”* The FEIR explains this evidence comes from the opinion of professional arborist and forester Frank Ono and also biologist Michael Zander. Condition 30 (Mitigation Measure BIO-A1) addresses the degraded condition of the existing forest by requiring development of a Resource Management Plan (RMP) to increase the functions and values of the preserved forest habitat to offset the loss of habitat and to minimize indirect impacts resulting from Project implementation. There will be a loss of 2.7 acres of degraded habitat, but the long term effect will be to improve the habitat value of the remaining 10.5 acres. The project is consistent with GMP-3.5 because it clusters development on 2.7 acres thus preserving and improving the quality of the forest on the remaining 10.5 acres. The County standard for evaluating development on a parcel with existing land use and zoning is the extent to which development “minimizes” removal of protected trees. This comes out of Monterey County Code Section 21.64.260.D.5.a: *“The tree removal is the minimum required under the circumstances of the case”*. The design of this project removes the minimum number of trees in order to develop the property, thus the appellant’s contention that the project is inconsistent with GMP-3.5 is incorrect.

The contention that the Project would result in the loss of 725 Monterey pine is incorrect. The project would be authorized to remove up to 135 Monterey pine and 590 oak trees

Regardless of placement on the project site, construction of the project would result in the loss of forest habitat. The Appellant correctly points out that the FEIR finds: *“Given the prior loss of nearly 50% of the historic extent of native Monterey Pine forest . . . the project would contribute considerably to significant cumulative losses and indirect effects to Monterey pine forest.”* The Appellant contends that the loss of Monterey pine is not cumulatively evaluated and opines that the analysis of this project’s impacts on Monterey Pines is segmented from the Pebble Beach build out project. This ignores the analysis and mitigation relied upon which stem from the Pebble Beach build out project involving the dedication of the Old Capital Site.

Condition 143 of the Concept Plan project requires dedication of the 135-acre Old Capitol Site, including 75 acres of Monterey pine forest, if “an affordable housing site is successfully identified, acquired, entitled, and financed in the Greater Monterey Peninsula Planning Area

pursuant to Condition No. 18. The dedication is tied to the construction of new inclusionary housing units. The total amount of preserved Monterey pine forest as part of the inclusionary housing project would be 85 acres (10.5 acres in Area D, 8.4 acres at the Old Capitol Site required by Mitigation Measure BIO-A2 and another 67 acres at the Old Capitol site.)

Preservation does not recreate lost forest, and the Draft EIR correctly discloses that the project, even as mitigated, will not result in “no net loss” of forest. Instead, the Draft EIR used an overall cumulative threshold of significance to identify an overall cumulative level of forest loss that would avoid substantial adverse effects to Monterey pine forest on a regional basis. Though the Appellant may disagree with the concept that preservation can mitigate for forest loss, compensation mitigation is a common practice that is utilized throughout Monterey County and across the state as mitigation for loss of sensitive communities. Taking into account the comments on the Draft EIR and the Appellant’s Notice of Appeal, the County does not find any substantial evidence that the preservation mitigation approach is flawed in concept or is substantially of lower value than previously thought.

Recommendation

Staff recommends that the Board of Supervisors adopt a resolution (**Attachment B**) to:

- a. Deny the appeal by Del Monte Neighbors United from the decision of the Planning Commission to certify the Final Environmental Impact Report and approve a Combined Development Permit to allow the construction of 24 affordable housing units and removal of approximately 725 trees on 13.2 acres zoned Medium Density Residential and Resource Conservation;
- b. Certify with respect to the Final Environmental Impact Report (EIR) (**Attachment J**) for the Pebble Beach Company Inclusionary Housing Project (SCH#: 2014081052) that the Final EIR has been completed in compliance with CEQA, that the Final EIR was presented to the Board of Supervisors, that the Board of Supervisors reviewed and considered the information contained in the Final EIR before taking action on the project, and that the Final EIR reflects the County of Monterey’s independent judgment and analysis;
- c. Adopt the CEQA Findings and Statement of Overriding Considerations;
- d. Approve the Combined Development Permit (PLN130447), based on the findings and evidence, and subject to the 47 conditions of approval; and
- e. Adopt the Mitigation Monitoring and Reporting Plan.