

APPENDIX B:
PROJECT HISTORY AND KEY ISSUES

The Project Area is a 182-acre, roughly rectangular-shaped area located in the eastern portion of the City of Pismo Beach (see Legal Description in Section 2.0 of this application). The Project Area consists of two separately owned parcels referred to as Property A and Property B. Property A includes 154 acres of the northern and western portion of the site while Property B includes 28 acres of the southeastern portion of the project site.

Project History

a. LAFCo Background for the City's SOI and Municipal Service Review for the Annexation Area. In 1987 LAFCo placed the subject property within both the Sphere of Influence (SOI) and Sphere of Service ("SOS") of the City of Pismo Beach. The SOI is a plan for the probable physical boundary and service area of a local agency or municipality (Gov't Code, § 56425).

On April 18, 2002, LAFCo approved the most recent Municipal Service Review and adopted the SOI Update that included the Annexation Area (Resolution No. 2002-03). LAFCo determined that the Municipal Service Review and SOI Update did not have a significant effect on the environment and a Mitigated Negative Declaration was adopted in support of the SOI Update. None of the mitigation measures were determined to be necessary for the Annexation Area. The SOI Update was based on a Municipal Service Review that analyzed the City's capability to serve existing and future residents. In particular, LAFCo considered that the potential development intensity of the Annexation Area would increase from 18 residential units allowed by the County to 338 residential units if annexed to the City and that a private school would be developed. After consideration of these factors and others LAFCo decided to continue including the Annexation Area within the City's SOI.

On September 9, 2002, the City and County of San Luis Obispo entered into a memorandum of agreement regarding the SOI. In particular, the City and County agreed that the SOI boundary, including the Annexation Area, provided for orderly and logical growth for the City and represented an appropriate 20-year growth boundary. LAFCo is required to give great weight to an agreement between the City and County. The City and County also agreed that a specific plan identifying the land uses for the SOI areas would be completed and adopted by the City prior to annexations, along with CEQA review. As discussed below, the City completed this task in 2004 for the Annexation Area.

b. City Approval of Development on Annexation Area. In 1991 a draft Specific Plan was prepared for the Annexation Area. In 1992, the City's General Plan contemplated expansion of its boundaries to include the Annexation Area. In 1993 the City Council determined that annexation and fiscal impact studies should be completed and the proposed Specific Plan updated to reflect changes to the proposed development on the Annexation Area. At that time the Specific Plan contemplated the construction of 298 single-family residences, as well as the development of a private school. An updated plan and annexation study was completed in November 1994, along with applications for a General Plan amendment (specific plan adoption), zoning text amendment, rezoning, and annexation. The potential environmental impacts of the project were assessment in the FEIR. On April 16, 1996, the City

Council certified the FEIR, adopted a statement of overriding considerations for potentially unmitigable impacts related to air quality and biological resources, and approved the proposed updated Specific Plan, General Plan amendment, zoning text amendment, rezoning, and annexation.

Two lawsuits were filed challenging the City's approval of the Specific Plan. One of the lawsuits challenged the adequacy of the statutory school fees to mitigate the impacts on school facilities. After the parties agreed to enter into a School Mitigation Agreement in January 1997 the lawsuit was dismissed. The second lawsuit was challenged alleging violations of CEQA, the Coastal Act, and General Plan inconsistency. In May 1997, the San Luis Obispo Superior Court upheld the adequacy of the FEIR. In the fall of 1998, the San Luis Obispo Superior Court reaffirmed its earlier ruling upholding the FEIR, but invalidated approval of the Specific Plan holding that it was inconsistent with the General Plan with regard to four specific issues: (1) no analysis was provided of the possibility of an on-site tertiary wastewater treatment plan; (2) slopes in park areas were not consistent with the standards in the General Plan; (3) oak tree preservation; and (4) the fiscal impact of the project on the City.

In 2001, a revised Specific Plan was submitted for the Annexation Area. The revised Specific Plan addressed the four specific issues identified by the Superior Court. Specifically, it set forth land use policies, necessary infrastructure, public facilities, public services, and development standards for the future development of the Annexation Area consistent with the General Plan. The revised Specific Plan also proposed the development of up to 312 dwelling units (and the construction of the private school on the adjacent property). The revised Specific Plan, along with annexation of the area to the City, rezoning ordinance, tentative subdivision map for 263 lots No. 2273, a fiscal impact analysis for the Annexation Area, and a Pre-Annexation and Development Agreement was considered by the City Council. An SEIR was prepared that included an updated biological resources section and an updated traffic study. The SEIR concluded that the revised specific plan project could have significant unavoidable environmental impacts with respect to air quality and biological resources. On February 17, 2004, the City Council adopted Resolution No. R-04-009 certifying the SEIR, adopted a statement of overriding consideration, and approved the proposed revised Specific Plan, annexation, rezoning ordinance, and tentative subdivision map. Together, the LAFCo MND, FEIR and Final SEIR examined the effects of future development of the Annexation Area. In part to address potential impacts of such development, the City required many conditions of approval. The development of the Annexation Area is already approved by the City and County and supported by the LAFCo MND (for the 2002 Municipal Services Review), FEIR, SEIR, and County MND and therefore no further City action is required. The only remaining actions necessary before these development approvals may be implemented are the City's and LAFCo's approval of the Annexation Area.

c. Subsequent LAFCo Proceedings. After approval of the development project and annexation on November 16, 2004, the City Council adopted Resolution No. 2004-61 initiating an application to LAFCo to annex the Annexation Area into the City jurisdictional boundary. On December 7, 2004, the City Council adopted Ordinance No. 04-08 approving the Pre-Annexation and Development Agreement between the City and Pacific Harbor Homes (PHH). The City, as applicant, submitted the annexation application and fees to LAFCo on February 28, 2005. During the period of February 2005 to January 2006, the City and PHH worked on completing water studies to comply with the development project's conditions of approval (Condition No. 46) and the terms of the Pre-Annexation and Development Agreement. These provisions required PHH to determine the safe yield characteristics of potential groundwater sources that could be used to augment the City's water supply, including the LRDM on-site

wells and the City's existing Well Nos. 9 and 10 located in the Meadow Creek Aquifer. On January 17, 2006, the City Council considered these water studies and determined that the development project's conditions and Pre-Annexation and Development requirements had been satisfied.

On March 16, 2006, LAFCo conducted a study session regarding the annexation of the Annexation Area. The key issue discussed during the study session related to use of the LRDM on-site wells as a municipal water supply and the potential impacts on surrounding residents. While the City would be supplying the LRDM Project with City water, PHH had planned to concurrently provide the on-site wells for the City's use. After considering a variety of information and hearing testimony from all parties, LAFCo determined that another supplemental EIR should be prepared to focus on the proposed use of the LRDM on-site wells to augment the City's existing municipal water supply. Per LAFCo's request, a draft supplemental EIR was prepared by consultant Douglas Wood & Associates and submitted to LAFCo in July 2007. On January 17, 2008, LAFCo formally considered the proposed annexation of the Annexation Area.

At the hearing, LAFCo voted to tentatively deny annexation and directed staff to prepare findings for denial to be considered at the hearing on February 21, 2008. On February 21, 2008, LAFCo formally denied the annexation of the Annexation Area. The draft supplemental EIR was not certified by LAFCo. The current project scope is a renewed annexation request by the City the same Annexation Area. The draft Supplemental EIR prepared by LAFCo was in response to the use of the on-site wells as a supplemental water supply. The City has determined that because these impact areas covered by the draft Supplemental EIR prepared by LAFCo were already sufficiently analyzed in the FEIR and SEIR, the City possess adequate existing water resources to serve the LRDM Project now and at City build-out, and the City will not be relying upon on-site wells to serve the LRDM Project, the draft Supplemental EIR prepared by LAFCo is not necessary or appropriate for use as an environmental document for this Annexation Project.

d. County Approval of the Coastal Christian School. In December 2010, San Luis Obispo County approved a conditional use permit and land use ordinance amendment for the Coastal Christian School to allow the phased development of a private K-12 school. The Coastal Christian School Project included an amendment to Section 22.106.020F.2 of the Land Use Ordinance to allow the school to be served by an on-site well instead of municipal water service. The County certified a MND for the Coastal Christian School Project.

Table 1 summarizes the project history:

Table 1. Project History Summary

Date	Action
1987	LRDM placed into Pismo's SOI by LAFCo
1990	Application filed for annexation and specific plan
1992	LRDM worked with City through the General Plan Update, LRDM Property given base density, policy's and direction through the GP
1992-96	LRDM worked with a variety of staff personnel and councils to develop the specific plan and annexation study including the 1994 fiscal analysis
1996	<p>May, the Specific Plan is approved by the City Council: Other actions included:</p> <ul style="list-style-type: none"> • EIR certification • Annexation study completed including 1994 version of fiscal analysis • Pre-zoning ordinance • Resolution approving the annexation by the City authorizing application to be made to LAFCo • Zoning amendment implementing the SP zoning
1996-97	<p>Court case filed and resolved. Primary results of court case:</p> <ul style="list-style-type: none"> • EIR upheld by the court • Specific Plan found inconsistent with the General Plan on 4 out of 68 items: <ol style="list-style-type: none"> 1. Park slopes 2. oak tree language 3. fiscal and 4. study on sewer on vs. off-site
1999	City approves Fiscal Analysis
2000	LRDM submits completed tentative tract map/development plan applications.
September 18, 2001	City completes supplemental environmental review, public review period begins
November 6, 2001	City SEIR response to comment period ends
March 26, 2003	Planning Commission Informational Hearing to precede SEIR certification
June 10, 2003	Planning Commission Hearing to consider Specific Plan approval and Final SEIR certification
February 17, 2004	City Council Hearing approved Specific Plan, general plan amendments, and certified the Final SEIR
November 16, 2004	City Council adopts resolution to forward application to LAFCo
December 7, 2004	City Council approves revised fiscal analysis and development agreement
February 2005	Original annexation application submitted to LAFCo
March 2006	LAFCo acts as lead agency for a Supplemental EIR to study the use of onsite wells as a possible municipal water supply to offset the demands of future development is annexation occurred.
February 2008	LAFCo denies annexation, based on uncertainties of relying on groundwater from onsite wells as a supplemental City water supply to offset demands from future development. LAFCo SEIR is not certified.
2008 to 2011	LRDM Property owners work to secure additional State Water for use by the City of Pismo Beach, sufficient to offset the demands of future development.
December 2010	San Luis Obispo County approves Coastal Christian School project, based on a Mitigated Negative Declaration. County allows school development to be supplied by onsite wells, and determines that their use will not significantly impact the underlying groundwater basin.
July 19, 2011	City Council updates the Development Agreement and LRDM Condition of Approval #46, which relate to the provision of water services, to reflect that State Water (and not well water) will be used to augment existing City supplies
August 2, 2011	City Council directs staff to submit revised annexation application to LAFCo, with primary difference from 2005 application being the nature of the water supply the City would use (State Water) to offset the demands of future development from LRDM. The Coastal Christian School property would also be annexed, but supplied by onsite wells, per existing December 2010 condition of project approval with San Luis Obispo County.

CEQA Review and Summary. The current proposed project that is the subject of this CEQA document is the annexation of the subject property (182 acres) to the City of Pismo Beach and the approval of the LRDM's purchase of 100 acre-feet-per-year ("afy") of State Water Project water allocated to Brad Wilde ("Wilde SWP Water"). This proposed project directly addresses LAFCo's reason for previously denying the annexation by using a proven source of State Water for the LRDM Project, the Wilde SWP Water, to augment existing City water supplies. In all other respects, future development that would be allowed by the Annexation Project has not changed from what had been approved by the City in 2004 and studied in the certified Final EIR and Final SEIR and approved by the County in 2010 in the MND. All previously examined impacts from future development of the Annexation Area are the same as had been studied in the certified FEIR, Final SEIR, and County MND. The City's 2004 conditions of approval remain operative for the LRDM Project and would reduce the severity, or eliminate such impacts. The County's December 2010 conditions of approval for the Coastal Christian School site would further reduce impacts from development within that portion of the Specific Plan area.

For these reasons, this document is prepared as an Addendum to the previously certified Final EIR and Final SEIR pursuant to CEQA Guidelines section 15164, and does not require public review or circulation. The document takes the form of an Initial Study checklist. It summarizes the previous analysis, and as appropriate, updates the information included in the previous documentation. Note that in no case does this update introduce new impacts, mitigation measures, or impacts of a greater magnitude of severity, which is consistent with the conditions set forth in CEQA Guidelines section 15162 justifying the preparation of an EIR Addendum.

The specific legal background regarding the appropriateness of this approach is described in detail in the subsequent paragraphs.

The City conducted reviews of the Annexation Project pursuant to CEQA Guidelines, section 15002, subdivision (k) – known as the "Three Step Process" under CEQA. The City examined the scope of the Annexation Area Project and determined that this activity was a "project" pursuant to CEQA, and accordingly prepared an Initial Study. The CEQA Guidelines defines an initial study as a preliminary analysis prepared by a lead agency to determine whether a new, supplemental or subsequent EIR, Negative Declaration (ND) or MND, or other CEQA document must be prepared or to identify the significant environmental effects to be analyzed in an EIR pursuant to CEQA Guidelines sections 15365 and 15367. A public agency may prepare an addendum to document its decision that a subsequent EIR is not required pursuant to CEQA Guidelines section 15164, subdivisions (a) and (e) and section 15162, subdivision (a). Under CEQA Guidelines section 15162, because the City finds that no substantial changes to the Annexation Project require major changes to the previous FEIR, SEIR, and County MND, no substantial changes to the circumstances under which the Annexation Project is undertaken require major revisions of the FEIR, SEIR, and County MND, there is no new information of substantial importance showing the Annexation Project will have significant new or more severe effects not previously discussed, and no new mitigation measures or alternatives should be selected, the City can approve the activity as being within the scope of the project covered by the previous environmental analysis, and no new environmental document would be required.

A public agency may prepare an addendum to a prior EIR pursuant to CEQA Guidelines section 15164 that states: "The lead agency . . . shall prepare an addendum to a previously certified EIR if some changes or additions are necessary but none of the conditions described in Section 15162 calling for the preparation of a subsequent EIR have occurred." A public agency may also prepare an addendum to document its decision that a subsequent EIR is not required

pursuant to CEQA Guidelines section 15164, subdivisions (a) and (e) and section 15162, subdivision (a).

As the Lead Agency, the City prepared the Initial Study/Addendum to document: (1) the evaluation of the Annexation Area Project as to whether the environmental effects of Annexation Project activities were covered in the LAFCo MND, FEIR, SEIR, and County MND; (2) the City's analysis and findings with respect to the Annexation Area Project and whether any of the conditions identified in CEQA Guidelines section 15162 exist; and (3) the evaluation and finding that a new, supplemental or subsequent EIR, ND or MND, or any other CEQA document was not necessary or warranted. The Initial Study/Addendum will serve as the appropriate CEQA documentation for all applicable public agency decision-makers and the public regarding the objectives and components of the Annexation Area Project.

The Initial Study/Addendum concluded that the Annexation Area Project activities are within the scope of and covered by the LAFCo MND, FEIR, SEIR, and County MND and that there are no substantial changes to the Annexation Area Project require major changes to the previous FEIR and SEIR, no substantial changes to the circumstances under which the Annexation Area Project is undertaken require major revisions of the FEIR and SEIR, there is no new information of substantial importance showing the Annexation Area Project will have significant new or more severe effects not previously discussed, and no new mitigation measures or alternatives should be selected. The Coastal Christian School has not changed since the County approval and is covered by the LAFCo MND, FEIR, SEIR, and County MND. The LRDM Project has not changed from what had been approved by the City in 2004 and studied in the certified FEIR, SEIR and LAFCo MND. The Annexation Project includes approval of PHH's purchase of the Wilde SWP Water to directly address LAFCo's reason for previously denying the annexation. Importantly, the securing of the Wilde SWP Water does not change the fact that the City has sufficient existing water supplies to serve the LRDM Project now and at full build-out of the existing City limits and can supply the LRDM Project with water without the Wilde SWP water. Through the analysis presented in this Initial Study/Addendum, the City has determined that the Annexation Project was previously analyzed in the County MND, FEIR, and SEIR, and that the inclusion of the Wilde SWP Water to respond to LAFCo does not cause new project specific or cumulative significant impacts or more severe impacts, or the need for new mitigation measures. In addition, the circumstances under which the Annexation Area will be implemented would not result in new or more severe significant environmental impacts.

Further, none of the conditions described in CEQA Guidelines section 15162 have occurred. Specifically, there have not been: (1) changes to the Annexation Area Project that require revisions to the previously certified FEIR, SEIR or County MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified effects; (2) substantial changes with respect to the circumstances under which the Annexation Area Project is undertaken that will require major revisions of the FEIR, SEIR or County MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified effects; or (3) the availability of new information of substantial importance relating to significant effects or mitigation measures or alternatives that was not known and could not have been known when the FEIR, SEIR and County MND were certified as complete. The developers of both the LRDM Project and Coastal Christian School Project will continue to be required to implement the adopted mitigation measures and comply with the Mitigation Monitoring Reporting Program ("MMRP").

This Initial Study/Addendum is an appropriate CEQA document because the analysis shows: (1) the Annexation Project was anticipated and already analyzed in the LAFCo MND, FEIR, SEIR,

and County MND; (2) the issues raised by LAFCo regarding the proposed use of the LRDM on-site wells to augment the City's existing municipal water supply has been fully addressed by the use of Wilde SWP Water instead and there is no new information showing this change will cause new potential significant impacts or increase in severity of an existing impact; (3) no new mitigation measures or alternatives are required; (4) none of the conditions identified in Public Resources Code section 21166 or CEQA Guidelines section 15162 applies; and, (5) the Initial Study/Addendum analysis reveals that there are no new significant adverse project-specific or cumulative impacts in any environmental areas nor would any project-specific or cumulative impacts in any environmental areas be made worse as a result of implementing the Annexation Project.

The Initial Study/Addendum has been prepared in accordance with CEQA (Public Resources Code sections 21000-21177) and the CEQA Guidelines (sections 15000-15387), specifically in accordance with the standards set by Public Resources Code Section 21166 and CEQA Guidelines section 15162: When an environmental impact report has been prepared for a project pursuant to CEQA, no subsequent or supplemental environmental impact report shall be required unless one or more of the following events occurs:

- Substantial changes are proposed in the project that will require major revisions to the previous EIR because of the involvement of new significant environmental effects or a substantial increase in the severity of previously identified effects.
- Substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions of the previous EIR because of the involvement of new significant environmental effects or a substantial increase in the severity of previously identified effects.
- New information of substantial importance that was not known and could not have been known at the time the previous EIR was certified shows any of the following:
 - The project will have one or more significant effects not discussed in the previous EIR;
 - Significant effects previously examined will be substantially more severe than shown in the previous EIR.
 - Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt them.
 - Mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt them.

This Initial Study analyzes the impacts of the Annexation Project in relation to the analysis in the previously certified CEQA documentation for the LRDM and Coastal Christian School Projects to determine whether or not preparation of a subsequent EIR, supplemental or addendum to the EIR is required. The document concludes that none of the conditions set forth would occur, so an Addendum is prepared consistent with CEQA Guidelines Section 15164.

This Initial Study/Addendum is intended to serve as the CEQA environmental document for the approval and any subsequent activities by the City or any responsible agency's actions (including LAFCo's actions) in implementing, approving, permitting or carrying out the Annexation Project in any way. After the City's approval of the Annexation Project, the annexation portion of the Project will be transmitted to LAFCo for its consideration and subsequent approval. The City intends for LAFCo to rely upon this Initial Study/Addendum when making a decision on the Annexation Area Project. LAFCo and the County have been notified and given an opportunity to participate in the City's CEQA process, and review and comment on the Annexation Project and this Initial Study/Addendum. In addition, a notice was published in the newspaper providing the public with notice of the City's approval of the Annexation Project and the opportunity to review and comment on the Annexation Area Project and this Initial Study/Addendum.

How the Adopted Specific Plan Addresses Key Issues

A. Legal Issues

Background

On May 7, 1996, the City Council approved the Los Robles Del Mar Specific Plan, which at the time proposed 298 dwelling units, 62 less than the 360 dwellings projected in the Pismo Beach General Plan/Local Coastal Program. The following actions took place at the time:

- Certified the Final EIR for the project;
- Approved an annexation study concerning the fiscal impact of the project;
- Approved a pre-zoning for the site;
- Adopted Resolution No. R96-33 stating the City's support for the annexation proposal and authoring the filing of an application for annexation with LAFCO; and
- Adopted Ordinance No. 96-07 amending the Zoning Ordinance to implement the zoning proposed in the Specific Plan.

Following these actions by the City, a lawsuit was filed challenging the certification of the Final EIR and alleging that the approval was inconsistent with the General Plan (Costello et al v. City of Pismo Beach et al, San Luis Obispo Superior Court Case No. 079089). The Court ruled the following:

1. The City's certification of the Final EIR was valid.
2. The Specific Plan was inconsistent with the City's General Plan because Policy F-35 required a comparison of the cost of connecting to the existing wastewater treatment plant with the cost of constructing and maintaining a separate tertiary treatment plant at the project site.
3. The Specific Plan was inconsistent with the City's General Plan because the Specific Plan did not incorporate the provisions of the General Plan relating to oak tree protection.
4. The Specific Plan was inconsistent with the City's General Plan because General Plan Policy LU-N-23 requires that no part of any area to be dedicated for park purposes can contain a slope in excess of 10%.
5. The five criteria identified in General Plan Policy GM-8, dealing with annexations, are mandatory. The most significant result of this ruling was that the Court found the City was without discretion to approve an annexation unless such annexation is

demonstrated to be fiscally neutral or positive. Without mitigation of a negative fiscal impact, the area could not be annexed.

The Court ordered the City to set aside its approval of the Specific Plan, Rezoning Ordinance, and Annexation.

How the Adopted Project Responds to These Issues

The proposed project was revised to address these issues. As currently proposed, it would include 312 dwelling units, 60 of which would be targeted as affordable housing for seniors. How it addresses the key legal issues follows:

Wastewater Treatment. The City's wastewater treatment facility was recently upgraded. It now has sufficient capacity to accommodate the wastewater flows of all development anticipated under the City's General Plan, including the Los Robles Del Mar project.

Oak Tree Protection. Section 2.7.1 of the Specific Plan states that the LRDM project must comply with city zoning code section 17.30.070. This provision of the zoning code was added to be consistent with General Plan policy CO-13 requiring to oak tree protection.

Park Land and Steep Slopes. The applicant has requested a General Plan Amendment to revise Policy LU-N-23(g), as stated previously. This change would provide consistency with the General Plan.

Fiscal Neutrality. It is a requirement (Policy GM-8) that the proposed project be fiscally neutral or positive. A fiscal impact study was conducted in 1998 and approved by the City Council in 1999, which indicated that the project would be fiscally positive once constructed. Generally speaking, the residential portions of the project would offset the fiscal impacts that would result from the development of the private school that could occur under the Specific Plan. The fiscal impact study was updated in 2006, and its conclusions remained unchanged. The City Council's supporting resolution (R-2006-012) is attached to this application.

B. Other Issues

The revised project also addresses several planning issues that were not specifically discussed by the court, but are important considerations:

- Affordable housing
- Agricultural buffers
- Ridge Road alignment and Traffic Calming Measures
- Biological Impacts
- Water Supply

Each is discussed in turn below.

Affordable Housing. The applicant proposes to construct 60 affordable senior housing units on the site. To facilitate this, the applicant has requested a General Plan Amendment to revise Policy LU-N-23c, the proposed language of which is included in the Project Summary. This provision would allow the construction of the senior housing units contemplated by the applicant.

Agricultural Buffers. There is concern that development near the project's western boundary, which is adjacent to a parcel in the County that could support agricultural uses, may result in land use compatibility impacts. The Agricultural Commissioner's office was consulted, and evaluated the proposed project for potential impacts, concluding that a 200-foot minimum buffer between agricultural uses and new development was appropriate. Ultimately, the project was redesigned to satisfactorily address the Agricultural Commissioner's concern and the neighboring property owner by including deed-restricted lots within the 200-foot buffer. Such lots would not be developable until the time the Mankins property is committed to non-agricultural use. This condition is reflected in the tract map and rezoning code for the project.

Ridge Road Alignment and Traffic Calming Measures. Ridge Road would be a secondary access for the project site, a Fire Department requirement. The applicant has worked with the City Engineer to design an appropriate transition between the existing terminus of Ridge Road and the project site. The previous configuration would have resulted in a portion of Ridge Road traversing the neighboring property to the west, which is under Williamson Act contract. While roads can be constructed on such lands, the revised alignment would avoid Williamson Act properties altogether.

As a result of meetings with the Ridge Road neighbors, the following specific concepts are included to reduce potential impacts to Ridge Road traffic, including:

- Restriping Ridge Road to create a center lane and two parking lanes (the parking lanes are not currently striped);
- Placing a stop sign at the top of Ridge Road exiting the project;
- Relocating the Coastal Christian School entrance to Oak Park Boulevard with emergency access only to the project interior;
- Signalize the Meadowlark/Oak Park Boulevard intersection; and
- Implement previously proposed traffic calming measures on Ridge Road, which were described and approved as part of the City Council's February 17, 2004 action.

Biological Impacts.

- **Wetlands.** A wetland delineation and Section 404 permit application were submitted to the U.S. Army Corps of Engineers (USACE) on June 29, 2001. On February 27, 2003, USACE concurred with the wetland delineation and jurisdictional determination prepared by Bowland & Associates. Based on this determination, the project as proposed will not impact wetlands or jurisdictional waters.
- **Pismo Clarkia.** The northern portion of the Specific Plan area includes significant stands of Pismo Clarkia (*Clarkia speciosa* ssp. *immaculata*), a state-listed rare and federally-listed endangered plant species. The revised project has been designed to preserve the most significant stands of Pismo Clarkia within oak tree preserve and its margins. The Pismo Clarkia preserve area was designed in consultation with the California Department of Fish and Game.

Water Demand and Supply.

Projected Water Demand from Development. The certified Final EIR and Final SEIR identified potential impacts related to the City's water supply. Development under Specific Plan project as examined in the certified CEQA documents was projected to demand up to 151 acre-feet per year (AFY). Of this total, the residential component of the Specific Plan (covering

Property A) would demand 134 AFY, which the school component on Property B would demand up to 17 AFY.

Since the time the Specific Plan was approved in 2004, Pacific Harbor Homes has worked with the City of Pismo Beach to determine whether the water demand associated with this portion of the Specific Plan area can be reduced through conservation measures, water reuse, the use of drought-tolerant landscaping for public improvements, and installing low-flow plumbing features in all new development. Based on this concept, it is now estimated that water demand for within the Specific Plan area can be reduced to 105.6 AFY. This breaks down to 75.9 AFY for the residential component (including interior and exterior private landscaping), 16.6 AFY for the adjacent and recently-approved private school (interior and exterior), and 13.1 AFY for public parks, open space and parkways on Property A. Coastal Christian School, as approved by the County, would be supplied with water from an on-site well. An additional 3.8 AFY would be temporarily be used to landscape public open space until such time as a water reuse component can be used for this non-potable use. **Table 2** shows the revised water demand estimate for development under the Specific Plan. Since the private school has been approved by the County, and will be supplied by an existing on-site well per the County approval, the net water usage for the remainder of the Specific Plan area would be 89 AFY.

Table 2. Revised Projected Water Demand

Reduced Project Water Demand						
		Dwelling Units	Unit Demand		Water Demand	
Single Family Lots	interior	252	0.11	afy	27.7	afy
	exterior	252	0.17	afy	42.8	afy
Senior Apts.	interior	60	0.04	afy	2.4	afy
	exterior	NA	3.0	afy	3.0	afy
2 ac. Park					2.5	afy
4 ac. Park					5.0	afy
Parkways					5.6	afy
*Open Space (Temporary Irrigation.)					*3.8	afy
School	interior				6.6	afy
	exterior				10.0	afy
Reduced Project Demand: —*excluding temporary irrigation					105.6	afy

This calculation has been reviewed by the City Engineer, and determined to be an accurate estimate of future water demand, based on the assumptions set forth in the calculations (Chisam, City Engineer, City of Pismo Beach, 2010). To verify this estimate, the City Engineer also reviewed water demand characteristics of other recent developments in the City that incorporate many of the same water conservation features as proposed under the Los Robles Del Mar Specific Plan. Based on this review, he has verified that the assumptions underlying the demand analysis are reasonable, and can be used for planning purposes.

Please refer to Appendix C of the EIR Addendum for a detailed analysis of how this revised water demand was derived, including all assumptions underlying these calculations.

General Plan Policy Framework. The City's General Plan Facilities and Services Element includes policies requiring reliable water supplies before development may be approved. The General Plan is designed in such a way that there must be sufficient water supplies to serve buildout under the General Plan, even if the demand is only theoretical relative to buildout potential. This was a key consideration in why the Specific Plan, when approved by the City in 2004, required an exhaustive analysis of water supply options. The issue was not that there was not sufficient supply at that time to serve future development, it was that these excess supplies could be used to serve other potential development that was already anticipated in the General Plan, but not yet approved or entitled.

As a matter of City policy, areas requiring annexation that are outside the area already planned for under the General Plan, would need to prove such areas have a reliable water supply to augment the City's existing supplies to offset their future demand. As noted on page F-15 of the City's Facilities and Services Element, "*annexations of areas in the sphere of influence shall require a proven source of water before development can be approved.*" However, it should be noted that this statement precludes *development* of such areas until water supply is proven, not the *annexation* of such areas. This is set forth in Policy F-40:

F-40 - Annexation Areas

All areas considered for annexation shall demonstrate sustained long-term water sources prior to approval for annexation.

The City's self-imposed limit on development when water supplies are insufficient is further articulated in General Plan Policy F-36, which does not allow for the issuance of building permits until there is sufficient proven water supply for the planned development:

F-36 - Water Management Program (portion excerpted)

...When total annual water use reaches 90% of projected supplies, approval of developments related to water shall be limited to essential public services, public recreation, commercial recreation and visitor-serving land uses... No development shall have building permits issued which would individually or cumulatively exceed the capacity of the City's water supply systems. Projects which are dependent on the availability on water supplies from the State Water Project shall be paced in accordance with the projected connection schedule and shall not be approved until a firm delivery date has been established and construction on the delivery line(s) commenced. Interim individual water wells will not be permitted where depletion of the City's existing groundwater resources could result.

Thus, this policy ensures that the City will not use more water than it has available to serve development in the context of General Plan buildout.

Water Supply. To address its General Plan policies, the City requires that areas to be annexed provide the City with additional water supplies to augment existing City water supplies to offset potential long-term City demand. When the Specific Plan was approved in 2004, the City had examined groundwater from onsite wells as this source. In order to respond to LAFCO's concerns with the use of groundwater wells, the onsite wells will not be used for this purpose, and instead Pacific Harbor Homes (PHH) has secured water from another source, which will be brought online as part of the City's municipal water supply. **Table 3** summarizes the City's

existing water supplies in the context of its three major sources, State Water, Groundwater, and Lopez Reservoir.

Table 3. Summary of City Water Supplies from the 2003 Water Master Plan

Supply	Quantity (AFY)
State Water	1,100
Groundwater	700
Lopez Reservoir	896
Existing Supply	2,696
Additional State Water *	140
Total Potential Supply (Citywide)	2,836
* City has additional 140 AFY potential not currently online. This does not include an additional 300 AFY of State Water acquired	
Source: 2003 Water Master Plan	

Additional State Water Planning Allocation and Drought Buffer for Long-Term Supply. Long-term State Water Project reliability was recently addressed in an August 2008 report from the Division of Water Resources (Final State Water Project Delivery Reliability Report for 2007), which concluded future deliveries would average from 66-69% of maximum amounts on Table 3. To address this concern, on October 6, 2009 the Pismo Beach City Council approved the acquisition of 1,240 acre-feet as an ongoing drought buffer for current State Water supplies from the County's excess allocation. The purpose of this was to ensure that in the event State Water supplies are reduced by as much as 50%, there would be sufficient buffer ensure that the City's existing State Water allocation would be reliable. Thus, the acquired drought buffer would provide a safety factor beyond what DWR projects as a likely reduction in delivery. In addition, the City Council directed staff to take the following additional steps to guarantee the City's long-term water supply in the event of droughts or other unforeseen shortages:

1. Request from the County a planning allocation of 1,000 acre-feet of drought buffer allocation for potential reductions in Lopez Project deliveries, and possible short term pumping reductions from groundwater supplies.
2. Request from the County a planning allocation of 500 acre-feet of additional deliverable State Water supplies, and 500 acre-feet of drought buffer to accommodate growth within the Sphere of Influence areas.

Between the drought buffer allocations for groundwater and Lopez water, and the additional 500 AFY State Water allocation and buffer, the City's long-range water supply would be sufficient not only to accommodate buildout under the General Plan, but development within Sphere of Influence Areas, including the Los Robles Del Mar Specific Plan area. According to a 2006 study by Penfield and Smith, there would be sufficient pipeline capacity to deliver the additional State Water allocation described above (Pipeline System Modeling, Penfield and Smith, 2006).

The City is requiring Pacific Harbor Homes to reimburse the City for its share of this allocation that would be needed to serve future development under the LRDM project. **Table 4** summarizes the long-term water supply and demand characteristics of the City at buildout. Also

note that all water supplies are backed up with drought buffer allocations. It should be further noted that even without the new 500 AFY planning allocation, there would be sufficient long-term water supplies in the City to serve Los Robles Del Mar, because the property owners (PHH) have purchased 100 AFY of State Water Project water that will assist the City in ensuring that the project demands are met. For these reasons, impacts to water supply would be less than significant, and substantially less than what had been described in the certified CEQA documents that accompanied City approval of the Specific Plan (LRDM Project).

Table 4. Summary of Water Supply and Demand with Project

Water Demand	Quantity (AFY)
Existing (per 2003 Water Master Plan)	2,156
At Buildout within City limits (per 2003 Water Master Plan)	2,669
Los Robles Del Mar Projected Demand (including temporary irrigation)	92.8
At Buildout (including Los Robles Del Mar)	2,761.8
Water Supply	
Existing Supply (per 2003 Water Master Plan) *	2,696
100 AFY Pismo-98 SWP Water (purchased by PHH for the City)	100
Total Potential Supply (with project)	2,796
Excess Supply at General Plan Buildout (with project)	34.2
With Planning Allocation (500 AFY)	534.2
* This total does not include an additional 140 AFY of State Water the City does not currently have online.	

Water-Related Project Conditions of Approval. Condition #46, which addresses water supply for the project, has been revised by the City to address the updated approach to augmenting the City's existing water supply as follows:

- Condition 46: Water Supply. The City will supply the LRDM Project's water demands from its existing online water supplies, as augmented by additional State Water purchased by the project applicant, sufficient to offset the demand of future development (100 AFY). Upon verifying that this additional State Water has been added to the City's inventory, the City will issue a "will serve" letter indicating it will supply the project from the City's existing municipal water supplies. All water will be supplied to the LRDM Project through a single water system serving both domestic and irrigation needs.

Water-Related Provisions in the Development Agreement. In 2004, the City entered into a Development Agreement with Pacific Harbor Homes, LLC, which provided for, among other things, various public improvements such as water wells and potential development of other water resources. In order to address the fact that a new water supply has been obtained for municipal use to offset the demand of the LRDM project, portions of the Development Agreement that relate to water supply required amendment. The City Council approved the amendment on July 19, 2011, attached as Appendix C to this application.