



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
Southwest Region
777 Sonoma Ave., Room 325
Santa Rosa, CA 95404-4731

August 28, 2008

In response refer to:
SWR/F/SWR3:JM

Bill Robeson
Senior Planner
County of San Luis Obispo
Planning Commission
976 Osos Street
County Government Center
San Luis Obispo, California 93408

Dear Mr. Robeson:

On March 27, 2008, NOAA's National Marine Fisheries Service (NMFS) submitted comments to the San Luis Obispo County Department of Planning and Building, Environmental Division regarding the Revised Draft Environmental Impact Report (RDEIR) for the proposed Santa Margarita Ranch and Agricultural Cluster Subdivision Project and Future Development Program. This letter is submitted for consideration by the San Luis Obispo Planning Commission reemphasizing NMFS' concerns regarding water availability for the proposed project, and the recommendation for an accurate water budget analysis study to be conducted to suitably address the potential impacts of the project to the Federally-listed South-Central California Coast (S-CCC) steelhead and designated critical habitat before the REIR is certified.

NMFS' primary concerns are impacts that may affect S-CCC steelhead and their designated critical habitat within all project area tributaries to the Salinas River as a result of water diversion, including Rinconada, Yerba Buena, Santa Margarita, and Trout creeks. The current RDEIR for this project does not adequately address NMFS' concerns, as it does not provide reliable information regarding the water demands on the property and availability of water for the proposed project. The proposed water source for the project would be pumped groundwater and diverted underflow from Rinconada, Santa Margarita, Yerba Buena, and Trout creeks. However, the hydrological report prepared for the project by Hopkins Groundwater Consultants in 2006, shows that groundwater has already declined steadily from the current ranch operation demands, and that the groundwater demands of the ranch have had "an observable impact on the local groundwater resources". Furthermore, the study projects a 125 to 225 percent increase of groundwater use to meet the increased demands associated with the proposed project, and concludes that, given the available information, the groundwater resources may not be sufficient to support the existing land uses and future demands of the proposed project.

Trout Creek and the aforementioned Salinas River tributaries are Federally-designated critical



habitat for S-CCC steelhead. Occurrences of steelhead in these streams have been documented by research scientists, and staff from the California Department of Fish and Game (CDFG). Additionally, results of recent instream surveys performed by CDFG biologists during 2008 identified multiple year classes of steelhead in Trout Creek (Erlandsen, personal communication). This is an indication of suitable habitat within Trout Creek for steelhead spawning and rearing. Therefore, alteration of instream flows resulting from water diversions may pose serious threats to the species, and could result in take and adverse modification of critical habitat since an increase in water demand from the proposed project would further lower groundwater elevation, which may in turn reduce surface water flow in the streams and could potentially cause substantial long-term impacts to surface water availability for S-CCC steelhead. NMFS believes that the current water demands of the ranch operation are already having adverse effects on S-CCC steelhead and critical habitat through diminished stream flows resulting from the current pumping levels.

The RDEIR is deficient in analyzing the impacts to S-CCC steelhead and designated critical habitat, and NMFS recommends an update of the RDEIR be completed that suitably addresses the above concerns. In order to properly assess the cumulative effects of the existing and proposed stream diversions, instream flow analyses should be conducted to analyze the effects of water use from the proposed project. NMFS reemphasizes its recommendation for an accurate water budget analysis to be conducted as part of a Resource Capacity Study for the proposed project and further recommends for the San Luis Obispo County not to certify the REIR until appropriate instream flow studies can be completed so that recommendations for adequate instream flows can be developed.

Please contact Ms. Jacqueline Meyer at (707) 575-6057, or via e-mail at jacqueline.pearson-meyer@noaa.gov should you have any questions regarding this letter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dick Butler", with a long horizontal flourish extending to the right.

Dick Butler
Santa Rosa Area Office Supervisor
Protected Resources Division

cc: Russ Strach, NMFS, Sacramento
Roy Torres, NOAA Enforcement