

March 5, 2008

Ms. Martha Miller, Project Manager  
County of San Luis Obispo  
Planning and Building Department  
976 Osos Street, Rm. 300  
San Luis Obispo, CA 93408-2040

Subject:

Water Resources Advisory Committee Comments on the Water Sections of the Revised Draft  
Environmental Impact Report for Santa Margarita Ranch Agricultural Residential Cluster  
Subdivision Project and Future Development Program

Dear Ms. Miller,

The San Luis Obispo County Water Resources Advisory Committee (WRAC) formed an ad hoc subcommittee to review and comment on the Revised Draft Environmental Impact Report (RDEIR) for Santa Margarita Ranch Agricultural Residential Cluster Subdivision Project and Future Development Program. At its March 5, 2008 meeting, the WRAC voted to submit the attached comments.

It is apparent from these comments that the WRAC has serious concerns about the impacts of the subject project on the water issues under our purview. The WRAC also believes the attached comments demonstrate that the RDEIR is seriously deficient because it contains numerous, serious, and substantial errors, omissions, and inconsistencies that hamper meaningful public comment. Accordingly, the WRAC believes CEQA requires recirculation of another updated RDEIR for public comment.

Note that the RDEIR does not address comments made on the DEIR including those comments made by the WRAC in our April 4, 2007 letter to Mr. Caruso (EIR Manager at the time). Therefore, that letter and attached comments remain pertinent and valid and must be addressed.

While it is not yet the appropriate time for the WRAC to advise County Supervisors of our opinions and recommendations with respect to the Final EIR, the WRAC believes it is important to communicate the WRAC's responses to the RDEIR to you and to the Supervisors.

The WRAC hopes its comments will prove helpful to all parties involved in the environmental review process on this project.

Respectfully,

Michael Winn  
Chairman, Water Resources Advisory Committee

Cc: County Supervisors, w/attachments

Attachment: Comments on RDEIR from WRAC ad hoc Subcommittee

**COMMENTS ON REVISED DRAFT ENVIRONMENTAL IMPACT REPORT**  
**By**  
**WATER RESOURCES ADVISORY COMMITTEE**  
**AD HOC SUBCOMMITTEE FOR SANTA MARGARITA RANCH**

**March 5, 2008**

**1. SCOPE OF RDEIR:** P. 1-2 of the RDEIR states that CEQA requires recirculation of an EIR whenever significant new information is added before certification.

"Information" can include changes in the project or environmental setting as well as additional data or other information. The RDEIR addresses new information submitted by the applicant, but does not respond to any comments submitted on the DEIR including the WRAC's comments. This approach seems arbitrary, seems designed to limit the scope of the recirculation, and creates a perception of bias. The RDEIR should have addressed those comments that provided significant new information as required by CEQA.

**2. NECESSITY FOR RESOURCE CAPACITY STUDY:** County Supervisors have approved the preparation of a Resource Capacity Study for the Santa Margarita area. Such a study will yield reliable baseline information about water usage, well levels, stream conditions, and biological conditions in the area. This baseline documentation is particularly important to determining the severity of the Class I, significant and unavoidable environmental impacts of the proposed project. In fact, another RDEIR must be recirculated for comment when the Resource Capacity Study is completed and before a final EIR is prepared.

**3. BASELINE DATA:** The RDEIR does not contain reliable baseline data as required by CEQA. The RDEIR (Table 4.14-1), for example, **estimates** existing water demands instead of providing actual **measured** water usage. The RDEIR does not provide necessary information about the existing extensive installed water distribution system on the ranch which would yield more reliable data on how much water is extracted, where it is extracted from, and where it goes. Specifically, detailed drawings showing existing water distribution system piping, routing, pipe sizes, all connections to wells and pumps, rated pump gallons per minute, head, motor horsepower, electricity consumption, propane consumption, and irrigated areas served are requested. Also complete records for all wells including dry season well depths, observed changes in stream flows, and pumping and recharge rates during drought periods are requested. Installation of flow meters and other monitoring devices by the applicant may well be required in order to obtain baseline data (this was previously requested by the WRAC). Understanding the impacts of **existing** ranch operations on the water environment is a necessary first step to determining the impacts of the proposed project. This is a major omission by the RDEIR. There is also concern that the ranch may be extracting water from the underflow of creeks and already impacting the riparian environment. The potential for underflow extraction by the proposed project must be quantitatively addressed.

**4. FUTURE DEVELOPMENT PROGRAM:** Table 4.14-1 is not consistent with the narrative in either terminology or numbers. The narrative refers to "Future Development Program" but this does not appear in the Table. The table lists "Planned Orchards and Planned Vineyards" but this language does not appear in the narrative. The numbers for vineyard acreage in the Table do not match the narrative. For example, on p. 2-110 of the RDEIR, a 2000 acre vineyard expansion is mentioned, but the Table indicates planned vineyards of 1026.1 acres; p. 2-110 indicates some water usage for the Residential Cluster and the Future Development Program, but the Table does not indicate any. Several major components of Tract 2586 are missing from the Table including two wineries, a farm/ranch headquarters, a bed and breakfast, and farm worker housing. The Table also omits some of the components of the Future Development Program described on p.1-1. The Table does not show the 1466.17 ac-ft of water demand from Table 4.14-2 in the DEIR for the Future Development Program. Where are the "Planned Orchards" to be located, what type of orchards are they, and how does this correlate with the indicated water demand? This information is required by CEQA. Since there is no commitment to retire "the 402 lots allowable under the Salinas River Plan," the potential water demands of these lots, the golf course, etc. must be addressed as part of the cumulative impacts indicated in Table 4.14-2 of the original DEIR.

**5. TRACT 2586 SCOPE OF PROPOSED DEVELOPMENT:** P. 1-1 states that Tentative Tract 2586 is the Ag Residential Cluster Subdivision which includes 111 clustered homesites and one ranch headquarters. However, p. 2-33 of the DEIR states that Vesting Tract 2586 includes two wineries, two ranch/farm headquarters and several farm support buildings. Which is correct? How can the public be expected to comment sensibly on the RDEIR when there are conflicts in the descriptions of the basic scope of the project?

**6. ADDITIONAL RESIDENTIAL LOTS:** CEQA requires all possible project alternatives to be analyzed. However, the RDEIR omits analysis of 402 residential lots potentially allowable under the Salinas River Plan. The development rights to these lots must either be retired or potential project alternatives involving these lots must be analyzed in a recirculated RDEIR.

**7. NEW ALTERNATIVES:** The three new alternatives proposed for the Agricultural Residential Cluster Subdivision are not developed in sufficient detail to determine interrelationships with other proposed ranch development with respect to water and wastewater, or to make a reasonable comparison with other alternatives that are more fully developed. Table 3-1 purports to compare alternatives, but + and - signs are no substitute for hard data which is required by CEQA.

**8. COUNTY POLICIES:** P. 2-112 proposes an imported water supply to serve the Agricultural Residential Cluster Subdivision. P. 2-116 indicates that untreated imported water from Nacimiento or from the State Water Project would be used for agriculture to offset groundwater use for the Cluster. So, imported water really would not serve the Cluster. As correctly pointed out in the RDEIR, this violates both Ag Policy 11 and its provision that groundwater be used for agriculture not housing, and the County's

*Bank water  
ground*

Framework for Planning and its goal of maintaining a distinction between urban and rural development by not providing for rural uses from urban and village areas. The WRAC does not recommend deviating from these established county policies and is concerned that doing so would set an unfortunate precedent throughout the county.

**9. IMPORTED WATER PROPOSED AS MITIGATION:** The RDEIR does not prove the feasibility of proposed mitigation W-1(c) Imported Water as required by CEQA. So imported water cannot be considered a mitigation at this time. Monitoring has also been added as a proposed mitigation. However, while monitoring of the environment and related water usage is certainly critical and must be a condition of development, monitoring by itself cannot be considered a mitigation unless it is tied to specific thresholds where mitigating actions are initiated that increase water supply and/or decrease consumption and prevent environmental degradation.

**10. IMPACTS OF IMPORTED WATER PIPELINES:** Pp. 2-114 thru 2-118 cover alternative SWP and NWP connections and routing of piping to service the proposed project. The RDEIR just describes pipe routing and connection alternatives but does not analyze the environmental impacts in sufficient detail to determine the feasibility of the proposed alternatives as required by CEQA. Instead, the RDEIR states that separate EIR's would be done for the connections. This does not conform to CEQA which requires the feasibility of all possible project alternatives to be included in one project EIR. P. 2-112 attempts to incorporate EIR's and MND's from other projects associated with State water and Nacimiento water into the RDEIR for this proposed project. We question the validity of using old EIR's and MND's on later projects because environmental conditions and criteria change over time. Additionally, the Final EIR for the Nacimiento Pipeline, on p. 7-18, warns of the negative consequences of allowing the use of pipeline water to drive speculative development. Growth inducing impacts from the NWP on the rural Santa Margarita area could be significant because the potential availability of large amounts of imported water would make development much easier and more financially attractive while increasing pressure on governmental agencies to allow it. *Class 1 Impact*

**11. IMPORTED WATER PIPELINE CONSTRUCTION:** P. 2-117 states that pipelines require an 8-foot wide trench. Is this a construction excavation? Does this width include vegetative clearances and right-of-way easements?

**12. MANAGEMENT PLAN FOR IMPORTED WATER:** The RDEIR indicates ranch owners would be responsible for construction, operation, maintenance and monitoring of any service connection to SWP or NWP. Who are ranch owners? The original developers? Cluster home owners? Vineyard owners? Both? CEQA requires the EIR to demonstrate the feasibility of the proposed management and administration of mitigations and having in place this structure prior to construction. For example, how will the capital and operational needs be funded? This demonstration is missing from the RDEIR.

**13. FEASIBILITY OF IMPORTED WATER:** There is no discussion of the known difficulties or feasibility of obtaining the necessary quantities of State water and Nacimiento water and the reliability of those sources during periods of drought. This information is required by CEQA. Furthermore, the underground storage capacity and ability of the aquifer to meet water demands during prolonged drought conditions is unknown and not analyzed in the RDEIR. The Resource Capacity Study is needed to ascertain this information for analysis in a recirculated RDEIR.

**14. CLIMATE CHANGE IMPACTS:** P. 2-110 states that **average** annual rainfall and evaporation rates were used for the water demand calculations. P. 2-35 lists impacts on water from Global Climate Change. The core principles of CEQA require public agencies to address climate change, the impacts of which will clearly reduce water availability. Accordingly, the use of **worst-case** rates instead of **average** rates would more nearly account for the impacts of GCC.

**15. IMPACTS OF AQUIFER DRAWDOWN ON THE COMMUNITY:** P. 2-111 states that Margarita Farms is the only non-agricultural development **on the Ranch property** that draws from the same aquifer as the proposed project. This statement is misleading and beside the point because the community of Santa Margarita and other residences in the area draw water from the same aquifer. What are the impacts of the proposed project on users outside of the project boundaries like these users? This information is required by CEQA.

**16. CONSUMPTIVE USE AND RECHARGE:** The narrative about consumptive use on p. 2-112 fails to address the effect of the area's clay soil which reduces recharge to the aquifer. It also fails to account for the portion of the water use that flows to the Salinas and does not recharge the aquifer. A water balance calculation should be provided to show the whole picture and should include all of the possible uses described in the EIR. This information is required by CEQA.

**17. IMPACTS ON STREAM FLOWS AND TROUT:** The discussion of mitigations of impacts on steelhead trout on Pp. 2-74 thru 76 omits analysis of impacts on stream flows from the project's increased water usage. Also, there is no analysis of impacts from existing operations, and baseline data is missing. This information is required by CEQA. We note that NOAA recommends no decrease in stream flows. A possible mitigation could be the plugging of all existing wells that likely extract water from the underflows of streams that historically have supported steelhead populations.

**18. IMPACTS ON SEASONAL POOLS:** The existence and importance of Seasonal Pools are acknowledged on p. 2-50, but no mitigations of impacts are mentioned. This information is required by CEQA.

**19. IMPACTS ON OAKS:** The impacts of falling water tables on oak stands should be analyzed. This information is required by CEQA.

**20. AGENCY DOCUMENTATION:** Members of the public have asked the WRAC to request from the various water-related governing agencies any and all correspondence and documentation involving Santa Margarita Ranch water and water related environmental issues in order to help analyze proposed project impacts. Such documentation in the possession of or controlled by the applicant must be included and evaluated in a recirculated RDEIR.

**21. RECIRCULATE ANOTHER RDEIR:** In summary, the WRAC believes the above comments demonstrate that the RDEIR is seriously deficient because it contains numerous, serious and substantial errors, omissions, and inconsistencies that hamper meaningful public comment. Accordingly, the WRAC believes CEQA requires the recirculation of another updated RDEIR for public comment. *may require*

**Plan Requirements and Timing.** Prior to approval of Grading Permits for the Agricultural Residential Cluster Subdivision, the applicant shall coordinate with USFWS, and the ACOE if necessary. The applicant shall present written confirmation from USFWS that the project complies with the applicable requirements of FESA. During construction, the biologist shall submit a report to the County detailing the results of the monitoring. **Monitoring.** Planning and Building staff shall verify that ~~USFWS has granted Section 7 and/or Section 10 permits for the Agricultural Residential Cluster Subdivision~~ **development plan is in compliance with the federal Endangered Species Act.** Planning and Building shall review monitoring reports and site inspect during construction for compliance.

**Residual Impacts.** Implementation of the above mitigation measures in concert with Agricultural Residential Cluster Subdivision measures B-4(a) (Wetland and Riparian Protection), B-8(a) (FESA Consultation **California Red-legged Frog Avoidance, Minimization, and Mitigation Measures**) and B-9(b) (Southwestern Pond Turtle Avoidance, Capture and Relocation) would reduce impacts to VPFS to a less than significant level. ~~A requirement of FESA is that any such take shall not jeopardize the continued existence of the listed species. Since the FESA incidental take permitting approval process requires implementation of conservation strategies to avoid, minimize, or compensate for adverse effects of the project to fully mitigate for impacts and leave a species in as good or better condition than it was before the project, Therefore, the impact to VPFS is Class II, significant but mitigable.~~

**Agricultural Residential  
Cluster Subdivision  
Impact B-7**

The proposed Agricultural Residential Cluster Subdivision could result in a direct take of the ~~F~~**federally T**hreatened southern steelhead South/Central California Coast Steelhead and/or the loss of Federally designated SS Steelhead Critical Habitat through grading activities for the proposed development, and sedimentation of occupied creeks. This potential impact is Class II, *significant but mitigable*.

The federally threatened southern steelhead (SS) South/Central California Coast Steelhead (Steelhead) is known to occur within the on-site portion of Trout Creek (Thomson and Larsen, unpublished data). Trout Creek is located within the upper Salinas River watershed and is a tributary to Santa Margarita Creek, which converges with the Salinas River northeast of the project site. The Salinas River enters the Pacific Ocean approximately 150 miles north near the City of Monterey. Santa Margarita Creek and the Salinas River are ~~S~~**steelhead-occupied** streams (Mike Hill [CDFG], personal communication, ~~and NMFS NOAA Fisheries, 2005~~). In addition, all of these waterways are within SS Steelhead Critical Habitat (NOAA Fisheries NMFS, 2005). Within the Agricultural Residential Cluster Subdivision site, **SS Steelhead** are likely to occupy Trout Creek during moderate to high flow periods in average to above average rain years (Mike Hill [CDFG], personal communication). The on-site portion of Trout Creek has exceptional breeding and migratory habitat consisting of rounded gravel to cobble bed substrate, tree snags, overhanging banks, and moderate to deep pools suitable for **SS Steelhead**

In addition to the focused surveys performed by Rincon Consultants, prior surveys were completed on the Santa Margarita Ranch. Althouse and Meade conducted a thorough wildlife and plant inventory (Inventory; Althouse and Meade, 2003, revised 2005) and a plant and wildlife survey for the Phase I vineyards (Althouse and Meade, *unpublished*) located in the southwestern portion of the Agriculture Residential Cluster Subdivision. Dr. David Keil and LynnDee Althouse conducted a focused wetland plant survey for on-site wetland and adjacent upland areas on the property (Althouse and Meade, 2002, *unpublished*). As part of the inventory efforts, Julie Thomas conducted one non-protocol wet-season surveys for fairy shrimp within several on-site seasonal pools (Thomas, 2003). In addition, Paul Collins performed a USFWS protocol survey within Taco Creek for the Robert Mondavi Safe Harbor Agreement Area (Althouse and Meade, 2004). Several other surveys were performed and included a focused bat survey, small mammal trapping surveys, electrofishing and snorkel surveys for steelhead and other fish species, focused special-status amphibian pool surveys, and mammal spotlighting surveys. The combined survey time used to document general and special-status biological resources for the property totaled over 3,000 field hours. Table 4.3-1 provides the biological categories, performed survey types, surveyors, and approximate hours spent per survey type. As a result of the extensive field work performed for the property, only special-status species observed during focused and/or general surveys are included herein with the exception of wildlife species that have potential to occur on-site, but require focused surveys that were not performed as part of this evaluation.

**Table 4.3-1 Biological Survey Types Performed for the Santa Margarita Ranch**

Biota Group	Survey Type	Surveyors <sup>*1</sup>	Approx Hours
Plants	Quadrat and General	J. Dart, D. Meade, L. Althouse, C. England	196
	Focused Rare Plant	D. Keil, L. Althouse, V. Holland, J. Dart, C. England	232
	Sudden Oak Death	T. Kleeman, L. Althouse	8
	<i>EIR – Focused Rare Plant</i>	J. Davis, K. Merk, and P. Farrell	80
	Wetland Delineation	J. Isaacs, G. Liu, R. Lodge, R. Rossi, J. Olberding, L. Althouse, C. England, D. Martel	254
	<i>EIR - Wetland Delineation Review</i>	K. Merk, J. Davis	48
Insects and Crustaceans	Point Collections	D. Meade, J. Dart, C. Murphy, C. England	212
	Fairy Shrimp, non-protocol – wet-season	J. Thomas, J. Dart, D. Meade, L. Althouse	76
	<i>EIR – Fairy Shrimp USFWS protocol, wet-season</i>	J. Davis, P. Farrell, C. Powers, K. Merk, J. Dart	96
Fish	General	J. Dart	2
	Electro-fishing	M. Hill, D. Highland, D. Meade, and J. Dart	32
	Steelhead	R. Larsen, L. Thompson, B. Hodges	?
Amphibian	Special-Status Species: Dip and Seine	P. Collins, J. Dart, L. Althouse, D. Meade, M. Caterino	264
	CRLF USFWS Protocol Surveys	D. Meade, J. Dart, P. Collins, L. Althouse, C. England, R. Bransfield, M. Root, and J. Vanderwier	164
	Pond Surveys – 1603 Permit	L. Althouse, J. Isaacs, M. Hill, C. Veenstra, P. Gomes	36
	General	J. Dart, D. Meade	34
	<i>EIR – CRLF USFWS Protocol Site Assessment and Surveys</i>	J. Davis, K. Merk, P. Farrell, J. Dart, W. Knight	160
Reptile	General and coverboard	J. Dart, C. Murphy	292
Bird	Point Count	J. Dart, C. Murphy, F. Villablanca, T. Edell	434

June 27, 2008

Honorable James R. Patterson  
Chairman, Board of Supervisors  
County of San Luis Obispo  
976 Osos Street  
San Luis Obispo, CA 93408-2040

Subject:

Water Resources Advisory Committee Comments on the Water Sections of the Final  
Environmental Impact Report for Santa Margarita Ranch Agricultural Residential Cluster  
Subdivision Project and Future Development Program

Dear Chairman Patterson:

The San Luis Obispo County Water Resources Advisory Committee (WRAC) formed an ad hoc subcommittee to review and comment on the Final Environmental Impact Report (FEIR) for Santa Margarita Ranch Agricultural Residential Cluster Subdivision Project and Future Development Program. Previously, the WRAC also submitted comments on the DEIR and on the RDEIR. The WRAC is providing comments at this time for consideration now by the County Planning Commission and for the Board of Supervisors' consideration at a later date. At its July 2, 2008 meeting, the WRAC voted to submit this letter and the attached comments.

Overall, the WRAC believes that both the responses to the WRAC's comments and the Final EIR do not show that the proposed project/program has been sufficiently analyzed regarding water supply and impacts to water-dependent wildlife. The WRAC also finds that several aspects of the project/program, its alternatives, and mitigations are not sufficiently analyzed, and that critical data are missing.

The WRAC has been concerned that insufficient data exists to properly evaluate the ability of the water supply to meet the demands of the proposed Santa Margarita Ranch project/program. Accordingly, the WRAC recommended the preparation of a Resource Capacity Study (RCS) for the Santa Margarita area for the purpose of obtaining up-to-date baseline information from which to analyze and evaluate the proposed project/program. The FEIR admits that available groundwater data from the Ranch have not been collected over a complete hydrologic cycle and are not sufficient to determine the long-term impacts of existing and proposed groundwater pumping. Even so, the FEIR states that an RCS should be done after certification of the FEIR because no new data will result from a County staff proposed RCS that uses existing, old, incomplete data. This is not the comprehensive type of RCS recommended by the WRAC and which we believe the Board of Supervisors approved. More data must be obtained to answer those critical questions about the impacts of increased groundwater extraction on the water supply for the project/program and on the community of Santa Margarita. Without it, we are all flying blind. The needed RCS would necessarily include the monitoring and measurements required to obtain current data on water quality, consumption, well levels, stream flows, and riparian habitat. The WRAC recommends that the FEIR not be certified until this type of RCS is completed and the current baseline information it will provide has been analyzed and responded to.

Lacking essential information from the RCS, and not knowing whether the use of imported water is feasible, the WRAC believes the FEIR does not provide adequate justification for its assertion that the project/program will have significant and unavoidable Class I impacts on the water environment.

completed, the data evaluated, and the impacts on the water environment ascertained.

Another major concern is the importation of water from the State or from Nacimiento which the FEIR proposes as mitigations for the Ag Cluster. The FEIR claims the importation of water is uncertain and therefore asserts a Class I impact. This is comparable to a hypothetical FEIR for a major shopping center proposing freeway interchange improvements as a traffic mitigation while simultaneously saying it may not be feasible to make the improvements. Both examples leave critical project elements and related impacts and mitigations up in the air. The WRAC recommends the feasibility of imported water be ascertained prior to certification.

For projects exceeding 500 homes (the 112 home Ag Cluster plus the 402 home Future Development Program), State law requires certification of a reliable 20-year water supply. The WRAC believes the FEIR fails to provide adequate evidence of such a water supply. Our attached comments provide the basis for this opinion.

In summary, the WRAC believes the Final EIR is defective and should be withdrawn for corrections for the following reasons:

- Lack of sufficient data (RCS) needed for a reliable water resource baseline.
- Insufficient analyses of water resources, project/program, alternatives and mitigations.
- Adequacy of the water supply is not reasonably ascertained.
- Feasibility of imported water is not reasonably ascertained.
- Determinations of Class I impacts are unjustified by limited analysis.
- Mitigations relying on CC&R's are not enforceable by the County.

The WRAC hopes its comments will prove helpful to all parties involved in the environmental review process for this project.

Respectfully,

Michael Winn  
Chairman, Water Resources Advisory Committee

Cc: SLO County Board of Supervisors w/ attachments  
SLO County Planning Commission w/attachments  
Bill Robeson, SLO County Planning w/attachments  
Trevor Keith, SLO County Planning w/attachments

Attachment: Comments on Final EIR from WRAC ad hoc Subcommittee