I. INTRODUCTION

A. BACKGROUND

In September 2008, the County of San Luis Obispo (County) Planning and Building Department released a Draft Environmental Impact Report (Draft EIR) for the Laetitia Agricultural Cluster Subdivision Tentative Tract Map and Conditional Use Permit (project). The Draft EIR (2008) noted several significant, adverse, and unavoidable impacts related to biological resources, archaeological resources, agricultural resources, transportation and circulation, air quality, noise, aesthetics, hazards and hazardous materials, and public services and utilities. The public comment period for the Draft EIR (2008) began on September 22, 2008. The comment period extended from September 22 to November 8, 2008. Since the closure of the public comment period, two primary issues, as summarized below, have delayed preparation of a Final EIR for the project and necessitated the need to re-circulate portions of the Draft EIR (2008).

The Introduction, Biological Resources, Water Resources, and Alternatives Sections of the Draft EIR were recirculated in April 2012. At the time, the Notice of Availability was not posted at the San Luis Obispo County Clerk's office, as required by CEQA Guidelines Section 15087, Public Review of Draft EIR. In addition, the applicant requested recirculation of the EIR sections due to concerns with the consistency between the 2012 recirculated Draft EIR and the original Draft EIR. Therefore, the County is recirculating the Introduction, Biological Resources, Water Resources, and Alternatives Analysis sections of the Draft EIR. To aid navigation of the EIR, the Environmental Impacts and Mitigation section is reorganized in alphabetical order (Biological Resources is Section V.E. and Water Resources is Section V.P.).

Please note that pursuant to CEQA Guidelines Section 15988.5, Recirculation of an EIR Prior to Certification, the Final EIR will include responses to written comments on the remainder of the Draft EIR (2008), and responses to comments on this recirculated version of the Introduction, Biological Resources, Water Resources, and Alternatives Analysis sections of the Draft EIR (2013). If you commented on the previous public draft versions of these sections (2008 and 2012), you are encouraged to review the sections and submit written comments.

In addition, please note that the applicant has provided modifications to the project, which are incorporated into the project description listed below. Proposed changes include the use of new wells for potable water supply and elimination of the equestrian center. These changes are described in more detail below.

1. Project Description

The applicant is requesting approval of a Vesting Tentative Tract Map and Conditional Use Permit. The submitted tract map is vested based on the date of submittal to the County; therefore, the San Luis Obispo County Land Use Ordinance dated January 2003 applies. The proposed project consists of the agricultural cluster subdivision of 21 parcels (totaling approximately 1,910 acres) into 106 lots, including 102 residential lots of one acre each; four build-able open space lots totaling approximately 1,787 acres; and approximately 25 acres of internal residential roads. Approximately 6.6 percent of the 1,910-acre project site would be developed by residential lots and internal access roads.

The project site is located approximately two miles south of the City of Arroyo Grande and two miles north of the community of Nipomo, on both the eastern and western sides of Highway 101. The project site is located in the Agriculture and Rural Lands land use categories, within the South County Inland Planning Area. The proposed residential lots would be located throughout the project site on the eastern side of Highway 101; no new development is proposed on the western side of the highway.

Each residential lot would be approximately one acre each, and a building envelope approximately 0.5 acre in size would be located within each lot. Approximately 113 acres of existing vineyard would be removed to accommodate proposed development and buffer zones. Approximately 140 acres of replacement vineyard would be replanted onsite. Development proposed within the open space lots includes a homeowner's association facility, recreation center, and community center (ranch headquarters). Within the open space lots, approximately 660 acres of the project site, including proposed re-plant areas, would remain in agricultural production, including vineyards and orchards.

The proposed project would be developed in three phases. Phase One includes 43 residential lots, Main Roads 1 and 2, internal access roads, the construction of a wastewater treatment plant, treated effluent storage ponds, sewage collection system, effluent disposal/irrigation system, construction of a water storage tank, construction of the ranch headquarters, installation of private water service lines, entry gates and features, public utility extensions, and landscaping. Phase Two includes 40 residential lots, internal access roads, gates, and landscaping. Phase Three includes 19 residential lots, internal access roads, and landscaping. Vineyard removal and replacement would occur within each phase. In addition to these three phases, the applicant proposes a 7.7-acre dude ranch within one of the open space lots. The applicant is not currently requesting a permit to construct the dude ranch; however, the dude ranch is included in this EIR as a future development proposal.

2. Project Objectives

The CEQA *Guidelines* require a statement of objectives, including the underlying purpose of the project. The objectives help the lead agency develop a reasonable range of alternatives for evaluation in the EIR, and aid the decision-makers in preparing findings and a statement of over-riding considerations (if necessary). The applicant's stated objective is to use the incentives of the Agricultural Cluster Ordinance combined with estate planning to enable future generations of the landowner's families to continue to farm the project site as an economic unit, by creating an economically feasible and successful cluster project through a three-phased development that would include the following provisions:

- Preclude future residential development within designated agricultural/open space easements;
- Protect the existing rural character by placing 95 percent of the property within the Agricultural land use category and 90 percent of the property within the Rural Lands land use category in permanent agricultural/open space easements;
- Provide for the expansion of the existing winery operations and continuation of the vineyard operation;

- Create places to live and enjoy in a scenic rural setting;
- Create a financially feasible project; and,
- Enhance long-term agriculture viability.

3. Modifications to the Project Description

Following public circulation of the Draft EIR, the applicant requested modifications to the proposed project, including: 1) elimination of the equestrian center to avoid impacts related to aesthetics and air quality (dust, odors), and 2) the replacement of two wells for domestic water supply to avoid impacts to aquatic species within Los Berros Creek. The Draft EIR included the proposed use of Wells 10, 11, 12, and 13 for domestic water supply. As noted in the Draft EIR, use of Wells 12 and 13 would affect stream flow within Los Berros Creek. In response to the Draft EIR, the applicant proposed to use Wells 10, 11, 14, and 15 for domestic water supply. Existing Wells 14 and 15 are located within the northeastern portion of the project site. An existing buried water line extends from these wells into the vineyards, and is located within an agricultural road. This line would be replaced to serve the residential development. These modifications are carried through in the Recirculated Draft EIR Water Resources and Biological Resources sections, in addition to other revisions summarized below. Furthermore, the applicant incorporated all water conservation measures into the proposed project, including reductions in turf limitations and residential lot landscaped area, which reduced the water duty factor per lot to 0.44 acre-feet per year.

These changes are considered in these recirculated sections of the Draft EIR, and will also be considered in the Final EIR.

In addition to these changes, the applicant submitted a "Mitigated Project Alternative", which incorporates many of the mitigation measures identified in the 2008 DEIR (refer to Section I.A.6 Expanded Alternatives Analysis, below).

4. Biological Resources

Key changes to the Biological Resources section of the EIR have been made in response to the applicant's changes to the project (i.e., use of domestic Wells 14 and 15, elimination of the equestrian center), agency and public comments on the Draft EIR, and additional consultation with County Fire/California Department of Forestry and Fire Protection (CAL FIRE) regarding vegetative fuel modification within oak woodland.

As noted above, changes to the proposed project include the replacement of two wells previously proposed for domestic water supply. The applicant's intent for this change is to avoid significant adverse impacts to stream flow in Los Berros Creek and aquatic species (including southern steelhead) that would be affected by these changes. The analysis has been modified to incorporate the additional analysis of water resources.

Based on subsequent consultation with CAL FIRE (2011), including onsite field inspections to determine the required level of vegetative fuel management, CAL FIRE determined that trimming of oak trees would occur within 30 feet of the structure. Upon review of proposed lots

within or in the vicinity of oak woodland, CAL FIRE recommended that fuel management within 30 to 100 feet of the structure would not likely require trimming of live limbs, and would be limited to dead matter and understory. Assuming a worst-case-scenario, it is likely that up to 25 percent of oak trees within the 30- to 100-foot zone surrounding each structure would be impacted by fuel modification actions. In addition, based on information provided by the applicant (RRM, 2008), all oak trees within proposed vineyard replacement areas would remain. The assessment of impacts to oak trees has been modified to reflect these changes.

Additional clarifications, modifications, and updates in the EIR analysis and mitigation measures have been made to address public and agency comments on the Draft EIR (2008).

5. Water Resources

Following public circulation of the Draft EIR (2008), public comments were received identifying potential inadequacies in the technical reports that supported the EIR analysis and determination of effect. Upon review of these comments, the County determined that further analysis of water resources was necessary to adequately assess the baseline conditions and environmental effects of the project, including sustainable yield. An independent peer review of technical reports provided by the applicant and the Draft EIR analysis was conducted in April 2009 by Fugro Consultants, Inc. (Fugro). As a result of the independent peer review, cyclic well testing and monitoring was conducted from October 16, 2009, through December 31, 2010, including sustainable yield testing between September and December 2010. A third-party, independent analysis of the well and sustainable yield testing was conducted by Geosyntec Consultants, Inc., and a sustainable yield assessment was provided to supplement the analysis presented in the Revised EIR section. The supplemental analysis of water supply and sustainable yield was performed in 2009 through 2011. All past reports listed below were reviewed by Geosyntec as part of the independent review. The peer reviews, work performed, and associated analysis is documented in the following reports:

- *Hydrogeologic Review Water Resources Section of the Draft Environmental Impact Report Laetitia Agricultural Cluster Subdivision, Tentative Tract Map and Conditional Use Permit, SCH No. 2005041094*, Fugro, April 23, 2009

- *Response to Hydrogeological Peer Review of Water Resources Section, Laetitia Agricultural Cluster Draft Environmental Impact Report*, Cleath and Associates, June 24, 2009

- *Supplemental Hydrogeologic Review Water Resources Section of the Draft Environmental Impact Report Laetitia Agricultural Cluster Subdivision, Tentative Tract Map and Conditional Use Permit, SCH No. 2005041094*, Fugro, June 9, 2009

- *Response to Supplemental Hydrogeological Peer Review of Water Resources Section, Laetitia Agricultural Cluster Draft Environmental Impact Report*, Cleath and Associates, July 2, 2009

- *Laetitia Well Testing and Sustainable Yield Assessment*, Cleath Harris Geologists, July 2010

- *Laetitia Well Testing and Sustainable Yield Assessment Addendum*, Cleath Harris Geologists, March 2011

- *Review of Well Testing and Sustainable Yield Assessment Proposed Laetitia Agricultural Cluster Subdivision*, Geosyntec, September 2011

- *Baseline Water Demand*, Geosyntec, April 2012

Additional comments were received in response to the Recirculated Draft EIR (2012), including concerns identified by the County Agriculture Department regarding baseline agricultural water use and estimates for residential water demand. Based on this information, additional review of water resources, including re-evaluation of baseline water use and irrigation rates, was conducted, resulting in the following additional documentation:

- *Review of Laetitia Residential Water Demand*, Geosyntec April 2013

This additional information is included in the Water Resources Section, Appendix H (Geosyntec reports), and on file with the County Department of Planning and Building.

6. Expanded Alternatives Analysis

The Revised Alternatives Analysis section includes two additional alternatives not previously considered in the Draft EIR. In response to the Draft EIR, the applicant submitted a "Mitigated Project Alternative," which has been incorporated in the Alternatives Analysis section of the EIR (Section VI). The Mitigated Project: Applicant Proposed Alternative is an agricultural cluster with the same number of residential lots as the proposed project (102); however, this alternative incorporates many of the design recommendations and mitigation measures identified in the Draft EIR to avoid adverse or minimize adverse effects to archaeological resources, aesthetics, and biological resources (oak trees). The Mitigated Project Alternative includes the use of wells identified in the changes to the proposed project identified above, and does not include the equestrian facility. The alternative includes the following modifications to the proposed tract map and project design descriptions:

Sub-cluster A

- Realignment of Road A
- Deletion of Roads K and M
- Reconfiguration of Lots 1 through 10 and 16 through 23
- Relocation of Lots 11 through 15
- Application of 25-foot maximum allowable building height for Lots 1 through 23
- Adjustment of agricultural buffers to accommodate new road and lot configuration

Sub-cluster B

- Relocation of Lots 28, 29, 42, and 43
- Reconfiguration of Lot 27, and require 25-foot allowable minimum building height
- Reconfiguration of Lots 24 through 26
- Realignment of Road J
- Delete equestrian center
- Extension of Road I
- Reconfiguration of building envelopes within Lots 36 through 39 (close to Road I), and use of stepped foundations
- Require revegetation of slopes and landscape screening along Road H
- Adjustment of agricultural buffers to accommodate new road and lot configuration

Sub-cluster C

- Relocation of Lots 47 and 48 and reconfiguration of Lot 46
- Revise Road D (driveway to serve Lot 46 and provide access to vineyard)
- Reconfiguration of Lots 49 through 64
- Install 24-hour, 7 days a week, 365 days a year, guardhouse
- Adjustment of agricultural buffers to accommodate revised road and Lot configurations

Sub-cluster D

- Relocation of Lots 68 and 69
- Modification of Road B to an elevation and alignment below the residential lots
- Reconfigure Lots 74 through 85
- Application of 25-foot maximum allowable building height for Lots 66 through 85
- Adjustment of agricultural buffers to accommodate new road and lot configuration

Sub-cluster E

- Application of 25-foot maximum allowable building height for Lots 87 through 91, and Lot 101
- Require revegetation of slopes and landscape screening along Main Road 2 and Roads E and F
- Relocation of water tank and require landscape screening

Ranch Headquarters/HOA Facility

- Retain historic squeeze chute, dairy barn, and milk house

Equestrian Center

- Eliminated from originally-proposed project

Existing Winery

- Construction of retaining wall/sound wall at winery work area

Domestic Recycled Water Re-Use

- Relocation of recycled water re-use area

The second additional alternative is a substantially reduced project, which is limited to seven clustered residential lots and an access road. This alternative would not include a homeowner's association building/ranch headquarters or wastewater treatment facility.

a. Additional Modifications to the Alternatives Discussion

In addition to the expanded alternatives discussion, some corrections and clarifications to mitigation measures related to various resources are incorporated into this recirculated section. The changes are minor clarifications in response to public and agency comments, and changes proposed by the applicant (i.e., use of water wells and elimination of the equestrian center). These include reductions in the level of impact severity for the following impacts:

- Biological Resources Impact 7
- Air Quality Impact 6
- Noise Impact 2
- Noise Impact 5

B. PURPOSE OF THE RECIRCULATED DRAFT EIR

Section 15088.5(a) of the California Environmental Quality Act (CEQA) Guidelines (Title 14 of the California Code of Regulations) includes the following statement:

> *"A lead agency is required to recirculate an EIR when significant new information is added to the EIR after public notice is given of the availability of the draft EIR for public review under Section 15087 but before certification. As used in this section, the term 'information' can include changes in the project or environmental setting as well as additional data or other information."*

The County has determined that the technical reports prepared, materials received from the applicant, and agency and public response to the Draft EIR (2008) related to water resources constitutes "significant new information" which has become available after the Draft EIR was released for public review. To address this issue, they have chosen to recirculate sections of the Draft EIR to the public. The sections revised in this Recirculated Draft EIR include:

1. Biological Resources;
2. Water Resources; and,
3. Alternatives Analysis.

Since the above referenced significant new information does not have a potentially significant effect on other issue area sections of the Draft EIR (e.g., Air Quality, Geology, etc.), these sections are not included in the Recirculated Draft EIR. As noted above, some clarifications to mitigation measures are identified in the Alternatives Section of this recirculation portion of the EIR. Once the public comment has concluded on the Recirculated Draft EIR, all sections will be updated and revised where necessary, and will be assembled into one Final EIR.

C. REVIEW OF THE RECIRCULATED DRAFT EIR

This Recirculated Draft EIR has been distributed to the following in accordance with Public Resources Code 21092(1) and CEQA Guidelines Section 15088.5(f)(3): responsible and trustee agencies, other affected agencies, surrounding cities, interested parties, all parties requesting a copy of the Draft EIR (2008), and all parties who commented on the Draft EIR (2008) and Recirculated Draft EIR (2012). The Notice of Completion of the Recirculated Draft EIR has also been distributed as required by CEQA. During the 45-day review period identified in the Notice of Availability, the Recirculated Draft EIR, including technical appendices, and the entire Draft EIR (2008), will be available for review on the County's website and at the following locations:

County of San Luis Obispo
Environmental Division
976 Osos Street, Room 200
San Luis Obispo, CA 93408

San Luis Obispo City/County Library
995 Palm Street
San Luis Obispo, CA 93401

Website: www.slocounty.ca.gov/planning/environmental/EnvironmentalNotices/laetitia

On behalf of the lead agency, comments on the Recirculated Draft EIR shall be addressed to:

Brian Pedrotti
County of San Luis Obispo
Department of Planning and Building
976 Osos Street, Room 200
San Luis Obispo, CA 93408-2040

via e-mail: bpedrotti@co.slo.ca.us.

***PLEASE NOTE*: Per CEQA Guidelines Section 15088.5(f) (2), County responses to public comments received will be limited to the issues analyzed in the Recirculated Draft EIR (i.e., Water Resources, Biological Resources, and Alternatives Analysis).**

Written responses to all comments received during the initial Draft EIR (2008) circulation period (September – November 2009) that relate to sections or portions of the document that are *not* being revised and recirculated, and comments received during the Recirculated Draft EIR circulation period that relate to the sections or portions of the Draft EIR (2008) that *are included in this Recirculated Draft EIR,* will be included in one Final EIR and the environmental record for consideration by decision-makers for the project.

In addition to incorporating all of the responses to comments from the Draft EIR (2008) and this Recirculated Draft EIR, the Final EIR will include some other clarifications in response to public comment that are not considered "significant new information" (i.e., clarifying language in a mitigation measure to improve implementation and verification). In addition, the Final EIR will include updated Introduction and Summary sections and Mitigation and Monitoring Plan.