

1.0 INTRODUCTION

This document is an Environmental Impact Report (EIR) that examines the potential effects of approving a Specific Plan and constructing a development project that implements that plan on an approximately 131-acre site in what is currently unincorporated San Luis Obispo County and designated for annexation into the City of San Luis Obispo. The project is described in detail in Section 2.0, *Project Description*. This Introduction describes: (1) the general background of the project; (2) the purpose of and legal authority for the EIR; (3) the scope and content of the EIR; (4) lead, responsible and trustee agencies; and (5) the environmental review process required under the California Environmental Quality Act (CEQA).

1.1 PROJECT BACKGROUND

1.1.1 Summary of Proposed Project

The San Luis Ranch Project consists of a Specific Plan, General Plan Amendment and pre-zone, Development Agreement/Memorandum of Understanding, and Development Plan/Tentative Tract Map for the 131-acre project site, including annexation of the site into the City of San Luis Obispo. The site is currently located in unincorporated San Luis Obispo County and is identified by assessor's parcel number (APN) 067-121-022. The project is intended to be consistent with the development parameters described in the City's General Plan Land Use and Circulation Elements, which were updated in December 2014. The project includes a mixture of residential, commercial, office, and hotel uses, with a portion of the site preserved for agriculture and open space uses. Phases 1, 2, and 3 of the project would consist of residential development. Phases 4, 5, and 6 would consist of non-residential (commercial and office) development. Construction is proposed to begin in 2017 with buildout of the site anticipated by 2023.

There are existing entitlements on the project site for development in the County from the voter-approved initiative known as "Measure J," which was passed in 2006 and upheld in 2009. However, the project applicant is pursuing developing under City jurisdiction, and has proposed an annexation of the site consistent with policy from the City's General Plan Land Use Element, as discussed below. The Measure J entitlements include 60 multi-family dwelling units, 560,000 square feet of regional commercial and outdoor sales areas, 198,000 square feet of office space, a 150-room hotel and ancillary facilities¹. Because the Measure J entitlements would leave the project site under the jurisdiction of the County, but surrounded entirely by the City limit, these entitlements would also require the use of private water from onsite wells and an onsite wastewater treatment facility.

¹ The full text of Measure J is available on the County of San Luis Obispo's website:
[http://www.slocounty.ca.gov/Assets/CR/Elections/Past+Elections/November+7\\$!2c+2006+general+election/Full+text+Measure+j-06.pdf](http://www.slocounty.ca.gov/Assets/CR/Elections/Past+Elections/November+7$!2c+2006+general+election/Full+text+Measure+j-06.pdf)



1.1.2 Land Use Background

City of San Luis Obispo Land Use and Circulation Elements

In December 2014, the City adopted the updated Land Use and Circulation Elements to address a variety of programs and policies that would guide private development and public improvements in the City for the next 10 to 20 years. Chapter 8 of the Land Use Element addresses “Special Focus Areas,” which consist of four Specific Plan Areas and twelve Special Planning Areas. The San Luis Ranch property is identified as a Specific Plan Area (SP-2). The 2014 updates to the Land Use and Circulation Elements include policies and the prescribed format, content, and regulatory elements of a specific plan for the San Luis Ranch Specific Plan Area (Sections 8.1.1, 8.1.2, and 8.1.4 of the Land Use Element). Under the City’s General Plan, prior to development the project site is required to be annexed with an approved Specific Plan defining how the site would be developed. Section 8.1.4 of the City’s Land Use Element provides guidance for development of the San Luis Ranch Specific Plan Area. The section includes the following purpose for the Specific Plan area:

***Purpose:** This project site should be developed as a mixed use project that maintains the agricultural heritage of the site, provides a commercial / office transition to the existing commercial center to the north, and provides a diverse housing experience. Protection of the adjacent creek and a well-planned integration into the existing circulation system will be required. The specific plan for this area should consider and address the following land use and design issues.*

- a. *Provide land and appropriate financial support for development of a Prado Road connection. Appropriate land to support road infrastructure identified in the EIR (overpass or interchange) at this location shall be dedicated as part of any proposal.*
- b. *Circulation connections to integrate property with surrounding circulation network for all modes of travel. Connection to Froom Ranch and Calle Joaquin, if proposed, shall not bifurcate on- site or neighboring agricultural lands. Any connection to Calle Joaquin shall be principally a secondary / emergency access by design.*
- c. *Development shall include a transit hub. Developer shall work with transit officials to provide express connections to Downtown area.*
- d. *Maintain agricultural views along Highway 101 by maintaining active agricultural uses on the site, and maintain viewshed of Bishop Peak and Cerro San Luis.*
- e. *Maintain significant agricultural and open space resources on site. Land dedicated to Agriculture shall be of size, location and configuration appropriate to maintain a viable, working agricultural operation.*
- f. *Where buffering or transitions to agricultural uses are needed to support viability of the agricultural use, these shall be provided on lands not counted towards the minimum size for the agriculture / open space component. Provide appropriate transition to agricultural uses on-site.*
- g. *Integrate agricultural open space with adjacent SLO City Farm and development on property.*
- h. *Site should include walkable retail and pedestrian and bicycle connections to surrounding commercial and residential areas.*



- i. Commercial and office uses shall have parking placed behind and to side of buildings so as to not be a prominent feature.
- j. Neighborhood Commercial uses for proposed residential development shall be provided.
- k. Potential flooding issues along Prefumo Creek need to be studied and addressed without impacting off-site uses.
- l. All land uses proposed shall be in keeping with safety parameters described in this General Plan or other applicable regulations relative to the San Luis Obispo Regional Airport.
- m. Historic evaluation of the existing farm house and associated structures shall be included.

Table 1-1 includes the performance standards specified in the Section 8.1.4 of the updated element for the Specific Plan area.

**Table 1-1. City of San Luis Obispo Land Use Element
Performance Standards for San Luis Ranch Specific Plan Area**

Type	Designations Allowed	% of Site	Minimum ¹	Maximum
Residential	LDR MDR MHDR HDR		350 units	500 units
Commercial	NC CC		50,000 SF	200,000 SF
Office/High Tech	O		50,000 SF	150,000 SF
Hotel/Visitor-Serving				200 rooms
Parks	PARK		5.8 acres	
Open Space/ Agriculture	OS AG	Minimum 50% ²		No maximum
Public	n/a			
Infrastructure	n/a			

1. There can be a reduction in the minimum requirement based on specific physical and/or environmental constraints.
2. The City Council may consider allowing a portion of required open space to be met through off-site dedication provided
a. A substantial multiplier for the amount of open space is provided for the off-site property exchanged to meet the on-site requirement; and
b. Off-site land is of similar agricultural and visual value to the community; and
c. Off-site land is protected through an easement, dedication or fee title in perpetuity for agriculture/open space.
Source: San Luis Obispo General Plan Land Use Element, Section 8.1.4, SP-2, San Luis Ranch (Dalidio) Specific Plan Area

An EIR for the Land Use and Circulation Element Update was certified by the City in 2014. The 2014 Land Use and Circulation Elements Update EIR (LUCE Update EIR) addresses potential impacts of development of the project site in terms of the applicable Land Use and Circulation Element policies. However, the LUCE Update EIR does not address any specific land use development proposal for the San Luis Ranch Specific Plan Area.

Airport Land Use Plan

The San Luis Obispo County Airport Land Use Commission (ALUC) adopted the Airport Land Use Plan (ALUP) for the San Luis Obispo County Regional Airport (Airport) in 1973 pursuant to the California State Aeronautics Act. The ALUP was subsequently amended in 1974, 1977, 2002, 2004 and 2005. The purpose of the ALUP is to protect the long term economic viability of the Airport by ensuring compatible land uses in the vicinity of the airport; to protect the safety and well-being of the public by ensuring land use regulations minimize exposure of persons to



hazards associated with airport operations; to provide a set of policies and criteria to assist the ALUC in evaluating the compatibility of proposed local actions on the part of referring agencies with the Airport and in determining the consistency of proposed local actions with the ALUP; and to provide guidance to local agencies when presenting proposed local actions to the ALUC for review.

The project site is within the Airport Land Use Planning Area and would be subject to the policies included in the ALUP. The ALUC is currently in the process of preparing a scope of work for an Amendment to the ALUP. In preparation for that amendment, the ALUC has prepared updated airport noise contours and boundaries of the aviation safety areas. However, those updates have not been formally adopted by the ALUC.

1.1.3 Relationship of the Project to the Land Use and Circulation Elements

The San Luis Ranch property, identified in the City's updated Land Use Element as Specific Plan Area (SP-2), is currently located in an unincorporated area of the County, and within the City's Sphere of Influence. Policy 8.1.1 of the Land Use Element requires the completion and approval of a specific plan and associated General Plan Amendment prior to annexation and development of land within an area, such as the project site, which is designated as a Specific Plan Area (SP-2). The parameters for future development within SP-2 are included in Policy 8.1.4. The San Luis Ranch Specific Plan must meet performance standards prescribed in the Land Use Element, including minimum and maximum density requirements. Annexation would be subject to approval by the San Luis Obispo Local Agency Formation Commission (LAFCO) in coordination with both the City and County of San Luis Obispo.

A full access interchange at U.S. Highway 101 (U.S. 101) and Prado Road has been a component of the San Luis Obispo County Regional Transportation Plan (RTP) and City Circulation Element for several decades. Environmental review and approval of programs, services, development and projects which have since been implemented have been in part predicated on a full access interchange at U.S. 101/Prado Road. Programmatic (policy-level) analysis conducted for the San Luis Ranch Specific Plan Area as part of the Land Use and Circulation Element Update identified that without a full access interchange at U.S. 101/Prado Road under buildout conditions, City streets and intersections would operate at unacceptable levels of service. The proposed San Luis Ranch Project does not include any improvements related to either a Prado Road overpass or interchange, but accommodates the potential development of either facility, if and when these are needed. The project proposes to dedicate the necessary right-of-way and financially participate in the overpass or interchange project in accordance with an equitable share analysis. The traffic study conducted for this EIR is, in part, intended to identify if and when implementation of the Prado Road overpass or interchange is necessary to achieve acceptable levels of service on City roadways and intersections, in consideration of vehicle trips generated by the proposed San Luis Ranch Project, in combination with existing and anticipated development in the City.

Policy 9.2.2 of the Circulation Element requires the sponsors of development projects that contribute to the need for the Prado Road interchange or overpass to prepare or fund the preparation of a Project Study Report (PSR) for the interchange project. A PSR is an engineering report prepared cooperatively by Caltrans and local and regional agencies for projects on the State highway system, with the purpose of documenting agreement on the scope, schedule and



estimated cost of a project so the project can be considered for inclusion in a future programming document such as the State Transportation Improvement Program (STIP). The PSR for Highway 101/Prado Road is currently being undertaken, in parallel with the review of the proposed San Luis Ranch Project.

Because the analysis in the LUCE Update EIR was completed at a policy level for the San Luis Ranch Specific Plan Area, the City allowed for open space requirements to be satisfied off-site if: (a) a substantial multiplier for the amount of open space is provided for the off-site property exchanged to meet the on-site requirement; (b) off-site land is of similar agricultural and visual value to the community; and (c) off-site land is protected through an easement, dedication or fee title in perpetuity for agriculture/open space.

As described in Section 15152 of the *State CEQA Guidelines*, tiering refers to “using the analysis of general matters in a broader EIR (such as one prepared for a general plan or policy statement) with later EIRs and negative declarations on narrower projects; incorporating by reference the general discussions from the broader EIR; and concentrating the later EIR or negative declaration solely on the issues specific to the later project.”

This EIR tiers from and incorporates by reference the City’s previously certified LUCE Update EIR (2014) and is intended to provide clear explanations as to whether project-level impacts were or were not within the scope of, and adequately addressed by, the policy-level analysis in the LUCE Update EIR. Similarly, for identified impacts, this EIR describes, and/or refines, the programmatic mitigation measures from the LUCE Update EIR, and the extent to which they address site-specific conditions for the San Luis Ranch Project. The LUCE Update EIR is available for public review at: <http://www.slo2035.com/library/documents-reports/46-final-program-eir.html>

This EIR also provides a roadmap for future projects to determine consistency with the Specific Plan and associated EIR analysis, with the objective of minimizing redundant future CEQA review. For each impact in the project EIR, the discussion clearly delineates how the impact was (or was not) addressed in the LUCE Update EIR by providing a summary of the policy-level impact analysis. The discussion then describes how the policy-level analysis relates to the proposed Specific Plan, with respect to site-specific conditions, the consistency of the proposed Specific Plan with the analytical assumptions of the program EIR, the magnitude of the impact, and the applicability of programmatic mitigation measures.

The General Plan contains policy support for incorporation of a transit hub as part of the Specific Plan land use concept. Future projects in the Specific Plan area may therefore be eligible for CEQA streamlining pursuant to SB 743. Adopted in 2013, SB 743 added a Statutory Exemption for projects which meet all of the following criteria:

- The project is a residential, employment center, or mixed use project;
- The project is located in a transit priority area;
- The project is consistent with a specific plan for which an environmental impact report was certified;
- The project is consistent with an adopted sustainable communities strategy or alternative planning strategy.



With adoption of the proposed Specific Plan, the area may satisfy the above qualifying criteria for Statutory Exemption of future projects consistent with the Specific Plan. Impacts of future projects within the Specific Plan area would be compared to what was analyzed in the EIR for the Specific Plan to determine the applicability of the SB 743 Statutory Exemption.

The impacts identified in the LUCE Update EIR, the Notice of Preparation (NOP) process, and the Initial Study (Appendix A) have been utilized as a starting point in determining potential impacts of the project that must be analyzed in this EIR. A summary of related impacts and applicable mitigation from the LUCE Update EIR is included under the heading of Previous Environmental Review in the discussion of each environmental issue area in Section 4.0, *Environmental Impact Analysis*. This EIR provides an analysis of the impacts of the proposed development on the project site, which is described in detail in Section 2.0, *Project Description*.

1.1.4 Areas of Known Public Controversy

Section 15123 of the CEQA Guidelines states that an EIR shall identify areas of controversy known to the Lead Agency, including issues raised by the agency and the public. Based on comments received from the public hearing and responses received during the NOP comment period, the following issues are known to be of concern and may be controversial. Each issue is further evaluated in the EIR. The NOP/Initial Study, as well as comment letters received regarding the NOP, are presented in Appendix A of this EIR.

- Increased traffic congestion and impacts to circulation, especially between the U.S. 101 corridor between Los Osos Valley Road and Madonna Road;
- Available water supply;
- The drainage characteristics of the project site;
- Airport safety and noise;
- Permanent loss of prime agricultural land;
- Naturally-occurring asbestos;
- Greenhouse gas emissions;
- Construction-related impacts such as interference with pedestrian and vehicle traffic circulation, dust, and other emissions; and
- Project alternatives.

1.2 PURPOSE AND LEGAL AUTHORITY

Several of the project's proposed actions: amendments to the General Plan, adoption of the Specific Plan, annexation of the site to the City of San Luis Obispo, a Development Agreement, and a Development Plan, are discretionary actions requiring approval of the City Council. Therefore, the project is subject to the requirements of CEQA. In accordance with Section 15121 of the *State CEQA Guidelines*, the purpose of this EIR is to serve as an informational document that:

...will inform public agency decision-makers and the public generally of the significant environmental effects of a project, identify possible ways to minimize the significant effects, and describe reasonable alternatives to the project.



This EIR is to serve as an informational document for the public and City of San Luis Obispo decision-makers. The process will culminate with Planning Commission and City Council hearings to consider certification of a Final EIR as well as the project's requested approvals.

Although the project is a specific plan and development plan, this EIR contains a project-level environmental review that fulfills the requirement of a project-level EIR. As defined in CEQA Guidelines Section 15161, a project-level EIR:

...examines the environmental impacts of a specific development project. This type of EIR should focus primarily on the changes in the environment that would result from the development project. The EIR shall examine all phases of the project including planning, construction, and operation.

Pursuant to CEQA Guidelines Section 15182, "where a public agency has prepared an EIR on a specific plan after January 1, 1980, no EIR or negative declaration need be prepared for a residential project undertaken pursuant to and in conformity to that specific plan if the project," as long as the residential project is within the scope of the EIR, no new environmental effects are anticipated to occur, and no new mitigation measures are required for the residential project.

1.3 SCOPE AND CONTENT

In accordance with the *State CEQA Guidelines*, a Notice of Preparation (NOP) for this EIR was distributed for review by affected agencies and the public on October 19, 2015. The NOP and Initial Study are presented in Appendix A of this EIR. Through the NOP and Initial Study process, the City of San Luis Obispo determined that there was no substantial evidence that the project would cause or otherwise result in significant environmental effects in the areas of Geology and Soils, Mineral Resources, Population and Housing, and Public Services. No further environmental review of these issues is necessary for the reasons summarized in the Section 5.0, *Effects Found Not to be Significant*. The substantiation for determining that these issues would result in no impact, or a less-than-significant impact is described in further detail in Appendix A, NOP and the Initial Study, pursuant to §15128 of the *State CEQA Guidelines*.

This EIR addresses the issues determined to be potentially significant in the Initial Study, and based on responses to the NOP and scoping discussions among the public, consulting staff, and the City. The City of San Luis Obispo conducted an initial analysis of the proposed development's impacts through the Initial Study and NOP process. The environmental issues addressed in impact sections in this EIR include:

- Aesthetics
- Agricultural Resources
- Air Quality
- Biological Resources
- Cultural Resources
- Greenhouse Gas Emissions
- Hazards and Hazardous Materials
- Hydrology and Water Quality
- Land Use/ Planning
- Noise
- Recreation
- Transportation/ Traffic
- Utilities/ Service Systems

This EIR builds upon the programmatic analysis performed in the LUCE Update EIR and addresses the issues referenced above and identifies potentially significant environmental



impacts, including site-specific and cumulative effects of the project in accordance with the provisions set forth in CEQA and the *State CEQA Guidelines*. In addition, the EIR recommends feasible mitigation measures, where possible, that would reduce or eliminate adverse environmental effects.

A summary of cumulative impacts, which gives consideration to other projects in the vicinity, are described in each resource section within Section 4.0, *Environmental Impact Analysis*. Cumulative project analyses represent a comprehensive assessment of potential impacts on City resources using a list of past, present, and probable future projects capable of producing related or cumulative impacts.

Alternatives to the project consistent with CEQA requirements are considered to examine a reasonable range of approaches to minimize environmental impacts while achieving most of the project objectives. The alternatives to the project are evaluated in Section 6.0, *Alternatives*, of this EIR.

In preparing the EIR, use was made of pertinent City policies and guidelines, existing EIRs and background documents prepared by the City, and documents that guide land use in the City. A full reference list is contained in Section 7.0, *References*, of this EIR.

The level of detail contained throughout this EIR is consistent with the requirements of CEQA and applicable court decisions. The *State CEQA Guidelines* provide the standard of adequacy on which this document is based. The Guidelines state:

An EIR should be prepared with a sufficient degree of analysis to provide decision-makers with information which enables them to make a decision which intelligently takes account of environmental consequences. An evaluation of the environmental effects of the proposed project need not be exhaustive, but the sufficiency of an EIR is to be reviewed in light of what is reasonably feasible. Disagreement among experts does not make an EIR inadequate, but the EIR should summarize the main points of disagreement among the experts. The courts have looked not for perfection, but for adequacy, completeness, and a good faith effort at full disclosure. (Section 15151).

1.4 LEAD, RESPONSIBLE, AND TRUSTEE AGENCIES

The *State CEQA Guidelines* define “lead,” “responsible” and “trustee” agencies. The City of San Luis Obispo is the lead agency for the project because it has the principal responsibility for approving the project. Discretionary approval of the project (including acquisition of the project site) is vested with the San Luis Obispo City Council.

A “responsible agency” refers to public agencies other than the “lead agency” that have discretionary approval over the project. The Local Agency Formation Commission (LAFCO) would be the responsible agency for annexation of the project site to the City. The State Department of Transportation (Caltrans) would be a responsible agency for any improvements on U.S. Highway 101 (U.S. 101). Other responsible agencies include the Airport Land Use Commission, Army Corps of Engineers for review of a Nationwide or Individual permit (dependent upon the acreage of total wetland disturbance), and the Regional Water Quality Control Board (RWQCB) for Section 401 Water Quality Certification and the National Pollutant Discharge Elimination System (NPDES) Storm Water Permit.



A “trustee agency” refers to a state agency having jurisdiction by law over natural resources affected by a project that are held in trust for the people of the State of California. The California Department of Fish and Wildlife (CDFW) has jurisdiction over biological resources, including waters of the State and rare and endangered plant species, which may be affected by project development, and is, therefore, a trustee agency.

1.5 ENVIRONMENTAL REVIEW PROCESS

The environmental impact review process, as required under CEQA, is outlined below. The steps are presented in sequential order.

- 1. Notice of Preparation.** Immediately after deciding that an EIR is required, the lead agency must file a NOP soliciting input on the EIR scope to “responsible,” “trustee,” and involved federal agencies; to the State Clearinghouse, if one or more state agencies is a responsible or trustee agency; and to parties previously requesting notice in writing (*State CEQA Guidelines* Section 15082; Public Resources Code Section 21092.2). The NOP must be posted in the County Clerk’s office for 30 days.
- 2. Draft Environmental Impact Report.** The Draft EIR must contain: a) table of contents or index; b) summary; c) project description; d) environmental setting; e) significant impacts (direct, indirect, cumulative, growth-inducing and unavoidable impacts); f) alternatives; g) mitigation measures; and h) irreversible changes.
- 3. Public Notice and Review.** A lead agency must prepare a Notice of Availability of an EIR. The Notice must be placed in the County Clerk’s office for 30 days (Public Resources Code Section 21092). The lead agency must send a copy of its Notice to anyone requesting it (*State CEQA Guidelines* Section 15087). Additionally, public notice of DEIR availability must be given through at least one of the following procedures: (a) publication in a newspaper of general circulation; (b) posting on and off of the project site; or (c) direct mailing to owners and occupants of contiguous properties. The lead agency must consult with and request comments on the Draft EIR from responsible and trustee agencies, and adjacent cities and counties (Public Resources Code Sections 21104 and 21253). The minimum public review period for a Draft EIR is 30 days. When a DEIR is sent to the State Clearinghouse for review, the public review period must be 45 days unless a shorter period is approved by the Clearinghouse (Public Resources Code 21091).
- 4. Final EIR.** A Final EIR must include: (a) the DEIR; (b) copies of comments received during public review; (c) a list of persons and entities commenting; and (d) responses to comments.
- 5. Final EIR Certification.** Prior to approving a project, the lead agency must certify that: (a) the Final EIR has been completed in compliance with CEQA; (b) the Final EIR was presented to the decision-making body of the lead agency and that the lead agency considered the information in the Final EIR; and c) the Final EIR reflects the lead agency’s independent judgment and analysis (*State CEQA Guidelines* Section 15090).



6. **Lead Agency Decision.** A lead agency may: (a) disapprove a project because of its significant environmental effects; (b) require changes to a project to reduce or avoid significant environmental effects; or (c) approve a project despite its significant environmental effects, if the proper findings and statement of overriding considerations are adopted (*State CEQA Guidelines* Sections 15042 and 15043).
7. **Findings/Statement of Overriding Considerations.** For each significant impact of the project identified in the EIR, the lead or responsible agency must find, based on substantial evidence, that either: (a) the project has been changed to avoid or substantially reduce the magnitude of the impact; (b) changes to the project are within another agency's jurisdiction and such changes have or should be adopted; or (c) specific economic, social, or other considerations make the mitigation measures or project alternatives infeasible (*State CEQA Guidelines* Section 15091). If an agency approves a project with unavoidably significant environmental effects, it must prepare a written Statement of Overriding Considerations that set forth the specific social, economic or other reasons supporting the agency's decision.
8. **Mitigation Monitoring/Reporting Program.** When a lead agency makes findings on significant effects identified in a Final EIR, it must adopt a reporting or monitoring program for mitigation measures that were adopted or made conditions of project approval to mitigate significant effects.
9. **Notice of Determination.** The lead agency must file a Notice of Determination after deciding to approve a project for which an EIR is prepared (*State CEQA Guidelines* Section 15094). A local agency must file the Notice with the County Clerk. The Notice must be posted for 30 days and sent to anyone previously requesting notice. Posting of the Notice starts a 30-day statute of limitations on CEQA challenges (Public Resources Code Section 21167[c]).

