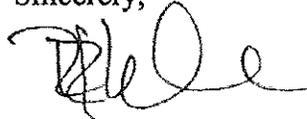


Tom Pace, Long-Range Planning Manager
October 23, 2008
Page 2

developed as “needs are assessed and development focus shifts throughout the North Natomas Community Plan Area.” (Draft North Natomas Community Plan, p. 3-NN-44; see also p. 3-NN-45 (map).)

We request that Alleghany Properties’ proposal for the Planned Development designation to be applied to the Natomas Crossing project site be included in the City’s staff report to the upcoming Planning Commission meeting on the 2030 General Plan. Including this information in the staff report will introduce the Planned Development concept for the site to the Planning Commission, City Council and the public. We would be happy to meet with any interested party to discuss this request.

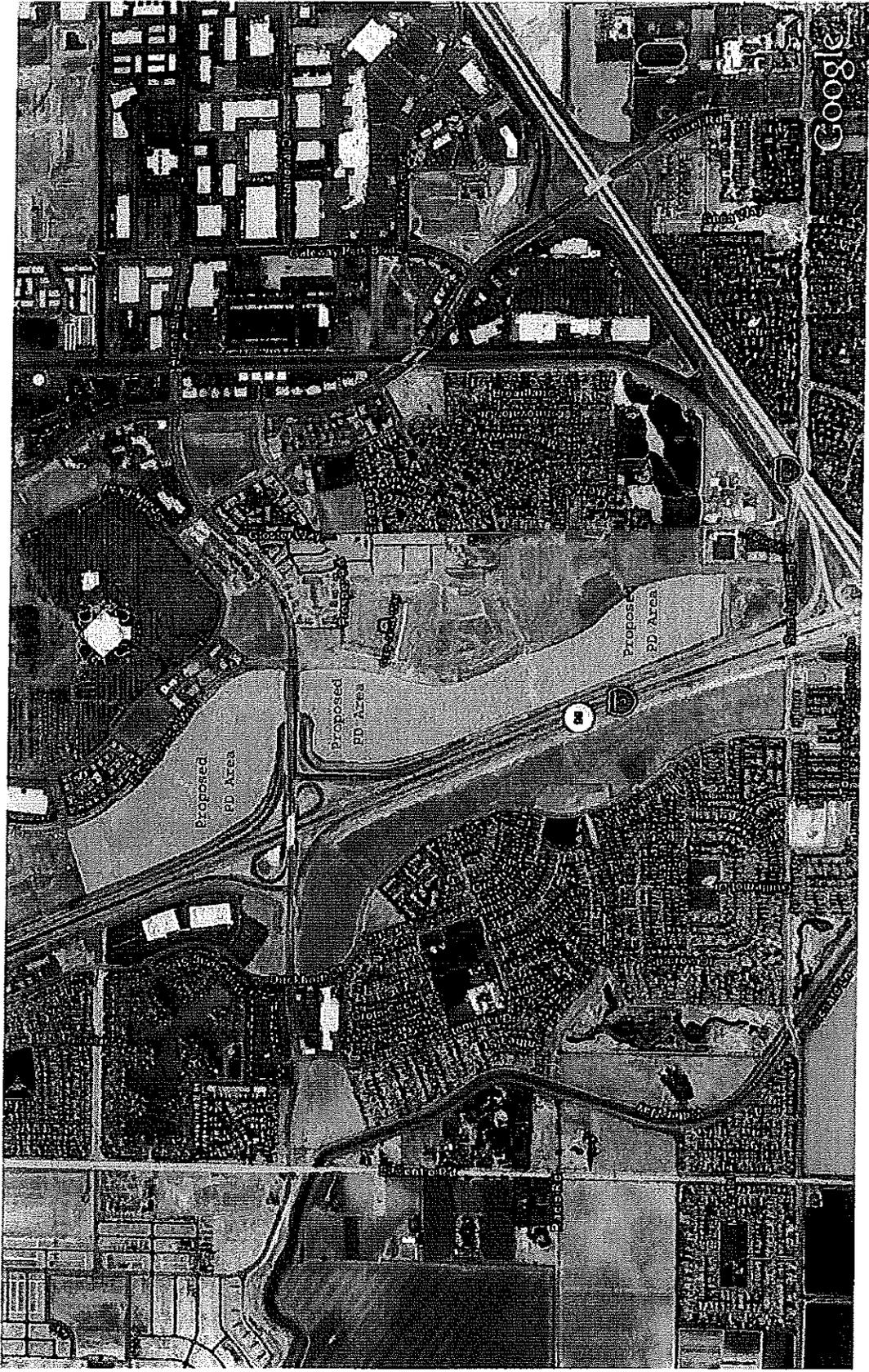
Sincerely,

A handwritten signature in black ink, appearing to read 'Tiffany K. Wright', written in a cursive style.

Tiffany K. Wright

Enclosure

cc: Ray Tretheway
Dan Roth
John Dangberg
Gregory Bitter
Bill Thomas
David Kwong





COPY

JOHN V. "JACK" DIEPENBROCK
KAREN L. DIEPENBROCK
KEITH W. MCBRIDE
BRADLEY J. ELKIN
EILEEN M. DIEPENBROCK
MARK D. HARRISON
GENE K. CHEETER
LAWRENCE B. GARCIA
ANDREA A. MATARAZZO
JOEL PATRICK ERB
JON D. RUBIN
JENNIFER L. DAUER
JEFFREY K. DORJO

JEFFREY L. ANDERSON
SEAN K. HUNGERFORD
LEONOR Y. DICICAN
JULIE F. REISER
CHRIS A. McCANDLESS
DAVID P. TEBLADOR
DAN M. SILVERBOARD
LAMONT T. KING, JR.
DANIEL J. WHITNEY
DAVID A. DIEPENBROCK
JONATHAN R. MARZ
VALERIE C. RINGOLD

R. JAMES DIEPENBROCK
(1929 - 2002)

September 11, 2008

Mellanie Marshall, Associate Planner
City of Sacramento, Development Services Dept.
Environmental Planning Services
300 Richards Blvd., Third Floor
Sacramento, CA 95811

Re: *Draft EIR for the Sacramento 2030 General Plan*
Our File No.: 3611-000

Dear Ms. Marshall:

On behalf of Sacramento Natural Gas Storage, LLC ("SNGS"), we write in response to comments on the above-referenced Draft EIR for the City's updated General Plan concerning geology, soils and mineral resources.

As you may know, SNGS proposes to develop a natural gas storage facility as a re-use of the depleted Florin Gas Field located on Power Inn Road north of Florin Road and south of Elder Creek Road ("SNGS Project"), and shown generally on the aerial map attached as Exhibit A. The SNGS Project is now being processed before the California Public Utilities Commission in furtherance of a Certificate of Public Convenience and Necessity. The Project's principal user will be the Sacramento Municipal Utility District ("SMUD"), a copy of whose supporting letter is attached as Exhibit B. The SNGS Project is intended to provide storage capability for a 30-day supply of natural gas in the event SMUD's current sources of supply were interrupted for whatever reason.

For purposes of CEQA, the SNGS Project is the subject of environmental review under the auspices of the Public Utility Commission. We are informed that an administrative draft of the SNGS Project EIR is being circulated and the DEIR is expected later this month. Any potentially significant environmental or policy concerns associated with this type of facility will be addressed in the context of this review process. Under these circumstances, any change in the draft General Plan concerning existing or proposed

400 CAPITOL HALL
SUITE 1800
SACRAMENTO, CA 95814

WWW.DIEPENBROCK.COM 916 492.5000
FAX: 916 446.4535

DIEPENBROCK HARRISON

Melanie Marshall
September 11, 2008
Page 2

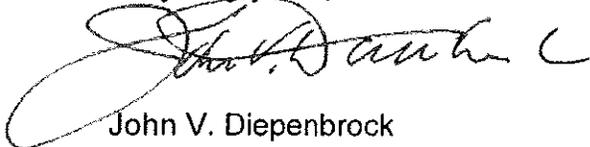
natural gas storage facilities is premature prior to the City's review of the independent environmental assessment to be set forth in the soon to be released DEIR.

It is our belief that review of the DEIR will cause you to agree with the expert conclusions stated in the recently published paper entitled "*Environmental Hazards Posed by the Los Angeles Basin Urban Oilfields: An Historical Perspective of Lessons Learned*" (Environmental Geology (2005) 47:302-317), in which the authors state:

"...Underground gas storage and oil and gas production in urban areas can be conducted safely if proper procedures are followed." "After recognition of the existing problem, proper safe operating procedures can be easily developed."

Thank you for your consideration of the foregoing.

Very truly yours,



John V. Diepenbrock

JVD:sa

cc: Tom Pace, Principal Planner
City of Sacramento

SMUD-700B

FRUIT RIDGE ROAD

COMPRESSOR

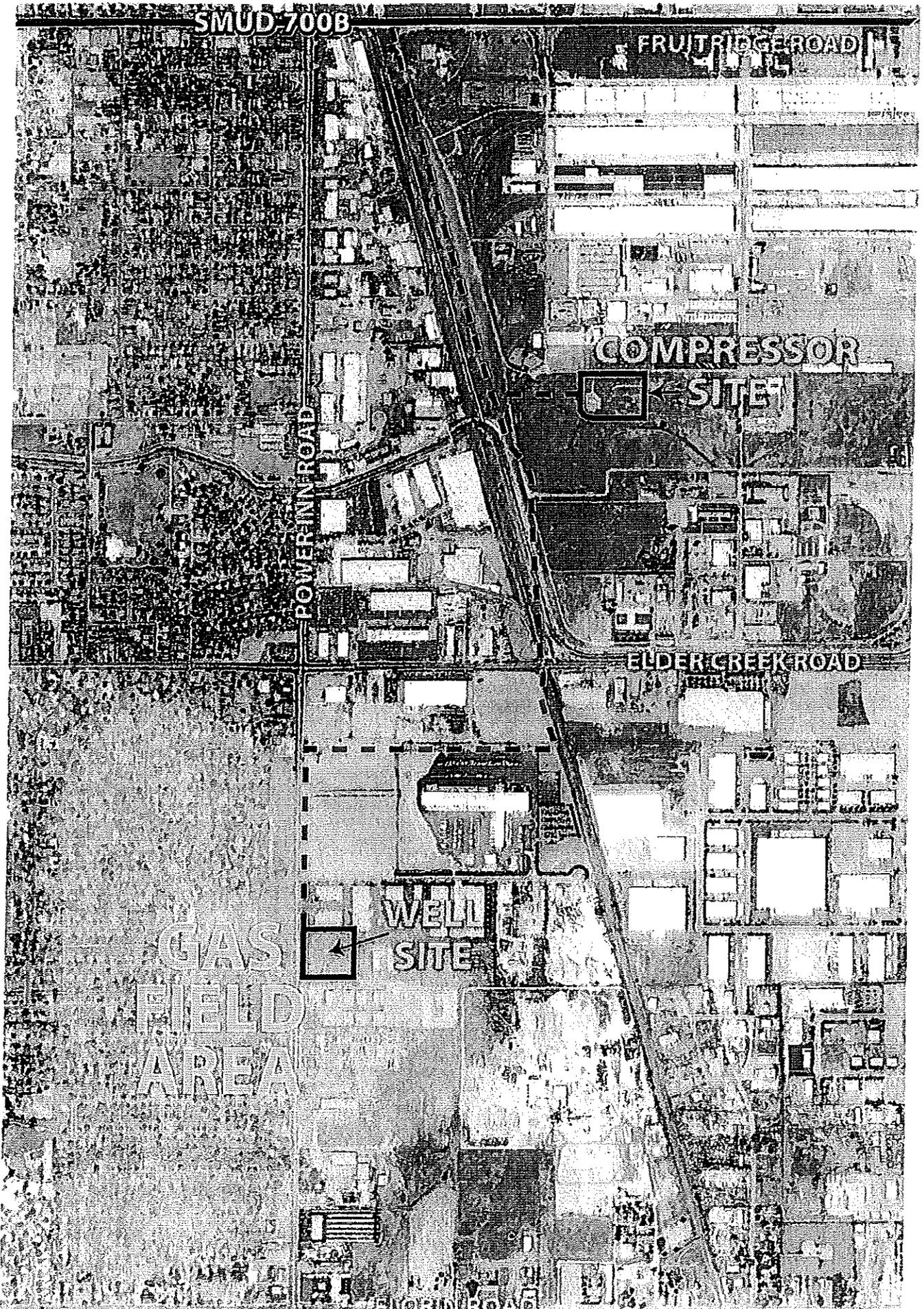
SITE

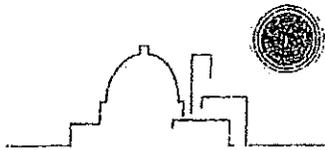
POWER LINE ROAD

ELDER CREEK ROAD

WELL SITE

GAS FIELD AREA





SMUD

SACRAMENTO MUNICIPAL UTILITY DISTRICT
The Power To Do More.™

8.0.54.

P.O. Box 15830, Sacramento, CA 95852-1830; 1-888-742-SMUD (7683)

February 25, 2008
AGM/ES 08-009

Presiding Commissioner Timothy Alan Simon
California Public Utilities Commission
Attn: ALJ Richard Smith
505 Van Ness Avenue
San Francisco, CA 94102-3298

CPUC PROCEEDING A0704013; SACRAMENTO NATURAL GAS STORAGE PROJECT

Dear Commissioner Simon:

This letter is to affirm the support of the Sacramento Municipal Utility District ("SMUD" or "the District") for the application of Sacramento Natural Gas Storage, LLC ("SNGS") for a *Certificate of Public Convenience and Necessity* to construct and operate a natural gas storage facility in the now depleted Florin Gas Field in Sacramento.

The SNGS project will offer the following benefits to SMUD:

- Provide about 30 days of back-up and emergency gas supply at a critical location on the SMUD pipeline. At this location it will supply gas to SMUD's gas-fired power plants in the event of any upstream disruption or curtailment for any reason such as pipeline maintenance, accident, terrorist activity, or other supply disruption on the PG&E backbone gas transmission system. These plants combined make up the majority of SMUD's average daily load.
- Permit the stockpiling of gas when lower cost supply is available and thereby avoid the need to purchase supply when gas is in high demand at higher prices.
- Provide reliable supply for "peaker plants" on the SMUD system.
- Provide gas-powered generation to back up solar, wind, and other alternative sources of power.

For these reasons, SMUD has entered into a long term Gas Storage Services Agreement with SNGS, subject to issuance of all necessary approvals, including the *Certificate of Public Convenience and Necessity* and ultimate completion of the actual facility, all on a timely basis.

SMUD has entered into this Storage Agreement with the expectation that the Commission and other regulatory agencies will undertake a full and complete investigation to ensure that public health and safety and the environment will be adequately protected in connection with the development of the SNGS facility. We are confident that all such issues will be fully examined during the course of these proceedings and SMUD will, of course, abide by the outcome.

SMUD is hopeful that this process will be completed this year so that this much needed project can be brought on line in 2009. If you have any questions about SMUD's position in this matter, please call me personally at 916-732-6757.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Shetler". The signature is written in a cursive style with a horizontal line underneath the name.

James R. Shetler
Assistant General Manager
Energy Supply

ATTACHMENT 7

City Efforts to Address Climate Change in the General Plan

Various City departments have been active on climate change issues for more than a decade. Staff has been working to reduce the greenhouse gas (GHG) emissions of the community through various planning and transportation projects such as the adoption of Smart Growth Principles, the City's infill strategy, SACOG Blueprint, Transportation/Air Quality Collaborative, Transit for Livable Communities, Pedestrian Master Plan, and other programs and policies.

The City became an ICLEI member in 1997, an international membership association of local governments dedicated to climate protection and sustainable development. Using ICLEI guidelines, the City has monitored the greenhouse gas (GHG) emissions since 1998. In 2002, the City became a charter member of the California Climate Action Registry (CCAR), a non-profit entity formed by the State to allow businesses to voluntarily inventory and register their greenhouse gas emissions. The City has obtained CCAR certification of its internal operations emissions since 2004, and has estimated emissions for 1990, a key date under the Kyoto protocol. The City has a staff member dedicated to improving energy efficiency and reducing GHG emissions of its internal municipal operations.

The Sustainability Master Plan, adopted in December 2007, and its companion document, the 2008 Implementation Plan adopted in January 2008, represent the City's first comprehensive effort to address sustainability issues. The Sustainability Master Plan integrates environmentally sustainable practices into City policies, procedures, and operations. It also provides a policy framework to guide future operational and policy decisions.

The 2030 General Plan addresses climate change within the context of the various Elements. The General Plan addresses climate change as follows:

- The 2030 General Plan includes goals, policies and programs specifically to reduce greenhouse gas emissions. These include Environmental Resources (ER) policy 6.1.3, which commits the City to comply with AB 32 targets for 2020; ER 6.1.4, which requires the City to prepare an inventory of greenhouse gas emissions for existing land uses and adopted General Plan build out; ER 6.1.5, which requires greenhouse gas reductions for new development; and related implementation measures, such as a program to develop and adopt a climate action plan and climate adaptation plan between 2008 and 2010.
- The 2030 General Plan supports more sustainable development patterns and building practices through land use designations, urban form guidelines, and development standards that promote more compact, mixed-use, and higher intensity development patterns which also conserve energy and reduce greenhouse gas (GHG) emissions.

- The 2030 General Plan provides a 13% reduction in Estimated Daily Vehicle Miles Traveled per capita when compared to business-as-usual under the 1988 General Plan.

State Legislation to Address Climate Change

The State of California has taken a number of recent steps to address climate change, to which local governments may be required to respond, including:

- CA Executive Order S-03-05: Governor Schwarzenegger signed this executive order in to reduce statewide greenhouse gas (GHG) emissions as follows:
 - Reduce emissions to 2000 levels by 2010
 - Reduce emissions to 1990 levels by 2020 (1990 levels are roughly equivalent to a 25% reduction in GHG compared to current levels)
 - Reduce emissions to 80% below 1990 levels by 2050.
- AB 32 (2006): The Global Warming Solutions Act of 2006 (AB32) requires statewide GHG emissions to be reduced to 1990 levels by 2020, and directs the California Air Resources Board (ARB or sometimes "CARB") to establish a comprehensive program of regulatory and market mechanisms to achieve quantifiable greenhouse gas emissions reductions.
- SB 97 - Requires the Governor's Office of Planning and Research (OPR) to prepare CEQA guidelines for the mitigation of GHG emissions, including, but not limited to effects associated with transportation and energy consumption.
- SB 375 – Senate Bill 375, introduced by Sen. Darrell Steinberg, was signed by Governor Schwarzenegger on October 1, 2008. It requires the ARB to set regional targets by September 2010 for reducing GHG emissions, and requires metropolitan planning organizations (like SACOG) to include sustainable communities strategies in their regional transportation plans. The legislation will also relax CEQA requirements for housing projects that meet regional targets for GHG emissions reductions, giving homebuilders incentives to pursue high-density projects near transit.

General Plans, CEQA and Climate Change

Local governments do not have clear guidance yet on how to address climate change in General Plans or CEQA documents. Nor is there a clear relationship yet on how AB32 implementation might establish more specific guidance and/or regulations that local jurisdictions must take into account. AB32 was adopted in 2006, yet the certification and adoption of CEQA and General Plan guidelines by OPR is not expected until 2010. Furthermore, ARB is not expected to finalize rulemaking until sometime between 2010 and 2012. However, City Planning staff have addressed the issue of climate change broadly in the 2030 General Plan and its EIR and have taken many steps to ensure that during this "interim" period, the Plan moves the City and our community towards sustainability and contains measures that would achieve GHG reductions and assist in climate change adaptation.

Meanwhile, the State Attorney General has taken a very proactive role in commenting on General Plans and their respective EIR's, as well as major development project EIR's, regarding their adequacy in addressing the issue of climate change. In some cases, the State AG has threatened to sue, and all agencies in such cases have reached settlement agreements with the Attorney General, with notable examples including San Bernardino County, Port of Los Angeles, and most recently, the City of Stockton.

City of Sacramento planning staff met with the Attorney General's Office in April 2008 prior to release of the Draft General Plan and EIR and provided its representatives with information on the following:

- Early actions that the City has already taken on climate change; and
- 2030 General Plan goals, policies and implementation measures, which directly or indirectly address climate change.

Climate change and GHG emissions reduction is addressed in Chapter 8 of the 2030 General Plan DEIR as follows:

- The DEIR identifies the General Plan's cumulative GHG contributions to global climate change;
- It does not identify climate change impacts from the project as "significant" because there is not yet a threshold to measure impacts against;
- It summarized the General Plan's goals, policies and programs which will reduce GHG.

The City received substantial comments from both the Attorney General and the Sacramento Metropolitan Air Quality Management District (SMAQMD) regarding climate change. In general, the comments and concerns about the 2030 General Plan/EIR addressed the following:

- EIR does not address the effects of climate change on City's water supply;
- EIR baseline for the GHG analysis was incorrect;
- EIR does not determine a threshold for making findings of significance or make findings of significance;
- The General Plan policies are too general in nature;
- The General Plan does not include a clear deadline for completion of a Climate Action Plan (*An error on the part of the Attorney General, since Part 4 of the General Plan identifies the completion for the Climate Action Plan from 2008- 2010*)

Both the Attorney General and SMAQMD recommend that the City prepare a Climate Action Plan (CAP). The Attorney General specifically recommended the following components:

- A GHG inventory for both internal government operations and community-wide GHG emissions
 - The City is currently preparing an inventory and CAP for its internal operations for presentation and adoption by City Council in December 2008. The City is already working in conjunction with Sacramento County, ICLEI, and other jurisdictions to establish a Countywide 2005 baseline inventory.

- Reduction targets
 - The City's internal CAP includes reduction levels equivalent to about 2% per year to meet its Sustainability Master Plan targets. The City anticipates that a CAP for communitywide emissions will determine targets as part of a regional approach, consistent with ARB's recommended regional approach for communitywide CAPs.
- Specific, enforceable mitigation strategies; ongoing monitoring/reporting
- Interim provisions/protocols to ensure that no major decisions would be inconsistent with CAP prior to completion of CAP

The Attorney General also recommends that the City consider:

- Mandatory green building requirements
 - Development Services staff are already implementing a Green Building Program that identifies near-term voluntary measures that could result in longer-term mandatory requirements. Additionally, the State recently adopted a model green building ordinance which could become mandatory by 2010.
- Development impact fees to support transit
 - City staff is currently developing a citywide transportation development impact fee program that will allocate a portion of the fees collected to transit. Work on the fee program will continue into 2009, with presentation and adoption by Council expected by 2010.
- Adoption of a more specific infill program
 - The City adopted an Infill Strategy in 2002 and is actively administering a variety of programs consistent with the General Plan in achieving higher-density, compact, mixed use development in Target Infill Areas.

The Final EIR contains detailed responses to the Attorney General's and SMAQMD comments and concerns.

ATTACHMENT 8

Summary: 65th Street/University Village Focused Opportunity Area

Location and Context

The 65th Street/University Village Focused Opportunity Area is generally located south of Sacramento State, bordered by Power Inn Road on the east, San Joaquin Street and 14th Avenue on the south, and 65th Street on the west. The Opportunity Area is comprised of approximately 490 acres, and is located in both the Fruitridge Broadway and East Sacramento Community Plan Areas.

The Opportunity Area is conveniently located near a number of regional amenities, including Sacramento State, the University/65th Street and Power Inn Light Rail stations, and Granite Regional Park. The Opportunity Area also benefits from being located largely within the state designated Clean Technology Zone, and is partially located within the Power Inn Business and Improvement District.

Relevant Plans, Studies, Projects and Districts

The 65th Street/University Village Focused Opportunity Area has been the subject of numerous planning efforts, and the majority of these plans and studies have resulted in adopted or approved plans that will continue to guide the design and development of each respective study area. The relevant plans, studies, projects, and districts are listed below and summarized in Attachment 7.

- 65th Street Station Area Transportation Study (ongoing)
- Ramona Avenue Extension and Folsom Boulevard Widening Project (ongoing)
- Sac State Tram Project (ongoing)
- Granite Regional Park Planned Unit Development (PUD)
- Sacramento State Faculty/Staff Village Project (ongoing)
- Clean Technology Zone
- Power Inn Property and Business Improvement District
- 65th Street Pedestrian and Bicycle Accessibility Study (2006)
- 65th Street Station Block Transit-Oriented Development (2006)
- Sacramento State Destination 2010 Initiative (2004)
- 65th Street Redevelopment Area (2004)
- South 65th Street Area Plan (2004)
- 65th Street/University Transit Village Plan Infrastructure Needs Assessment (2004)
- Transit for Livable Communities Study (2002)
- 65th Street/University Transit Village Plan (2002)
- Southeast Area Transportation Study (1999)

Overarching Vision and Goals

The 65th Street/University Village Focused Opportunity Area is poised to evolve into a vibrant and innovative campus-centered community that will provide a physical and social connection to Sacramento State and the surrounding development and communities. The focus for this area will be on jobs, workforce development, education, transit, and creating a bike and pedestrian-friendly environment. Sacramento State will continue to attract innovative and creative students and faculty, and will continue to prepare students for a highly competitive workforce aligned with our economy's needs today and in the future. The Opportunity Area will create an environment that fosters the exchange of technical knowledge and expertise between Sacramento State students and faculty and private and public sector business enterprises. Companies located in this area will benefit from the availability of a student workforce and opportunities to collaborate with faculty. Sacramento State will benefit from faculty recruitment and retention and the real-world internship and educational opportunities for students. The specific goals in this Opportunity Area are as follows:

- Integrate the Campus and Community
- Provide Jobs and Workforce Development
- Promote Collaborative Ventures
- Create a Mixed-use University Village
- Create a Mixed-use Technology Village

Concept and Recommendations

Attachment 7 contains detailed recommendations for the 65th Street/University Village Focused Opportunity Area in the form of a graphic conceptual diagram and written guidelines and recommendations that cover topics including land use, urban design, circulation, development types, building height, open space, and infrastructure. These recommendations represent a possible configuration for development that is based on the Land Use and Urban Form diagram and designations outlined in the Land Use and Urban Design Element of the 2030 General Plan. The concepts and recommendations for this area are meant to guide future development toward further implementing the vision and guiding principles of the 2030 General Plan and Community Plans.

**65TH STREET /
UNIVERSITY VILLAGE
OPPORTUNITY AREA**

65th Street/University Village

The 65th Street/University Village Opportunity Area has been identified as a key potential infill and redevelopment area of the Fruitridge Broadway and East Sacramento Community Plan Areas. The concepts and recommendations for this area have been shaped and supported by community involvement and input, and are meant to guide future development toward further implementing the vision and guiding principles of the 2030 General Plan and Community Plans.

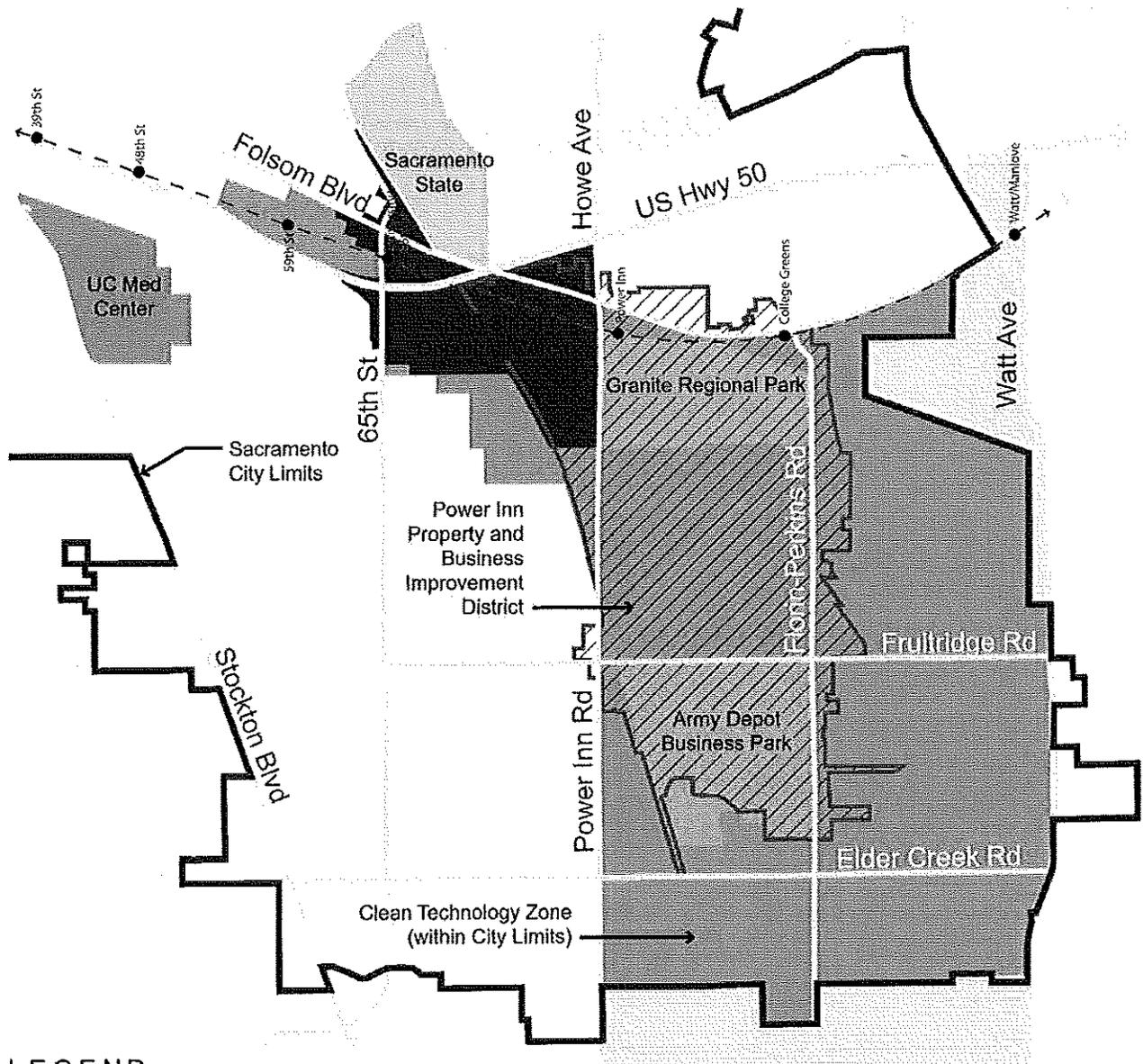
Location and Context

The 65th Street/University Village Opportunity Area is generally located south and southeast of Sacramento State and west of the Granite Regional Park Development Area (see Figure FB-4 and FB-5). The area is bordered by Power Inn Road on the east, San Joaquin Street and 14th Avenue on the south, and 65th Street on the west. The 65th Street/University Village Opportunity Area is located in both the Fruitridge Broadway and East Sacramento Community Plan Areas, and is comprised of approximately 490 acres.

This area is conveniently located near a number of regional amenities. The University/65th Street Light Rail Station is served by trains at 15 minute intervals, and an average of more than 1,750 passengers board trains at this station daily. In addition, the nearby Regional Transit bus transfer facility is the crossing point of seven bus routes where over 1,000 people board daily. Additionally, Sutter Memorial Hospital runs an all-day shuttle at 30 minute intervals to and from the station. Sacramento State's 300 acre campus is located directly north of the Opportunity Area, where a student body of 28,000 enrolled. Directly east of the 65th Street/University Village Opportunity Area is the 260 acre Granite Regional Park Development. This area is home to the Granite Regional Park office complex (3 million square feet), supporting retail, and the 142 acre Granite Regional Park – one of the largest public parks in Sacramento. Another contextual influence on the Opportunity Area is the University of California Medical Center. The medical center is located approximately 1.5 miles to the west and is easily accessible by light rail, US Highway 50, Folsom Boulevard, and Broadway Avenue.

The 65th Street/University Village Opportunity Area also benefits from being located largely within the state designated Clean Technology Zone. Businesses locating in this zone have access to incentives and benefits to assist in building and expansion efforts. The Opportunity Area is also partially located within the Power Inn Business and Improvement District, an alliance of over 600 property and business owners that are dedicated to the economic development, marketing, maintenance and beautification of the district.

FRUITRIDGE BROADWAY COMMUNITY PLAN



LEGEND

	Sacramento City Limits		Sacramento State		Clean Technology Zone
	65th Street Opportunity Area		Granite Regional Park		Army Depot Business Park
	Light Rail Transit Line		UC Med Center		Power Inn PBID
	Light Rail Station				

Figure FB-4
Location and Context