

# Item No. 20

## **“To Be Delivered” Material** **For** **City of Sacramento** **City Council** **Agenda Packet**

**Submitted:** August 10, 2007

**For the Meeting of: August 14, 2007**

The attached materials were not available at the time the Agenda Packet was prepared.

**Subject:** Northgate 880 / Panhandle - Public Hearing

Contact Information: Arwen Wacht, 808-1964,  
Council Coordinator, Michelle Skhal, 808-8704

Please include this “To Be Delivered” material in your agenda packet. This material will also be published to the City’s Intranet.  
For additional information, contact the City Clerk Department at Historic City Hall, 915 I Street, First Floor, Sacramento, CA 95814-2604– (916) 808-7200.



**Late Council Report Approval  
Attach to Hard Copy of Your Report for CM Signature**

**Council Meeting Date:** August 14, 2007

**Date Submitted:** August 9, 2007

**Report Subject:** Northgate 880 / Panhandle - Public Hearing

**Report submitted for review late because:** Information had to be compiled after it was continued from July 31<sup>st</sup> Council Meeting. Department was going to return the information back as a supplemental to the original staff report, however have completed a follow-up staff report instead.

**This Report must be included as part of this Agenda because:** This item was continued from a previous meeting..

.....  
**Department Authorization**

MICHELLE SKHAL, ADMIN ANALYST  
Print Name and Title

-----  
**City Manager Authorization**

This report is approved for inclusion for the above referenced Agenda material.

Must be signed by one of the following.

Ray Kerridge, City Manager

\_\_\_\_\_

Gus Vina, Assistant City Manager

Gus Vina  
\_\_\_\_\_

Marty Hanneman, Assistant City Manager

\_\_\_\_\_

Cassandra Jennings, Assistant City Manager

\_\_\_\_\_

# Report Transmittal Form

**MEETING DATE:** August 14, 2007

2:00 p.m.  6:00 p.m.

**Title:** Northgate 880 / Panhandle (M05-031 / P05-077)

**Presenting to the following Legislative Bodies:**

|   |  |
|---|--|
| <input checked="" type="checkbox"/> City Council<br><input type="checkbox"/> Redevelopment Agency<br><input type="checkbox"/> Housing Authority | <input type="checkbox"/> Financing Authority<br><input type="checkbox"/> Economic Development Commission<br><input type="checkbox"/> Other |
|---|--|

Type of Report: (check below)

|  |   |   |
|--|---|---|
| <input type="checkbox"/> Administrative Matters<br><input type="checkbox"/> Special Presentation<br><input type="checkbox"/> Consent | <input checked="" type="checkbox"/> Public Hearing<br>Noticing completed:<br><input type="checkbox"/> Staff | <input type="checkbox"/> Information<br><input type="checkbox"/> Regional |
|--|---|---|

Special Requirements: (check below)

|   |   |
|---|---|
| <input type="checkbox"/> Majority Vote<br><input type="checkbox"/> 2/3 Vote<br><input type="checkbox"/> Suspend Competitive Bidding<br><input type="checkbox"/> Other | <input type="checkbox"/> Color Inserts (30 sets)<br><input type="checkbox"/> VHS-DVD Presentation<br><input type="checkbox"/> PowerPoint Presentation<br><input type="checkbox"/> Material On File in Clerks Office |
|---|---|

## Report Review

**Fiscal Impact:**

Budget Change?  
 General Fund  
 Other Fund  
 Fund Number(s)  
 Change FTE?

**Policy Issues:**

Emerging Small Business Development Issues: (ESBD) Note on Report  
 Environmental Issues: Note on Report  
 Legal Issues: Note on Report  
 Other:

**Budget Office Review**

Yes     No    Resolution  
 Yes     No    Budget Impact  
 Yes     No    EB/RB Needed

**Budget Office Comments:**

*Scott Pettingell x SB1A*

**Other Comments:**

|                               |                |                  |            |
|-------------------------------|----------------|------------------|------------|
| <b>Department:</b>            | Planning       | <b>Division:</b> | New Growth |
| <b>Report Author/Contact:</b> | Arwen Wacht    | <b>Phone</b>     | 808-1964   |
| <b>Report Coordinator</b>     | Michelle Skhal | <b>Phone:</b>    | 808-8704   |

Department Code: For Department Use

*1980  
KSM*



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
www.CityofSacramento.org

Public Hearing  
**August 14, 2007**

Honorable Mayor and  
Members of the City Council

**Title: Northgate 880 / Panhandle (M05-031 / P05-077)**

**Location/Council District:** South of Elkhorn Boulevard, north of Interstate 80, west of Northgate Boulevard and Sorento Road, and east of Gateway Park Boulevard and the Northpointe Park Planned Unit Development / Adjacent to Council District 1

### **Recommendation:**

Conduct a public hearing and upon conclusion 1) Adopt **a) a Resolution** adopting the Environmental Impact Report and Mitigation Monitoring Plan; **b) a Resolution** approving the Reorganization; **c) a Resolution** approving the Tax Exchange Agreement for (M05-031 – Northgate 880) – South of Del Paso Road; and **d) a Resolution** approving the Pre-Annexation Agreement for M05-031/Northgate 880 south of Del Paso Road;

2) Adopt **a) a Resolution** amending the General Plan Map land use designations; **b) a Resolution** amending the text of the North Natomas Community Plan; **c) a Resolution** amending the North Natomas Community Plan Map land use designations; **d) an Ordinance** amending the text of the Zoning Code (Sacramento City Code, Title 17); and **e) an Ordinance** approving the Prezone for (P05-077 – Panhandle) – North of Del Paso Road;

3) Adopt **a) an Ordinance** approving the Development Agreement between the City of Sacramento and Dunmore Land Company, LLC., the Richter-Kazer 1993 Irrevocable Trust, BD Properties, LLC, and Tasso Peter Cononelos; **b) an Ordinance** approving the Development Agreement between the City of Sacramento and the Marie Krumenacher Trust, the Alice Krumenacher Trust, and Vaquero Land Holdings, LLC.; **c) a Resolution** approving the Finance Plan; **d) a Resolution** approving the Inclusionary Housing Plan (Panhandle North – Vaquero); **e) a Resolution** approving the Inclusionary Housing Plan (Panhandle Central and South – Dunmore); **f) a Resolution** approving the Inclusionary Housing Plan (Grant Joint Union High School District); **g) a Resolution** amending the General Plan Map land use designations; **h) a Resolution** amending the text of the North Natomas Community Plan; **i) a Resolution** amending the North Natomas Community Plan Map land use designations; **j) an Ordinance** approving the Prezone; and **k) a Resolution** establishing the Panhandle Planned Unit Development (PUD); and

4) Adopt a **Resolution** denying the Appeal of the Planning Commission's approval of various entitlements and approving the Tentative Master Parcel Maps, Tentative Subdivision Maps, and Subdivision Modifications for the Panhandle project.

**Contact:** Scot Mende, New Growth Manager, 808-4756; Arwen Wacht, Associate Planner, 808-1964

**Presenters:** Scot Mende and Arwen Wacht

**Department:** Planning

**Division:** New Growth

**Organization No:** 4913

### **Description/Analysis**

**Issue:** This item was continued from July 31, 2007. This staff report provides information to supplement the staff report for the July 31, 2007 City Council meeting.

### **Additional/ Revised Information:**

Listing of Minimum Actions for Annexation: At the request of the City Council, staff is providing a list of the first stage entitlements that are necessary to move the annexation forward to LAFCo. The table below also provides a break down of the entitlements in the following categories:

- 1) All entitlements for the entire project site
- 2) All entitlements necessary to move forward with the annexation for the entire project site and deferring action on the remaining entitlements
- 3) All entitlements for only the area north of Del Paso Road
- 4) All entitlements necessary to move forward with the annexation for the area north of Del Paso Road and deferring action on the remaining entitlements

### Addressing the Appeal of the Decision of the City Planning Commission:

Environmental Planning Services staff and the applicant have provided memorandums / letters addressing the appeal of the City Planning Commission's approval of the Tentative Maps and Subdivision Modifications for the Panhandle project. The letters are attached to this document (see Attachments 2 and 3).

**Table 1  
Applicable Entitlements**

| <b>Entitlements</b>              | <b>North and South (All Entitlements)</b> | <b>North and South (1<sup>st</sup> Stage Entitlements)</b> | <b>North Only (All Entitlements)</b> | <b>North Only (1<sup>st</sup> Stage Entitlements)</b> |
|----------------------------------|---|--|--------------------------------------|---|
| EIR & Mitigation Monitoring Plan | X   | X  | X                                    | X   |
| Reorganization                   | X   | X  | X                                    | X   |
| Tax Exchange Agreement           | X   | X  | X                                    | X   |
| Pre-Annexation Agreement         | X   |  |                                      |   |
| Finance Plan                     | X   |  | X                                    |   |
| General Plan Map Amendments      | X   | X  | X                                    | X   |
| Community Plan Map Amendments    | X   |  | X                                    |   |
| Community Plan Text Amendments   | X   |  | X                                    |   |
| Prezones                         | X   | X  | X                                    | X   |
| Zoning Code Text Amendment       | X   |  |                                      |   |
| Development Agreements           | X   |  | X                                    |   |
| Inclusionary Housing Plans       | X   |  | X                                    |   |
| PUD Establishment                | X   |  | X                                    |   |
| Tentative Master Parcel Maps     | X   |  | X                                    |   |
| Tentative Subdivision Maps       | X   |  | X                                    |   |
| Subdivision Modifications        | X   |  | X                                    |   |

Revisions: A revised CEQA resolution and findings have been prepared and will be supplied when needed.

In order to address concerns about walls along National Drive, the applicant has submitted revised Tentative Maps for the Dunmore portion of the Panhandle project. In order to remove some of the walls along National Drive, portions of the Tentative Maps have been revised to either side residences onto National Drive or front residences onto a residential street and a landscape area that runs adjacent to National Drive. A revised Tentative Master Parcel Map (Dunmore), Tentative Subdivision Map (Dunmore – Central), and Tentative Subdivision Map (Dunmore – South) have been submitted by the applicant (see Attachments 3, 4, and 5).

Respectfully Submitted by: Scot Mende  
Scot Mende  
New Growth Manager

Approved by: Scot Mende for  
Carol Shearly  
Director of Planning

Recommendation Approved:

Ray Kerridge  
for Ray Kerridge  
City Manager

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**Attachment 1**

**Instructions on Locating the Previous Report**

To review the original Council report presented on July 31, Item 23 on the City Council agenda, please go to:

[www.cityofsacramento.org](http://www.cityofsacramento.org),

Click on View Council Meetings, Agenda etc.

Click on Future and Archived Meetings

Click on the View Agenda for the July 31, 2007 Council Meeting

Go to item 23 to view the report



DEVELOPMENT SERVICES  
PLANNING DIVISION  
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**CITY OF SACRAMENTO**  
CALIFORNIA

ENVIRONMENTAL  
PLANNING SERVICES  
2101 ARENA BLVD  
ROOM 200  
SACRAMENTO, CA  
95834

**MEMORANDUM**

DATE: July 31, 2007

TO: Mayor Fargo and Members of the City Council

FROM: Jennifer Hageman, Senior Planner  
Development Services Department  
Environmental Planning Services

RE: Appeal of the Decision of the Sacramento City Planning Commission  
Panhandle Annexation and PUD

Ms. Barnes, on behalf of her clients who are property owners in the Southern Portion of the project area, filed an appeal of the City Planning Commission's decision on the project. Attached to her appeal, is a letter dated July 6, 2007, which provides the reasons for the appeal. The following are responses to the letter that address Ms. Barnes' comments on the environmental review of the project. Comments on planning, financing, or other non-environmental topics are not addressed in this memorandum.

**General Comments**

Page 2, 1<sup>st</sup> paragraph: CEQA does not require a public review period for a Final EIR. However, Section 15088(b) of the CEQA Guidelines requires that public agencies commenting on a Draft EIR receive a written response to their comments at least ten days prior to certification of the EIR. The City complied with that requirement. In addition, a copy of the FEIR was hand delivered to Ms. Barnes ten days prior to the hearing.

The headings below correspond to the headings Ms. Barnes used in her letter.

## **Hydrology and Water Quality**

### Flooding

The mitigation for Impact 4.11.3, as revised in the FEIR, would require development in the project area to comply with applicable building and design regulations identified by the Federal Emergency Management Agency (FEMA) and the City's Floodplain Management Ordinance. These requirements require development restrictions based upon the flood zone designation, and may include raising improvements above the base flood elevation or prohibitions on development. As discussed in the DEIR, the determination of a significant and unavoidable impact was noted as a short-term effect due to the potential environmental effects associated with construction and implementation of flood control improvements, if development occurred prior to recertification of the levees.

Mitigation Measure 4.1.3 requires that off-site lands be set aside in a permanent conservation easement (i.e. undeveloped) at a ratio of at least one acre of land converted to urban use to one-half acre of open space land preserved. In addition, as noted on Page 4.1-29 of the DEIR, the PUD project area was previously identified for urban development in the 1994 North Natomas Community Plan.

FEIR includes an updated discussion of the levee system protecting the Natomas Basin and revised Mitigation Measure 4.11.3. As noted on Page 3.0-4 of the FEIR, the DEIR discusses the potential for levee failure and the findings on the inadequacy of the levee system that projects the Natomas Basin. Subsequent to the release of the DEIR, the Department of Water Resources advised the City to consider growth controls and/or building restrictions and FEMA regarding the intent to redesignate the Natomas Basin as a Special Flood Hazard Area. The information received from these agencies and addressed in the FEIR, does not indicate a new significant environmental impact, nor does it indicate a substantial increase in the severity of an impact that is not mitigated to a less than significant level. The analysis in the DEIR acknowledges that flooding hazards do exist in the project area and would be present until improvements to the levee system are completed. The information in the FEIR does not change the conclusions of the analysis, nor change the level of severity of the impact. Therefore, none of the conditions calling for recirculation in Section 15088.5 is applicable.

### Stormwater Runoff

A Master Drainage Plan was prepared in order to determine the hydrological effects of the proposed development. Based on that plan, drainage improvements are proposed that would accommodate the increased drainage flows resulting from full buildout of the Panhandle PUD. Mitigation Measures 4.11.1 requires that approval of each small lot final map or subsequent project demonstrate that the proposed improvements are consistent with the Master Drainage Plan and adequately attenuate the increased drainage flows, consistent with City Standards.

In accordance with Mitigation Measure 4.11.2b, the project applicant would be required to comply with the requirements of the General Construction Activity Storm Water Permit (CGP) for each

**Attachment 2**

construction activity within the project area, which means comply with the CGP in effect at the time the permitting of the proposed activity. A draft of the revised CDP was not available at time of preparation of the Final EIR, so it would have been premature to address the issue. Compliance with any updated requirements would result in beneficial effects to the environment.

**Air Quality**

Section 15126.4 (a)(1)(B) of the CEQA Guidelines states that mitigation shall not be deferred; however, measures may specify performance standards that would mitigate the significant effect of the project. Therefore, Mitigation Measure 4.5.3 (and 4.5.8 for the cumulative condition) states that prior to the issuance of grading permits the project applicant shall coordinate with the Air District to develop an air quality mitigation plan. The measure contains performance standards (i.e., reduction of ozone precursor emissions by a minimum of 20-percent for residential and a minimum of 15-percent for commercial development). A list of available measures for the Plan is included in the mitigation measure. Because the mitigation measure commits the project applicant to realistic performance standards that ensure mitigation of the significant effect to the extent feasible and does not allow the physical changes to the environment unless the performance standard is satisfied, mitigation for the air quality impacts is not deferred.

**Inconsistency with Other Plans**City of Sacramento General Plan

Please see the discussion on flooding, above, for a response to Ms Barnes concerns.

Ms Barnes is correct that Figures 3.0-7 and 3.0-9 in the DEIR do not reflect the proposed General Plan and North Natomas Community Plan designations, respectively. However, the text in the DEIR is correct, as is the analyses of the potential impacts related to the proposed General Plan and Community Plan Amendments.

**Findings Not Supported by Evidence**

Ms Barnes states findings must be express and in writing. Exhibit 1A- Exhibit A to Attachment 1 of the staff report for the May 24, 2007 Planning Commission meeting is the "CEQA Findings of Fact and Statement of Overriding Considerations for the Northgate 880/Panhandle Project". Findings for the Northgate 880/Panhandle project were prepared in accordance with Section 15091, Findings, of the CEQA Guidelines. The losses of open space and Prime Farmland were addressed in the Findings in Section B, Section 4.1, Land Use and Open Space and Section 4.2, Agricultural Resources. As noted, the DEIR determined that the loss of these two resources would be significant and unavoidable impacts associated with the project. Section E, Statement of Overriding Considerations, stated that the impacts had been reduced where feasible and that the Planning Commission balanced the economic, legal, social, technological, and other benefits of the project against the unavoidable environmental risks and that the benefits outweigh the risks. The benefits of the project include:

**Attachment 2**

The Project will provide a variety of housing types that respond to various segments of the market.

The Project will provide economic benefits to the City and its residents by providing construction spending over a ten year period, spurring generation of annual retail spending and generating local property taxes.

The Project will provide new jobs.

The Project will provide sites for new schools.

The Project will set aside approximately 280 acres of permanent open space as part of the Natomas Basin Habitat Conservation Plan for permanent preservation of open space, wetlands, soils, and habitat.

The Project provides 41.1 acres of parks in nine parks.

The Project will construct and install backbone infrastructure and other public facilities.

The Project will promote a logical and reasonable extension of the City boundaries since this area is already surrounded on three sides by existing City limits.

The proposed project will optimize the land use potential of an infill location in the City by providing a mix of residential, mixed use, commercial, park, open space uses and school uses.

**New Information Presented after Circulation of the EIR**

As noted in the June 20, 2007 memo to the City Planning Commission from Scot Mende and Arwen Wacht, a revised Open Space Plan, which incorporated setbacks and integration with other open space in the project vicinity was being prepared by the project applicants for presentation to the June 28, 2007 CPC hearing. Ms. Barnes cited Section 15088.5, Recirculation of an EIR Prior to Certification, in her letter; however, none of the conditions requiring recirculation of the DEIR resulted from the revised Open Space Plan.

**Urban Design Group Comments**

The City's Urban Design Review team ('Urban Design Group' in Ms Barnes' letter) is composed of City staff and is not a reviewing agency. The CPC requested design input from design review staff regarding design elements of the project. The comments received were in response to this request and are not comments on the DEIR...

**Financing Plan**

This discussion addresses the Public Facilities Financing Plan and does not address issues with the EIR.

### **North Natomas Development Guidelines**

This discussion addresses information on the City's website about the Panhandle project and does not address issues with the EIR.

### **Failure to Employ Transit-Oriented Development Design Practices**

As noted on Page 4.4-69 of the DEIR, no specific plans for the provision of public transit services are included in the proposed project; therefore, the City does not know what plan Ms Barnes is referencing that shows public transit features.

Mitigation (MM 4.4.5) would require the applicant to coordinate with the Sacramento Regional Transit District (RT) and the North Natomas Transportation Management Association (TMA) to provide public transit. The coordination requires the provision of transit services during peak commute periods, the residents shall be able to use public transit services to the Central Business District where they can transfer to light rail, buses, or trains. The final design and location of bus stops and shelters shall be coordinated with the City, RT, and North Natomas TMA. The coordination is required prior to approval of improvement plans for the project.

The environmental review of the project assumed that the entire project site would be disturbed. Therefore, the potential impacts due to installation of any transit features were analyzed and mitigated.



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File No. 54191

July 31, 2007

**Hand Delivered**

Sacramento City Council  
City Hall  
915 I Street, Fifth Floor  
Sacramento, CA 95814

**Re: RESPONSE TO NOTICE OF APPEAL OF PLANNING COMMISSION  
DECISION CONCERNING PANHANDLE ANNEXATION AND PUD PROJECT**

Dear Council Members:

We represent the project applicant for the Panhandle Annexation and PUD Project ("Project") and submit this letter as a response to the appeal lodged by Jim Gately, J.B. Management, J.B. Properties, and J.B. Company (referred to collectively as "Appellant") appealing the Planning Commission's June 28, 2007 decision to certify the Environmental Impact Report, adopt a Mitigation Monitoring Plan and approve the Subdivision Maps and Subdivision Modifications for the Project. Appellant's central argument, that the City has not properly complied with the California Environmental Quality Act ("CEQA"), is without merit. The preparation of the Environmental Impact Report ("EIR") for the Project was a thorough undertaking that fully addressed all environmental impacts in compliance with the requirements of CEQA. The Panhandle EIR discussed and analyzed all significant environmental impacts associated with the Project based on carefully developed technical and scientific evidence. In preparing the EIR for the Project, the City complied with all CEQA requirements, and its decision to certify the EIR is supported by substantial evidence in the record.

Appellant has seemingly found fault with many aspects of the EIR. As discussed below, Appellant's allegations are either legally mistaken or factually inaccurate, or both.

**A. General Comments**

Contrary to Appellant's claim, all comments submitted regarding the Draft EIR were fully addressed in the Final EIR as required by CEQA. CEQA Guidelines § 15088. Appellant provides no substantiated examples of how the City failed to address comments properly in the Final EIR. Appellant also states that it was not provided proper notice of the May 24, 2007 hearing in violation of CEQA. CEQA, however, only requires public notice of the availability of a Draft EIR, not a Final EIR. CEQA Guidelines §§ 15087, 15089. Finally, the

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EIR properly sets forth appropriate mitigation measures, and Appellant's assertion that the City is somehow segmenting the Project or deferring mitigation or environmental review is simply incorrect.

**B. The EIR Fully Reviews Hydrology and Water Quality Issues**

1. The EIR Properly Mitigates Flooding Associated with Possible Levee Decertification

Appellant claims that Mitigation Measure 4.11.3 supposedly violates CEQA because it does not specify the amount of money that would constitute the fair share contribution to future levee improvements. This argument mischaracterizes the scope and purpose of Mitigation Measure 4.11.3. Mitigation Measure 4.11.3 addresses issues that would arise if the U.S. Army Corps of Engineers decertifies the levees in the Project area. The decertification of levees, which is possible later this year, would result in a reclassification of the floodplain within the Project area by the Federal Emergency Management Agency ("FEMA"). The exact details of how FEMA might remap the floodplain (including A99, AE, and AR Zones) are not known yet, but the Final EIR examined a number of possible reclassifications (Final EIR, p. 3.0-4), and the City has recently requested that FEMA use the A99 designation for the North Natomas Basin, which includes the Project site. Mitigation Measure 4.11.3 includes a set of actions that would apply if the floodplain is reclassified. These include, (1) a requirement that development within the Project area comply with all City and FEMA design and building standards, (2) participation in a levee funding mechanism under specific conditions, and (3) the requirement that compliance with FEMA and City flood standards be satisfied prior to issuance of building permits. (Final EIR, p. 3.0-4). In addition, homeowners within the floodplain shall maintain flood insurance. These mitigation measures will terminate once the levees are recertified.

Appellant mischaracterizes Mitigation Measure 4.11.3 as a mere fair-share funding mechanism for a cumulative infrastructure project, and then claims it does not specify the fair-share contribution. However, CEQA does not require that the fee be specified, but that the fee "be part of a reasonable plan of actual mitigation that the relevant agency commits itself to implementing." *Anderson First Coalition v. City of Anderson*, 130 Cal.App.4th 1173, 1188 (2005). The funding of levee improvements is one of several measures designed to address flooding issues that will arise if the levees are decertified, and which must be implemented prior to issuing building permits. It is part of a comprehensive mitigation strategy tailored to address anticipated decertification of the flood control levees protecting the Project area. As such, it comports with CEQA.

2. The State Water Resources Control Board's New Construction General Permit Does Not Apply to the Project

Appellant states at length that the Draft EIR should acknowledge the State Water Resources Control Board's ("Board") new construction general permit, particularly in light of its

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"unprecedented control strategies." The Board's new permit, however, has not yet been adopted. See State Water Resources Control Board, *General Construction Permits – Adoption Status* <available at [www.swrcb.ca.gov/stormwtr/constpermits.html](http://www.swrcb.ca.gov/stormwtr/constpermits.html)> (last visited July 19, 2007). Because the new permitting requirements and procedures have not yet been implemented, they do not need to be discussed in the EIR. Notably, the Board issued a draft of the new permit on March 2, 2007, which was nearly four months after the Draft EIR for the Project was circulated for public comment.

**C. The EIR Does Not Defer Mitigation of Wastewater Treatment**

The EIR fully assesses the impacts that the Project will have on wastewater treatment services and identifies appropriate mitigation measures. Wastewater treatment for the Project will be provided by the Sacramento Regional County Sanitation District ("SRCSD") through connections to the collection and conveyance system operated by County Sanitation District 1 ("CSD-1"). The EIR acknowledges that the existing wastewater conveyance facilities may not have adequate capacity to handle the proposed development in the Panhandle PUD portion of the Project; however, both the SRCSD and the CSD-1 have long-range plans that anticipate and accommodate future growth. To mitigate the impact that the Project will have on wastewater treatment, the EIR sets out three mitigation measures: (1) each parcel and building with a sewage source will have separate sewage connections and connections to collection and conveyance facilities will be required to the satisfaction of the CSD-1; (2) prior to approval of small lot final maps, the Project applicant will submit a final sewer study for approval by the CSD-1 demonstrating adequate downstream capacity; and (3) the Project applicant will record an agreement to reserve land for acquisition by the SRCSD for installation of facilities in conformance with the SRCSD Master Plan. (Draft EIR, pp. 4.13-28 – 4.13-29). Nothing in this set of mitigation measures constitutes deferral of mitigation as alleged by the Appellant. The facts and holding of *Sundstrom v. County of Mendocino*, 202 Cal.App.3d 296 (1988), cited by the Appellant are not relevant here. In *Sundstrom*, an initial study/negative declaration improperly directed the project applicant to adopt mitigation measures recommended in a future study. *Id.* Here, the mitigation measures identified in the EIR are certain and specific, and mitigation of wastewater treatment is not left to be determined in some possible future study. Thus, there is no need, as Appellant claims, to identify other potential sources for wastewater treatment.

**D. The EIR Mitigates For The Loss of Open Space and Agricultural Land**

Appellant suggests that the EIR does not include "mitigation to reduce the impacts anticipated from the conversion of farm land and open space into residential development." This is incorrect. Mitigation Measure 4.2.1 requires the Project applicant to "protect one acre of existing farmland of equal or higher quality for each acre of Prime Farmland or Farmland of Statewide Importance that would be converted to non-agricultural uses in the Panhandle PUD." (Draft EIR, p. 4.2-21). Similarly, in the response to comments made by LAFCo, the Final EIR explains that the analysis of the Project's consistency with LAFCo policies regarding agricultural lands "is provided on pages 4.1-12 through 4.1-16 of the DEIR,

**Attachment 3**

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and that “[e]nvironmental impacts associated with the loss and conversion of agricultural lands are described under DEIR impacts 4.2.1 and 4.2.3 in Section 4.2, Agricultural Resources.” (Final EIR, pp. 3.0-72 to 3.0-73). The Project applicant also has acquired a portion of the mitigation lands required under the NBHCP, which will be used to mitigate the loss of agricultural land. (Draft EIR, p. 4.8-31).

Appellant further suggests that by not specifying in the EIR the location of off-site lands to be set aside for mitigation, the EIR has failed to address project alternatives. Appellant implies this by citing *Laurel Heights v. Regents of University of California*, 47 Cal.3d 376, 400-403 (1988) and *Citizens of Goleta Valley v. Board of Supervisors*, 197 Cal.App.3d 1167, 1178-79 (1988). Appellant misapplies both the law and facts. The project alternatives are fully assessed in the EIR, and the location of conservation easements as part of a proposed mitigation measure is unrelated to the evaluation of project alternatives.

**E. Mitigation of Air Quality Impacts Have Not Been Deferred**

Appellant alleges that Mitigation Measure 4.5.3, which requires the Project applicant to consult with the Sacramento Metropolitan Air Quality Management District (“SMAQMD”) in the development of an Air Quality Management Plan (“AQMP”) constitutes improper deferral of mitigation. This allegation lacks merit. The purpose of the AQMP is to address emissions of the ozone-precursor pollutants. The EIR, as modified by the June 14, 2007 Errata, includes specific performance standards that will be included in the AQMP: “[T]he AQMP shall reduce ozone precursor emissions associated with new residential development by a minimum of 20 percent compared to the single occupant vehicle baseline. Emissions associated with new non-residential developments shall reduce ozone precursor emissions by a minimum of 15 percent, with achievement of 50 percent to the extent feasible, compared to the single occupant vehicle baseline.” (Draft EIR, p. 4.5-28) (Memorandum, Panhandle Annexation and PUD FEIR Final EIR – Errata, June 14, 2007, p. 4). In addition, the EIR as modified by the Errata describes a number of other measures to be included in the AQMP, including transportation and transit measures, as well as energy conservation standards for residential structures. *Id.* Because the EIR provides performance standards to be included in the AQMP as well as other specific details necessary to assess the appropriateness of the AQMP as a mitigation measure, it does not defer mitigation of air quality impacts as alleged by Appellant.

**F. The EIR Does Not Defer Traffic Mitigation nor Fail to Respond to Comments**

Appellant claims that Mitigation Measure 4.4.3, which was added to the Final EIR, constitutes improper deferral of mitigation. Appellant fails to note, however, that while Mitigation Measure 4.4.3 was added to the Final EIR, the finding that the impact is significant and unavoidable was not changed. Mitigation Measure 4.4.3, which requires the Project applicant to contribute to the Natomas-Airport Light Rail Extension (DNA) project, was added in response to a comment raised by the California Department of Transportation (“DOT”) regarding impacts to the mainline State Highway System. (Final EIR, p. 3.0-53). However, the City has

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subsequently removed Mitigation Measure 4.4.3 because the requirement that the property owners fund the Natomas-Airport Light Rail Extension (DNA) project was previously incorporated into the North Natomas Financing Plan ("NNFP"). (Memorandum, Panhandle Annexation and PUD FEIR Final EIR – Errata, June 14, 2007, p. 1). The NNFP includes \$13.8 as the North Natomas' share for the Natomas-Airport Light Rail Extension (DNA) project. These funds will come from the development fees that property owners must pay at the time building permits are issued. In addition, affected property owners will be required to dedicate land for the light rail right of way and station under the terms of the North Natomas Land Acquisition. Thus, the City concluded that no additional contribution was required to mitigate freeway congestion because the NNFP already included a fair share contribution for the light rail project. Contrary to Appellant's assertion, there is no deferral of mitigation. Indeed, property owners (including the Project applicant) will be paying \$13.8 million as the North Natomas' fair share contribution to the Natomas-Airport Light Rail Extension (DNA) project. *See Anderson*, 130 Cal.App.4th at 1189, 1193-94 (noting that a fair-share mitigation fee is sufficient under CEQA if the fees are "part of a reasonable, enforceable plan or program that is sufficiently tied to the actual mitigation of the traffic impacts at issue").

Appellant also claims that the City did not fully respond to DOT's comments. This is not true. Each issue raised by DOT in its comment letter was fully addressed in the Final EIR and the response is supported by a reasoned assessment. (Final EIR at 3.0-51 – 3.0-58). The fact that Appellant does not agree with the response does not make the response legally insufficient. The City has provided a reasoned good faith response to the comments raised by DOT as required by CEQA. CEQA Guidelines § 15088(c).

**G. The Final EIR Properly Evaluated Long-Term Water Supply Sources for the Project and Impacts Related to Supplying Water from Those Sources**

Appellant alleges that the Final EIR inadequately identifies sources of water for the Project in light of the recent case *Vineyard Area Citizens for Responsible Growth, Inc. v. City of Rancho Cordova*, 40 Cal.4th 412 (2007). However, the EIR clearly identifies water supply sources for the Project, including the City's pre-1914 water rights on the Sacramento River, five water rights permits (one for diversion of Sacramento River water and four for diversion of American River water), and a 1957 permanent water rights settlement agreement with the U.S. Bureau of Reclamation. (Draft EIR, p. 4.13-14). The EIR also notes that 32 active municipal groundwater supply wells may provide additional water supply in years when there are low river flows. (Draft EIR, p. 4.13-14). In addition to identifying water supply sources, the EIR also identifies impacts related to the supply of water from those sources. For example, the EIR evaluates whether the Project at buildout would increase demand for water supply service, including the construction of new systems and facilities. (Draft EIR, p. 4.13-2). The EIR acknowledges that the Northern Portion of the Project would require water services for its residential, commercial and industrial uses, but states that the City has adequate long-term surface water entitlements that exceed existing demand. (Draft EIR, p. 4.13-21).

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Appellant alleges that the Fairbairn Water Treatment Plant is subject to the Water Forum Agreement, which was the subject of an EIR discussed in the *Vineyard Area Citizens* case. Appellant further alleges that the Project EIR should be recirculated because the WFA EIR found that the use of American River water would result in significant impacts. The EIR for the WFA, of course, evaluated the WFA and its ability to provide water. It did not evaluate the Project or whether an adequate water supply existed to serve the needs of the Project. Whether or not the Fairbairn Water Treatment Plant is subject to the WFA is irrelevant to whether the Fairbairn Water Treatment Plant, along with the other water supply sources identified in the Project EIR, is sufficient to meet projected water demands. In any event, the Project EIR, in connection with the water supply assessment prepared for the Project in October 2006, evaluated water supplies from the Fairbairn Water Treatment Plant and other sources of water and concluded that these sources were adequate to meet the Project's demand and impacts related to those supplies were less than significant. Accordingly, no mitigation measures were required. (Draft EIR, pp. 4.13-19 to 4.13-23).

Citing the EIR's discussion of the 1957 water rights settlement agreement, Appellant alleges that the 1957 agreement with the U.S. Bureau of Reclamation constitutes "paper water" under *Santa Clarita Organization for Planning the Environment v. County of Los Angeles* ("*SCOPE*"), 106 Cal.App.4th 715 (2003). The *SCOPE* case, however, does not apply here. In *SCOPE*, an EIR for a housing development improperly relied on illusory water entitlements from the incomplete State Water Project. Because these entitlements represented "nothing more than hopes" and "expectations," they were referred to as "paper water." *Id.* at 721. By contrast, the 1957 permanent water rights settlement agreement with the U.S. Bureau of Reclamation provides actual water, rather than illusory "paper water," to supply the City. As the EIR explains, under this agreement the Bureau agreed to operate its Folsom and Shasta facilities so as to provide a reliable supply of the City's water rights water to the City's downstream diversion intakes. (Draft EIR, p. 4.13-14). This water, in addition to the other water supply sources identified in the EIR, is sufficient to meet the Project's water supply demands. (Draft EIR, pp. 4.13-19 to 4.13-23; see also Draft EIR, app. 4.13 (containing Water Supply Assessment)). Further, these sources meet the *Vineyard Area Citizens* standard for an EIR's identification of future water supplies because they are reasonably foreseeable and bear a likelihood of actually proving available. *Vineyard Area Citizens*, 40 Cal.4th at 434.

Appellant suggests that the water supply assessment for the Project is inadequate because it allegedly does not provide information related to the City's Urban Water Management Plan. The Water Code section Appellant cites, however, does not require that a water supply assessment discuss an urban water management plan. Instead, it states simply that "[i]f the projected water demand associated with the proposed project was accounted for in the most recently adopted urban water management plan, the public water system may incorporate the requested information from the urban water management plan in preparing the elements of the [water supply assessment]." Water Code § 10910(c)(2). Pursuant to this section, the Project's water supply assessment considered whether there was a current urban water management plan that accounts for the Project's demand, and determined that the current urban water management

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plan did not include water demand that would be generated by the Project. (Draft EIR, app. 4.13 at p. 1-6). Accordingly, the water supply assessment was unable to incorporate any such information from the City's Urban Water Management Plan as discussed on page 1-6 of the Project Water Supply Assessment (October 2006). Both the EIR and the water supply assessment are thus in compliance with the Water Code.

Finally, Appellant alleges the EIR does not evaluate impacts related to the 32 active municipal groundwater supply wells within the City limits. This is incorrect. The Draft EIR evaluated impacts related to these and other such infrastructure, and concluded that "new transmission and distribution lines would be the only new infrastructure required to accommodate the proposed project since the City has adequate long-term surface water entitlements that exceed existing demand." (Draft EIR, p. 4.13-21).

**H. The State Water Resources Control Board's New Wetland and Riparian Area Protection Policy Has Also Not Yet Been Adopted and Thus Does Not Apply to the Project**

Appellant also states at length that the Draft EIR should acknowledge the State Water Resources Control Board's new Wetland and Riparian Area Protection Policy. Like the Board's new construction general permit, the Board's new Wetland and Riparian Protection Area Policy has not yet been adopted. See State Water Resources Control Board, *Clean Water Act Section 401 Certification and Wetlands Program* <available at [www.swrcb.ca.gov/cwa401/index.html#new](http://www.swrcb.ca.gov/cwa401/index.html#new)> (last visited July 19, 2007). Because this new policy has not yet been implemented, it does not need to be discussed in the EIR. Scoping for the CEQA document associated with the policy did not start until April 2007, nearly five months after the Draft EIR was circulated for public comment.

**I. The Final EIR Properly Responds to Comments Regarding Climate Change**

Appellant raises several perceived concerns regarding the discussion of climate change in the Draft EIR and the Climate Change Master Response in the Final EIR. Appellant's central concern is a belief that greenhouse gas emissions were not quantified and there were no projections of future emissions. Appellant is mistaken. The Climate Change Master Response presents a detailed discussion of the possible effects of the Project on climate change at buildout in 2015 using the methodologies that Appellant cites in its letter. (Final EIR, pp. 3.0-15 – 3.0-16).

Appellant also suggests that the EIR contains no discussion of measures to reduce greenhouse gas emissions. This allegation is not accurate. The Climate Change Master Response describes a number of mitigation measures incorporated into the Project that will have the added benefit of also reducing greenhouse gas emissions. (Final EIR, p. 3.0-16). For example, the implementation of an Air Quality Mitigation Plan, as required by Mitigation Measure 4.5.3, will almost certainly contribute to a reduction of greenhouse gas emissions.

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Other air quality mitigation measures cited in the Draft EIR will also help to reduce greenhouse gas emissions – e.g., installing Energy Star or ground source heat pumps, exceeding Title 24 energy standards, installing Energy Star roofing materials, and promoting the use of solar energy. (Final EIR, p. 3.0-16). In addition, traffic mitigation measures related to public transit and bike and pedestrian facilities will reduce vehicle miles traveled and, therefore, reduce greenhouse gas emissions from the Project. Finally, the Project applicant will comply with any requirements to offset greenhouse gas emissions through the purchase of carbon credits if either CARB or the SMAQMD adopt such requirements prior to the issuance of the first building permit for the Project.

Appellant states that the EIR concludes that “the City has determined that the impacts of global warming are too speculative for evaluation.” Appellant confuses the discussion of the impact of climate change on the Project (e.g., effects on flooding, water supply and electricity demand) with the effect that the Project could have on climate change as a result of greenhouse gas emissions generated by the Project. After discussing the relevant literature the EIR reaches the conclusion that the impact that climate change could have on water supply, flooding and electricity demand are too speculative at this time. The EIR, however, makes no such conclusion with respect to the impact that the Project could have on climate change as a result of increased greenhouse gas emissions. Instead, the Climate Change Master Response outlines mitigation measures that will reduce the Project’s long-term greenhouse gas emissions and, therefore, the Project’s impact on climate change.

**J. The EIR Properly Addresses Inconsistencies with Other Planning Documents****1. The EIR Properly Addresses General Plan Inconsistencies**

As noted in the Draft EIR, the General Plan designations for the Southern Portion would be changed from Rural Estates, Low Density Residential, Heavy Commercial or Warehouse, Mixed Use, Water and Roadways to Heavy Commercial/Warehouse, Water and Roadways. (Draft EIR p. 3.0-19). The NNCP designations for the Southern Portion would be changed from Rural Estates, Low Density Residential, Medium Density Residential, Light Industrial, Employment Center, Parks/Open Space, Roadways to Light Industrial, Parks/Open Space and Roadways. Draft EIR, p. 3.0-19. The pre-zoning designations would be changed from Flood, Light Industrial and Industrial Office Park to Flood and Special Planning District (SPD) Light Industrial.

The Appellant states that for consistency, all documents need to indicate that the GP, CP and pre-zoning in the Southern Portion will be the Northgate 880 Special Planning District M1 (light industrial). The Staff Report to the Planning Commission (June 28, 2007, p. 13) states that the City does not have a General Plan land use designation that is completely consistent with existing uses in the Southern Portion, therefore Staff is proposing to establish the Northgate 880 Special Planning District (SPD) for this area. The SPD will provide consistency among the existing land uses, County land use designations and the proposed City land use

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designations. The Staff Report to the Planning Commission (June 28, 2007, pp. 262-271, Exhibits 1E and 1G) includes a draft resolution and ordinance that would amend the North Natomas Community Plan text to add references to the Northgate 880 Special Planning District (SPD) and add Chapter 17.102 to Title 17 of the City Code establishing the Northgate 880 Special Planning District.

2. The EIR Properly Addresses North Natomas Community Plan Inconsistencies

As noted in the Draft EIR, the project is "largely consistent with the land use vision and policy provisions of the NNCP [North Natomas Community Plan]." Draft EIR, p. 4.1-27. In addition, to the extent that there are specific land use inconsistencies between the Project and the NNCP, the Project proposes amendments to the NNCP to resolve those inconsistencies. Draft EIR, p. 4.1-28; Staff Report, p. 22.

Comments submitted in response to the Draft EIR noting inconsistencies between the Project and the NNCP were reasonably addressed in the Final EIR. Final EIR, pp. 3.0-113 – 3.0-114. In particular, the response to these comments noted that the NNCP will be amended to resolve inconsistencies and that mitigation measures will be implemented to address visual impacts, noise and loss of open space; however, even with adoption of mitigation measures, the City determined that the environmental effects of these impacts would still be significant and unavoidable. Final EIR, pp. 3.0-113 – 3.0-114.

The Draft EIR notes that the Project will result in 316 more residents than provided for under the current NNCP. Draft EIR, p. 4.3-10. While mitigation measures will be implemented to reduce the environmental impacts of these additional residents, the City concludes that the impacts will remain significant and unavoidable.

Finally, with respect to concerns over the status of the levees providing flood protection to the Project area, the Appellant is directed to the Master Response – Flooding contained in the Final EIR. Final EIR, pp. 3.0-3 – 3.0-9. Specifically, the Final EIR notes that the Project will be consistent with the City's General Plan and the NNCP by complying with FEMA floodplain designations and the City's floodplain ordinances.

Contrary to Appellant's implied assertions, the EIR properly addresses potential land use and flooding inconsistencies with the NNCP as required by CEQA. CEQA Guidelines § 15125(d). Where appropriate, mitigation measures are identified. In addition, the Project includes amendments to the NNCP to resolve differences between the Project and the NNCP regarding land use.

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**K. The EIR Fully Evaluates the Project's Environmental Impacts**

Appellant makes a general allegation that the EIR does not fully acknowledge the Project's impacts. Appellant is mistaken. The EIR properly evaluates the Project's environmental impacts. To the extent any individual or entity providing comments on the Draft EIR, including Appellant, believed other environmental impacts have been "neglected," the City responded in full to each and every one of those comments in the Final EIR. (Final EIR, Section 3.0). The City is well within its CEQA authority to rely on the opinions of its own experts. See *Greenebaum v. City of Los Angeles*, 153 Cal.App.3d 391, 413 (1984).

**L. No New Information Exists Necessitating Recirculation of the EIR**

New information made available after circulation of an EIR would only trigger the need for recirculation of the EIR if the new information was significant. CEQA Guidelines § 15088.5. The supposed new information that Appellant references, but does not cite or explain, appears to be oral testimony that the Project applicant provided at the June 28th hearing clarifying and amplifying issues regarding the loss of open space. At the hearing, the City's environmental staff was asked whether this information was new or changed the findings of the EIR. The City's environmental staff informed the Planning Commission that the information was not new and did not change the findings.

**M. The City Does Not Need to Respond to Itself**

Appellant contends that the City needed to provide a written response to comments submitted by the Urban Design Group a least 10 days prior to certifying the EIR and the Urban Design Group's comments and the City's response to the comments needed to be included in the Final EIR. Because the City failed to do so, Appellant claims it violated CEQA. The Urban Design Group is composed of staff members of the City, and the City does not need to respond to itself.

**N. The EIR Does Not Need to Provide Assurances to Appellant**

As Appellant notes, the Final EIR makes clear that the mitigation measures and fee assessments identified in the EIR only apply to development in the proposed Panhandle PUD because the Southern Portion of the Project area is almost built out. (Final EIR, p. 3.0-117). Appellant claims that the EIR contains other references that contradict this general statement. However, the references cited by Appellant on page 21 of its letter do not identify any contradictions. These references simply note that future development in the Southern Portion, if and when it occurs, may necessitate certain improvements in the Southern Portion. There is nothing in these references that contradicts the general statement, noted above, that the mitigation measures and fees identified in the EIR apply to development associated with Panhandle PUD. These references simply reflect the fact that future development in the Southern Portion of the Panhandle area, if any, is not within the scope of the Project and EIR.

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Appellant appears to be concerned that the Public Facilities Financing Plan ("PFFP") could potentially impose costs associated with development within the Panhandle PUD on existing developments within the Southern Portion of the Project area. This is not true. The PFFP is clear that it only applies to development within the Panhandle PUD portion of the Project, and it does not cover the Southern Portion of the Project area. (PFFP, p. 9). No additional statement or clarification is necessary regarding the scope of the PFFP.

Appellant also appears to be concerned that the EIR does not adequately address how the Project may impact the already built-out sections of the Southern Portion of the Project area. However, Appellant cites no specific examples of how the review of these impacts in the EIR is inadequate. The EIR fully assesses the impacts of the Project on the infrastructure and other environmental concerns associated with the Southern Portion of the Project area, and mitigation measures, where necessary have been identified. Nothing more is required by CEQA.

The purpose of CEQA is to inform decision makers and the public about the significant environmental effects of a proposed project. CEQA Guidelines § 15002. The Panhandle Project EIR achieves this purpose and complies with all CEQA requirements. It identifies and assesses the significant environmental effects of the Project, including significant environmental effects pertaining to the Southern Portion of the Project Area. Appellant, however, believes that the EIR must do more – it must assure Appellant that as a result of the Project there will be no impacts and no effects in the Southern Portion of the Project Area. That is not purpose of an EIR. An EIR is an informational document. CEQA Guidelines § 15121. The Panhandle Project EIR provides the information necessary to comply with CEQA regarding all significant environmental effects, including any that may affect the Southern Portion of the Project area.

**O. The EIR Properly Addresses Appellant's Alleged "Impacts to Others"**

**1. CEQA Does Not Require Mitigation of Economic Impacts**

Appellant alleges that the EIR fails to properly mitigate fiscal impacts to the Rio Linda & Elverta Recreation and Park District and the County of Sacramento because the cost-sharing agreement designed to resolve these fiscal impacts has not been negotiated. Appellant contends that the failure to finalize the cost-sharing agreement makes the identified mitigation speculative. There is nothing speculative about this mitigation – as noted in the Staff Report, negotiation of the tax exchange agreement is underway. (Staff Report, May 24, 2007, p. 11). Furthermore, Appellant's legal argument is wrong because economic and social impacts do not constitute significant environmental effects under CEQA. CEQA Guidelines § 15064(e). Therefore, no mitigation is required under CEQA even if the EIR identifies a fiscal impact.

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2. Housing and Transit Impacts Are Properly Assessed in the EIR

The Appellant provides no facts from the EIR to support its claim that the project fails to properly employ transit oriented design principles. Because Appellant does not cite to specific examples from the EIR to support its allegation, it is difficult to provide a detailed response. As noted in Mitigation Measure 4.4.5, the Project applicant will be working with the Sacramento Regional Transit District to provide public transit services to the Panhandle PUD. In addition, traffic (Section 4.4 of the Draft EIR) and housing (Section 4.3. of the Draft EIR) are fully addressed in the EIR.

The Appellant states that the "design [of the Project] shows more density located to the Northeast corner of the project, which is not placed close to the public transit and transportation features of the project, located in the southern portion." The Appellant is referring to the medium density and high density residential areas planned south of Elkhorn Boulevard and east of Elkhorn Boulevard. These residential areas are very close to future transit service since they are located within a tenth of a mile of National Drive, which is one of the routes proposed for bus transit service. At its June 28, 2007 meeting, the Planning Commission heard testimony that the project would be served with bus and shuttle transit by Sacramento Regional Transit (RT) and the Natomas Transportation Management Association (TMA), and the Planning Commission reviewed conceptual future transit routes through the Project for these service providers. Funding for transit services is included in the Panhandle PUD Public Facilities Financing Plan (Table 13, pages 40-42).

P. **Conclusion**

The Panhandle EIR complies with all CEQA requirements. It is a careful and technically competent review of the significant environmental effects of the Project. The arguments presented by Appellant, as noted above, lack legal or factual merit. The Planning Commission did not error in certifying the EIR, adopting the Mitigation Monitoring Plan, and approving the Tentative Subdivision Map based on the EIR. Appellant has presented no grounds for overturning the decisions of the Planning Commission.

Sincerely,

*Anne E. Mudge / s1515*

Anne E. Mudge

AEM/dlc

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