5.0 CEQA CONSIDERATIONS

IN THIS SECTION:

5.1 SIGNIFICANT UNAVOIDABLE IMPACTS

The State California Environmental Quality Act (CEQA) Guidelines require a description of any significant impacts, including those that can be mitigated but not reduced to a level of insignificance (section 15126.2(b)). Where there are impacts that cannot be alleviated without imposing an alternative design, their implications and the reasons why the project is being proposed, notwithstanding their effect, should be described. The EIR identified the following significant unavoidable impacts:

- **Historic Resources** – The project will result in demolition of most of the existing La Bahia complex, which is considered an historical resource under CEQA due to its local listing as an historic structure and eligibility for listing in the California and National Registers. The demolition is proposed in order to construct a new hotel structure.

  The significance of an historic resource is considered to be "materially impaired" when a project demolishes or materially alters the physical characteristics that justify the determination of an historical resource's significance. Given the extent of the demolition it entails, the proposed project will materially impair the integrity and significance of the La Bahia Apartments. While the project includes retention of the bell tower and adjoining southeast apartment units, many of the character-defining features of the property identified above will be eliminated, such as the overall massing and configuration, courtyards, and architectural details, except for the bell tower and cupola and adjoining southeast apartment building that would be retained. Mitigation Measures HC-1a and HC-1b, below, will provide documentation of the La Bahia complex and potential salvage of historic materials prior to demolition, but will not reduce this impact to a less-than-significant level given the extent of proposed demolition. There are no mitigation measures available that would eliminate or reduce the impact to a less-than-significant level. However, the EIR considers two preservation alternatives, as discussed below in subsection 5.4 – Project Alternatives.

- **Traffic** – The project will result in an increase in daily and peak hour trips, but would not cause existing intersections to operate at an unacceptable Level of Service (LOS), and would not adversely affect non-auto modes of transportation. However, project trips would contribute to the existing unacceptable LOS D at the Bay Street/Mission Street (Highway 1) intersection, and to the unacceptable LOS E at the Highway 1/Highway 9 intersection pursuant to Caltrans' level of service (LOS) C/D standard. Improvements have been identified for both intersections and are required under existing conditions,

even if the project is not constructed. The Mission/Bay intersection would improve to an acceptable LOS C, but the improvement has not yet been scheduled. Thus, the impact would remain significant and unavoidable in the near-term until the improvements are implemented at this intersection. With planned improvements at the Highway 1/Highway 9 intersection, the intersection will continue to operate at LOS E, but the average control delay will be reduced by approximately 20 seconds/vehicle, compared to existing baseline conditions. The improvement is scheduled for construction in 2015-2016.

The proposed project will be required to pay the City's Traffic Impact Fee, which will go toward funding the identified projects, and thus will mitigate the project's contribution to existing impacted intersections. However, until the improvements are implemented, the intersections will continue to operate at an unacceptable level of service. Additionally, even with improvements, the River Street-Highway 9/Highway 1 intersection will operate at an unacceptable LOS.

- **Cumulative Impacts** – The project's incremental effects related to certain traffic impacts are cumulatively considerable. The proposed project will contribute to significant cumulative traffic impacts at five intersection locations, all of which can be improved to an acceptable LOS except at three intersections: Highway 1/Highway 9-River Street, Bay Street/Mission Street (Route 1), and Ocean Street/Water Street. Improvements have been identified for these intersections in the City's Traffic Impact Fee (TIF) program. The project will be required to pay the City's traffic impact fee, however, since the identified intersections would continue to operate at deficient levels of service even with the identified improvements, the project's contribution to the cumulative traffic impacts would be cumulatively considerable.

  Additionally, the project would contribute to significant cumulative impacts along segments of state Highway 1. Highway 1 operations are projected to continue to remain at unacceptable levels, and funding constraints and controversy over proposed Highway 1 HOV lanes may delay or affect implementation of improvements under consideration by Caltrans for Highway 1. Thus, cumulative traffic increases along Highway 1 is a significant cumulative impact, and the proposed project's incremental contribution to the increases would be cumulatively considerable.

5.2 GROWTH INDUCEMENT

Pursuant to CEQA, the State CEQA Guidelines require that any growth-inducing aspect of a project be discussed in an EIR (section 15126.2(d)). This discussion should include consideration of ways in which the project could foster economic or population growth in the surrounding areas. Projects which could remove obstacles to population growth (such as major public service expansion) also must be considered in this discussion. Additionally, the discussion should address characteristics of a project that may encourage and facilitate other activities that could significantly affect the environment. According to CEQA, it must not be assumed that growth in any area is necessarily beneficial, detrimental, or of little significance to the environment.

The proposed project is a visitor-serving hotel use, and will not directly result in population growth, as no residential uses are proposed. The hotel is expected to operate with a total of 90 employees, with approximately 32 employees on staff at any given time. It is expected that these employees would be selected from the local labor pool, given the nature of the jobs, which are mostly hospitality service-related. Thus, the project is not expected to attract out-of-the area employees, and therefore would not indirectly foster population growth. The construction of the proposed project would generate temporary employment opportunities for construction workers.

When completed and in operation, the project will generate transient occupancy and sales taxes that will provide economic benefits to the City. Additionally, the proposed project could result in indirect economic growth. It is envisioned that the introduction of a high quality hotel could bring additional visitors to the Beach area during the off-peak season, thereby stimulating economic growth in the Beach area throughout the year. The presence of a new high quality hotel could serve as a catalyst for other redevelopment in the Beach Commercial area as envisioned in City plans, which would help to revitalize the area and enhance the economic base of the City. Economic growth anticipated as a result of implementation of the proposed project will be consistent with the goals, objectives and recommendations in the City's *General Plan 2030*, the Local Coastal Program (LCP) and the *Beach and South of Laurel Comprehensive Area Plan* (B/SOL Area Plan).

Construction of the proposed project will result in increased activity in the Beach area and could serve as a catalyst for additional development or redevelopment. Any such development would need to be consistent with the City's LCP and the B/SOL Area Plan. All development will be subject to site-specific environmental review. Because the proposed project would be only one of many factors contributing to economic growth consistent with the City's *General Plan 2030*, the project's growth-inducing effects are less than significant.

Some projects can induce population growth by removing obstacles to development and growth--for example, a major expansion of a wastewater treatment facility or other public facilities. Such a project would allow for additional service connections within its service area, and therefore would allow future construction and growth. No major public infrastructure systems will require expansion as a result of the La Bahia project, and thus the project will not indirectly result in removal of obstacles to growth.

5.3 CUMULATIVE IMPACTS

State CEQA Guidelines Requirements

The State CEQA Guidelines section 15130(a) requires that an EIR discuss cumulative impacts of a project "when the project's incremental effect is cumulatively considerable." As defined in Section 15355, a cumulative impact refers to two or more individual effects, which when considered together, are considerable or which compound or increase other environmental impacts. As defined in section 15065(a)(3), "cumulatively considerable" means that the incremental effects of an individual project are significant when viewed in connection with the effects of past projects, other current projects, and probable future projects. Where a lead

agency is examining a project with an incremental effect that is not "cumulatively considerable," the lead agency need not consider the effect significant.

CEQA requires an evaluation of cumulative impacts when they are significant. When the combined cumulative impact associated with the project's incremental effect and the effects of other projects is not significant, the EIR shall briefly indicate why the cumulative impact is not significant and is not discussed in further detail in the EIR. According to the California State CEQA Guidelines section 15130 (a)(1), there is no need to evaluate cumulative impacts to which the project does not contribute.

An EIR may determine that a project's contribution to a significant cumulative impact will be rendered less than cumulatively considerable and thus not significant when, for example, a project funds its fair share of a mitigation measure designed to alleviate the cumulative impact. An EIR shall examine reasonable, feasible options for mitigating or avoiding the project's contribution to any significant cumulative effects.

The discussion of cumulative impacts shall reflect the severity of the impacts and their likelihood of occurrence, but the discussion need not provide detail as great as that provided for the effects that are attributable to the project alone. The discussion should be guided by standards of practicality and reasonableness, and should focus on the cumulative impact to which the identified project contributes, rather than on the attributes of other projects which do not contribute to the cumulative impact.

Discussion of cumulative impacts may consider either a list of past, present, and probable future projects producing cumulative impacts; or a summary of growth projections contained in an adopted plan that evaluates conditions contributing to cumulative impacts, such as those contained in a General Plan.

If a cumulative impact was addressed adequately in a prior EIR for a community plan, zoning action, or general plan, and the project is consistent with that plan or action, then an EIR for such a project should not further analyze that cumulative impact, as provided in section 15183(j). Therefore, future projects that are determined to be consistent with the General Plan after it is adopted may rely on this analysis to streamline their environmental review.

Cumulative Projects

As indicated above, State CEQA Guidelines indicate that the cumulative analysis use either a list of projects or projections from an adopted plan, such as a general plan. Review of recently constructed, approved, and pending projects indicates that there are numerous projects throughout the City, but projects in the Beach and South of Laurel Plan (B/SOL) area are limited to the following:

- Boutique Hotel – 12 rooms, 611 Third Street: Under Construction
- Replace Motels (64 existing rooms) with new 155-room hotel, 313-325 Riverside: Approved
- Motel Expansion – Add two rooms, 301 Beach Street: Pending Application
- Residential – 94 small ownership units, 555 Pacific: Pending Application

State CEQA Guidelines also indicate that cumulative impacts can be based on growth projections contained in an adopted plan. On June 26, 2012, the Santa Cruz City Council adopted the *General Plan 2030* after certifying an EIR for the plan. The *General Plan 2030 EIR* includes the Draft EIR volume (September 2011) and the Final EIR volume (April 2012). The General Plan EIR provided an analysis of cumulative impacts resulting from estimated buildout accommodated by the City's General Plan, as well as other cumulative growth, such as the University of California Santa Cruz (UCSC). The General Plan EIR considered potential buildout accommodated by the General Plan to include construction of the following by the year 2030: 3,350 residential units; approximately 1,090,000 square feet of commercial development, including 311 hotel rooms; approximately 1,274,000 square feet of office development; and approximately 777,000 square feet of industrial development (City of Santa Cruz, September 2011, page 3-12-14).

These buildout estimates were based on the development potential of land use map changes, vacant lands, sites subject to reuse or redevelopment, and under-utilized parcels. The buildout estimates were adjusted to include major pending or approved projects at the time the EIR was prepared, most notably the Delaware Mixed Use Project, the Tannery Arts Center non-residential uses, the La Bahia Hotel Project (an earlier version, which was ultimately rejected by the California Coastal Commission), and several hotel projects in the beach and downtown area. These projects were added to the General Plan buildout projections to ensure that all potential development that would occur during the General Plan's timeframe was considered in the EIR impact analyses.

Thus, the General Plan EIR provides a current and comprehensive review of cumulative impacts. Furthermore, future development of the project site with a 125-room hotel was specifically included in the buildout assumptions in the General Plan EIR, although no site-specific impacts were identified for the project site. Since 2009 (the General Plan EIR "baseline" year), approximately 325,000 square feet of commercial space has been developed or is under construction throughout the City, which is below the buildout estimate that was evaluated in the General Plan EIR.

In analyzing the proposed project, the City may consider whether existing environmental documents already provide an adequate analysis of potential environmental impacts. An earlier analysis may be used where, pursuant to the tiering, program EIR, or other CEQA provisions, it can be determined that one or more effects have been adequately analyzed in an earlier EIR or negative declaration (State CEQA Guidelines section 15063(c)(3)(D)). CEQA allows a lead agency to avoid repeating analyses that were already provided in a certified General Plan EIR for a development project that is consistent with the General Plan. Public Resources Code section 21083.3 and its parallel CEQA Guidelines provision, section 15183, provide for streamlined environmental review for projects consistent with the General Plan for which an environmental impact report ("EIR") was certified.

State CEQA Guidelines section 15183(a) indicates that, in accordance with CEQA mandates, projects which are consistent with the development density established by existing zoning, community plan, or general plan policies for which an EIR was certified, shall not require additional environmental review, except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site. This streamlines the

review of such projects and reduces the need to prepare repetitive environmental studies. Subsection (i) further states that, if a significant offsite or cumulative impact was adequately discussed in the prior EIR, then this section (15183) may be used as a basis for excluding further analysis of that offsite or cumulative impact. If a cumulative impact was addressed adequately in a prior EIR for a community plan, zoning action, or general plan, and the project is consistent with that plan or action, then an EIR for such a project should not further analyze that cumulative impact, as provided in section 15183(j).

The project site is designated Regional Visitor Commercial in the City's *General Plan 2030*, and is zoned RTC (Beach Commercial). According to the *General Plan 2030*, the Regional Visitor Commercial designation "applies to areas that emphasize a variety of commercial uses that serve Santa Cruz residents as well as visitors." The General Plan further states that the emphasis is on "visitor-serving commercial uses such as hotels, motels, restaurants, and amusement parks, as well as residential and mixed-use development in the Beach Area neighborhoods," and that the *Beach and South of Laurel Comprehensive Area Plan* (B/SOL Area Plan) provides detailed requirements for this area. The proposed hotel use is consistent with the General Plan designation. Further, the B/SOL Area Plan recommends a 250- to 275-room hotel and conference center for the La Bahia site that would include the adjacent property east of the site and Westbrook Street. The current proposal does not include consolidation with the adjacent property, but the proposed number of rooms (165) would be within the overall amount recommended in the B/SOL Area Plan. The project also includes 4,500 square feet of meeting rooms and an addition 3,325 square feet of "pre-function" space, which taken together could accommodate conferences.

Therefore, the proposed project is consistent with the land use designation in the *General Plan 2030*, as well as the intensity of development supported in the B/SOL Area Plan. Furthermore, the proposed project size of 165 rooms would be accounted for in the General Plan buildout, with a 125-room hotel specified for the La Bahia site, and the remaining 40 rooms are within the overall amount of commercial square footage evaluated in the General Plan EIR. The General Plan EIR compared differences in traffic trip generation and water demand between a hotel use and general commercial use and found that the commercial use rates result in higher trip generation and water demand than hotel rates, and therefore, commercial square footage analyzed in the General Plan EIR is inclusive of many commercial uses and is a conservative worst-case estimate for the purposes of environmental review (City of Santa Cruz, April 2012, page 4-128-129). Thus, the proposed project is accounted for in the General Plan buildout with a 125-room hotel specified for the La Bahia site, and the remaining 40 rooms would be within the overall amount of commercial square footage evaluated in the General Plan EIR.

Because CEQA discourages "repetitive discussions of the same issues" (CEQA Guidelines section 15152(b), and because the project is consistent with the City's *General Plan 2025*, the City has determined the project meets the provisions of CEQA section 21083.3(b) and State CEQA Guidelines section 15183 and, therefore, the City's *General Plan 2030* EIR has adequately addressed cumulative impacts for all topics. The General Plan EIR identified four significant cumulative impacts related to population and housing, noise, traffic, and water supply. The proposed project would not contribute to cumulative population impacts or the area of the City where potential cumulative noise impacts were identified.

The proposed project would contribute to significant cumulative traffic and water impacts. The proposed project traffic report updates the General Plan EIR cumulative analysis to reflect the current project size. Additionally, since preparation of the General Plan EIR, a Draft EIR for the proposed Regional Seawater Desalination Project has been released, which contains new water supply modeling results. Therefore, cumulative traffic and water supply impacts are further reviewed below.

The City of Santa Cruz *General Plan 2030* and the General Plan EIR are available for review at the City of Santa Cruz Planning and Community Development Department (located at 809 Center Street, Room 107, Santa Cruz, California) during business hours: Monday through Thursday, 8 AM to 12 PM and 1 PM to 5 PM. The General Plan EIR is also available online on the City's website at: http://www.cityofsantacruz.com/index.aspx?page=348.

Cumulative Impact Analysis

CUMULATIVE TRAFFIC WITH GENERAL PLAN BUILDOUT

As indicated above, cumulative traffic impacts were analyzed in the *General Plan 2030* EIR based on estimated buildout accommodated by the General Plan, a number of approved and reasonably foreseeable projects, and long-range growth anticipated for the University of California, Santa Cruz (UCSC). Cumulative development would result in an estimated 11,550 new trips during the PM peak hour. The General Plan EIR concluded that traffic from cumulative development and growth would result in unacceptable levels of service at 26 intersections, all of which could be improved to acceptable levels or improved operations (i.e., delays reduced to existing levels), except at 11 intersections, including five along state routes. Improvements would reduce delays below the level generated by cumulative traffic, but LOS would not be improved to meet City or Caltrans' standards at 11 intersections. Similarly, cumulative traffic along state highways would contribute to existing and future unacceptable levels of service. Thus, the General Plan EIR concluded that the cumulative traffic would result in significant impacts at 11 intersections and along Highways 1 and 17. The EIR further concluded that overall, cumulative traffic impacts were unavoidable as funding availability for major facility improvements and expansion of transit service will likely remain constrained into the foreseeable future, and implementation of recommended improvements and alternative transportation facilities cannot be assured. Additionally, highway operations will continue to remain at unacceptable levels, and funding constraints and controversy over proposed Highway 1 HOV lanes may delay or affect implementation of improvements contemplated by Caltrans for state highway facilities.

The *General Plan 2030* EIR traffic projections included a 125-room hotel project at the La Bahia site, as the project had been approved by the City but had not yet gone to the Coastal Commission (which ultimately rejected the proposal)at the time the EIR was written. In order to develop the cumulative traffic volumes for this EIR, the trip generation for the La Bahia site was adjusted in the *General Plan 2030* EIR buildout TRAFFIX model scenario to reflect the estimated PM peak hour trip generation associated with the currently proposed project, and project trip assignment to roadways based on the project trip distribution assumptions.

Intersection Impacts. Intersection levels of service under cumulative conditions were analyzed using existing intersection traffic volumes and assuming existing intersection configurations as discussed in the TRANSPORTATION and TRAFFIC (4.3) section of this EIR. Intersection levels of service under cumulative *General Plan 2030* buildout conditions as modified for the currently proposed La Bahia project are summarized in Table 5-1. All of the study intersections, with the exception of the locations listed below, would operate at acceptable levels of service during the PM peak hour[1], according to LOS targets established by the City of Santa Cruz. (See Appendix D for further discussion.)

- Highway 1 / Highway 9-River Street – LOS F
- Bay Street / Mission Street (Highway 1) – LOS F
- Ocean Street / Water Street – LOS F
- Ocean Street / Broadway – LOS F
- Ocean Street / San Lorenzo Boulevard – LOS E

TABLE 5-1
Intersection PM Peak Hour Levels of Service with Cumulative Trips

	Intersection	Existing		Cumulative	
		Delay [in seconds]	PM Peak Hour LOS	Delay [in seconds]	PM Peak Hour LOS
1	Hwy. 1 / Hwy9-River Street	75.6	**E**	**ECL**	**F**
2	Highway 17 / Ocean Street	28.5	C	32.6	C
3	Bay Street / Mission Street (Highway 1)	42.6	**D**	**ECL**	**F**
4	Ocean Street / Water Street	43.0	D	**177.0**	**F**
5	Front Street / Laurel Street	27.0	C	51.1	D
6	Ocean Street / Soquel Avenue	36.9	D	54.1	D
7	Ocean Street / Broadway	34.1	C	**95.8**	**F**
8	West Cliff Drive / Bay Street	29.6	D	34.2	D
9	Pacific Avenue / Beach Street	16.1	C	29.2	D
10	Cliff Street / Beach Street	9.8	A	11.3	B
11	Riverside Avenue / Second St-Liebrandt St	9.3	A	9.8	A
12	West Cliff Drive / Beach Street	7.9	B	18.6	C
13	Westbrook Street / Beach Street	15.5	C	16.5	C
14	Main Street / Beach Street	17.7	C	18.6	C
15	Riverside Avenue / San Lorenzo Boulevard	33.9	C	42.5	D
16	Ocean/San Lorenzo-East Cliff	26.4	1.061	**68.6**	**E**

ECL – Exceeds calculable limit. Reported when delay exceeds 180 seconds.
Delay refers to the average control delay for the entire intersection, measured in seconds per vehicle.
At a two-way stop-controlled intersection, delay refers to the worst movement.

SOURCE: Kimley-Horn and Associates, January 2014

[1] As noted in the TRANSPORTATION AND TRAFFIC (4.3) section of this EIR, The PM peak hour (roughly 4 PM to 7PM) generally has the highest number of trips compared to the AM peak hour and is the time of greatest congestion in the City.

As previously indicated, improvements have been identified for the Highway1/Highway 9 and Bay/Mission intersections in the City's Traffic Impact Fee (TIF) program. The Highway 1/Highway 9 improvement also is in the City's current Capital Improvement Plan. As discussed in the TRANSPORTATION AND TRAFFIC (4.3) section of this EIR, preliminary engineering and associated environmental studies are complete; construction is programmed for 2016/17. The improvements are already required under existing conditions. According to the General Plan EIR cumulative analyses, even with construction of the improvements, both of these intersection, as well as the Ocean/Water intersection, would not operate at an acceptable LOS. The Ocean/Broadway intersection would operate at a LOS D with prohibition of left turns from Ocean Street onto Broadway, and the Ocean/San Lorenzo-East Cliff intersection would operate at an acceptable LOS of D with improvements identified in the General Plan EIR.

The cumulative intersection levels of service with the currently proposed La Bahia hotel project remain consistent with the LOS results from the *General Plan 2030* EIR cumulative impact analysis. The project will contribute to significant cumulative traffic impacts at five locations identified above; two intersections can be improved to an acceptable LOS: Ocean/Broadway and Ocean/San Lorenzo. The other three intersections would continue to operate at unacceptable levels of service even with improvements: Highway 1/Highway 9-River Street, Bay Street/Mission Street (Route 1), and Ocean Street/Water Street. Improvements for all five intersections have been identified in the City's Traffic Impact Fee (TIF) program. The project will be required to pay the City's traffic impact fee, however, since three identified intersections would continue to operate at unacceptable levels of service under cumulative conditions even with the improvement, the project's contribution to the cumulative traffic impacts would be cumulatively considerable. Based on the project's estimated PM peak hour trip generation of 79 trips, the project applicant would be required to pay a total amount of $304,150 in TIF fees based on the current trip rate.

Highway Impacts. The General Plan EIR found that traffic resulting from future development accommodated by the *General Plan 2030* would be within projected future volumes estimated by Caltrans and is less than that anticipated in Caltrans Corridor Systems Management Plan. Cumulative development and growth would generate traffic that would contribute to existing and future forecast unacceptable levels of service along Highway 1 and Highway 17, even though the amount of estimated traffic is less than the future forecasts estimated by Caltrans in its "Corridor System Management Plan."

The traffic impact study for the proposed project reviewed and estimated cumulative (2030) highway volumes based on forecasted traffic growth as presented in the *Highway 1 & Highway 183 Corridor System Management Plan* (Caltrans, 2011), the Transportation Concept Report for US Route 17 in District 5 (Caltrans, 2006), and the *General Plan 2030* EIR cumulative buildout traffic projections. The net new project trip assignment, minus the trip assignment for the La Bahia development site as assumed in the *General Plan 2030* EIR traffic analysis, was added to the projected cumulative baseline highway volumes. Highway segment levels of service were evaluated for the study segments of Highway 1 and Highway 17 using the cumulative directional PM peak hour volumes and assuming construction of the planned Highway 1 auxiliary lanes between Morrissey Boulevard and Soquel Avenue, which was completed in November 2013 prior to the release of this Draft EIR. While various Caltrans plans have

identified widening of Highway 1 to accommodate High Occupancy Vehicle (HOV) lanes, the project has not been approved or funded.

The project traffic study found that all of the Highway 17 segments would operate at acceptable levels of service according to the LOS targets established by Caltrans; however, Highway 1 segments would operate at unacceptable LOS with or without project:

- Highway 1 – Highway 9 to Highway 17 Junction (LOS F – Southbound)
- Highway 1 – Emeline Avenue to Morrissey Boulevard (LOS E – Southbound)
- Highway 1 – Morrissey Boulevard to Soquel Avenue (LOS E – Northbound; LOS F – Southbound)

The cumulative impacts to highway levels of service with the currently proposed La Bahia hotel project remain consistent with the results from the *General Plan 2030* EIR analyses. Thus, the project would contribute to significant cumulative impacts along segments of state Highway 1. Highway 1 operations are projected to continue to remain at unacceptable levels, and funding constraints and controversy over proposed Highway 1 HOV lanes may delay or affect implementation of improvements under consideration by Caltrans for Highway 1. Thus, cumulative traffic increases along Highway 1 is a significant cumulative impact, and the proposed project's incremental contribution to the increases would be cumulatively considerable.

CUMULATIVE WATER SUPPLY IMPACTS

The General Plan EIR concluded that cumulative development and growth in the City's water service area would result in a significant cumulative water impact, as it results in additional demand in a system that does not currently have adequate water supplies to meet existing or future demands during drought conditions, or potentially during normal years at some time after the year 2020, depending on the actual rates of growth and water demand experienced up to that time. The City's supplies were found to be sufficient to meet cumulative water demands in a normal year through the year 2030 if overall water use remains at 2007-2008 levels. However, if water demand were to change to historical water use experienced between 1999 and 2004, shortages could occur during normal years. Thus, cumulative development and growth were found to result in a significant cumulative impact during dry years from now through 2030 without supplemental supplies, and potentially during normal years after the year 2020.

The General Plan EIR also discussed City programs to promote additional water conservation, manage and protect water supplies, and develop a reliable, supplemental water source. The EIR summarized the City's process of reviewing alternative water supply options over the past 20+ years that culminated in the adoption of the *Integrated Water Plan* (IWP). As discussed in the WATER SUPPLY (4.4) section of this EIR, both the City's adopted IWP and 2010 Urban Water Management Plan (UWMP) call for conservation, curtailment during droughts, and a supplemental water supply from a new desalination plant. The EIR also indicated that the City acknowledged some uncertainty related to the approval of and timing for the permanent desalination plant construction and operation, as design plans and environmental review had not been completed, as well as uncertainty about whether the Coastal Commission would issue the necessary approvals. For these reasons, it was concluded that the cumulative impact on water supplies was significant and unavoidable.

Since certification of the *General Plan 2030* EIR, there is new information regarding the City's water supply and demand, which is summarized below. There is no known new information regarding the City's pending water rights petitions or groundwater conditions affecting the Live Oak well system as discussed in the General Plan EIR. Key new information includes:

- **Reduction in Water Demand**. Water demand within the City's service area has continued to decrease. Average annual water demand was approximately 3,900 MGY from 2000 through 2004. Water demand decreased after 2005 to an average demand of slightly less than 3,500 MGY between the years 2005 and 2008. Water demand (metered consumption) was 2,759 MGY in 2011 and 2,928 MGY in 2012. The reduction may be attributed to a combination of factors, including wet years, several foggy summers with lower landscaping water demand, water rate changes and continued implementation of water conservation programs.

- **Desalination Project Planning.**
  - Desalination Project EIR. A Draft EIR on the proposed Regional Seawater Desalination Program was released in May 2013, which evaluates impacts of all the project components, including seawater intake, treatment, by-product disposal, plant operations and new pipelines for water delivery. A number of alternative intake and plant sites are evaluated. Thus, there is new information related to project-level impacts associated with a desalination facility.
  - Desalination Project Purpose. As set forth in the Desalination Project EIR, the objectives and purpose of the desalination project have expanded beyond just drought protection for the City's water service area. Due to ongoing negotiations with federal and state agencies regarding habitat protection for listed endangered and threatened species, and as a result of updated water supply modeling, a desalination project may be needed more frequently in order to meet aquatic habitat requirements as well as provide a supplemental water source during dry and drought periods.
  - Desalination Project Schedule. Due to ongoing community debate regarding a desalination project, the Santa Cruz City Council is evaluating options to further engage the community in the regarding drought- and long-term water supplies. At this time decisions have not been made on proceeding with responding to comments on the Draft EIR and completion of a Final EIR. At this time, it is not known when a Final EIR will be completed. Additionally, a ballot measure will be scheduled in the future to allow the proposal will require voter voters to weigh in on whether a desalination project should be pursued. Therefore, construction and operation of a desalination project or another supplemental water supply will be further in the future than previously envisioned in the General Plan EIR or the 2010 Urban Water Management Plan.

- **Updated Water Modeling for HCP Scenarios.** As discussed in the General Plan EIR and summarized in the WATER SUPPLY (4.4) section of this EIR, the City has been working with federal and state agencies over the past 10 years in developing a Habitat Conservation Plan (HCP) to protect endangered protected species. The City

proposed a "Conservation Strategy" in August 2011 that was modeled to determine future water supplies in the 2010 UWMP. Since that time, and in response to agency requests, the City has developed another scenario that was modeled in 2012/13. The results are included in the Desalination Project EIR, and show that without a desalination project or other water supply and with a water service area demand of about 3,500-3,800 MGY, which includes conservation, there will be more frequent and severe periods of water shortages.

- **Water Conservation Master Plan.** In 2013, the Water Conservation Office began development of a new Water Conservation Master Plan. The plan will address the next generation of water conservation activities and serve as a roadmap to help the community achieve maximum, practical water use efficiency.

The City's adopted 2010 UWMP estimates water supplies in the year 2030 as 4,160 MGY for normal year conditions, 3,900 MGY for a single dry year, and 2,800 MGY in a second dry year. These estimates could change, depending on the outcome of negotiations between the City and regulatory agencies regarding limits on surface water diversions to protect fish habitat and the outcome of other water rights decisions. According to the UWMP, the process to secure an Incidental Take Permit could require several more years to complete. While the outcome is not known, it is clear that compliance with both federal and state Endangered Species Acts will result in less water being available from the City's surface water supplies in the future, and that, in turn, will place greater reliance on Loch Lomond supplies, thus exacerbating the City's water shortage problem during dry and critically dry years (URS Corporation, May 2013).

Updated modeling, conducted by the Water Department as part of the Desalination Project EIR, found that water shortages could be as high as 39 percent in the near term, and up to 46 percent in the long term (URS Corporation, May 2013). The modeling includes some reduction in customer demand through new and ongoing conservation programs. Depending on the outcome of the HCP, however, shortages could be higher. According to the City's Water Contingency Plan, water shortages above 35 percent are considered a Stage 5 Critical Emergency that could threaten the health, safety, and security of the community (Ibid.). (See discussion in the WATER SUPPLY (4.4) section of this EIR.)

Thus, as disclosed in the General Plan EIR, the City's future water supply availability continues to be uncertain, and overall water demand continues to decrease. However, the General Plan EIR's conclusion that cumulative impacts to the City's water supply during dry and potentially normal years has not changed. The City faces a series of ongoing challenges that potentially could lead to some loss of existing supply in the future, although it is uncertain at this time which supplies might be affected and to what extent. These considerations include the preparation of an HCP that could adjust diversions in some scenarios, water rights petitions, and reduction of groundwater production to protect against saltwater intrusion.

The utilization of any one water source varies monthly and throughout the year, and also during wet, normal, and dry years. Thus, the City cannot confidently predict, at this time, the actual amount of potential water supply reduction that may occur due to the HCP effort, which is an ongoing process that has not been completed. However, the City acknowledges the uncertainty of the future water supply capacity. The estimated demand and supplies reviewed in this EIR

are based on estimates in the City's current adopted plans as supplemented with updated modeling developed as part of the Regional Seawater Desalination Project EIR.

As explained above, the City is pursuing construction of a desalination plant or some other supply solution to provide a reliable supplemental water supply in dry years, which is necessary even without the proposed project. Although neither this new source of water nor some alternative supply source is required for the proposed project, some new source will be necessary in the future even without the proposed project in order to reduce the severity of City-wide reductions during drought conditions and to provide an increased and more reliable supply in normal years as the City continues to grow under its new General Plan. Until very recently, a desalination plant has been part of the City's overall water supply strategy that also includes conservation and curtailment during droughts, as set forth in the City's adopted *Integrated Water Plan* and *Urban Water Management Plan*. The City currently is reviewing options for completion of the Regional Desalination Project EIR, however, as part of a community process addressing the question whether, indeed, a desalination plant is really the best option for creating a new water supply for the City. At this time, the City therefore continues to conclude that it cannot "confidently determine" that a new desalination plant is a "reasonably likely" water source, as spelled out in the guidance provided by the California Supreme Court in its decision in *Vineyard Area Citizens for Responsible Growth, Inc., et al. v. City of Rancho Cordova* (2007) 40 Cal.4th 412. In adopted plans to date, the City has identified a desalination plant as its best potentially feasible option to alleviate shortages in drought conditions, and as a potential additional normal-year water supply to serve new growth. These conclusions are reflected in both the City's Integrated Water Plan and its 2010 Urban Water Management Plan, but are being reconsidered in the community process described above. Thus, although a future desalination facility has been planned and is still being considered as a potential future water source, such a project nonetheless remains somewhat uncertain until the community process, design, environmental review, and regulatory approvals are all completed. Furthermore, to provide capacity for additional planned growth under a worst case analysis of GP 2030, a supplemental water supply project, either the desalination plant or some other source eventually would need to be identified or expanded, which would require additional design and engineering, environmental review and permit approvals. (The General Plan EIR also summarizes other supplemental water supply options that have been considered by the City over the past 20+ years.)

Reasonably Foreseeable City Water Supply Sources. As previously indicated, a basic assumption of the City's *Integrated Water Plan* and 2010 UWMP is that the City will continue to use its existing water supply sources in the future without a change in current production levels. However, the City faces a series of ongoing challenges that potentially could lead to some loss of existing supply in the future, although it is uncertain at this time which supplies might be affected and to what extent. These considerations include the preparation of an HCP that could adjust diversions in some scenarios, water rights petitions, and reduction of groundwater production to protect against saltwater intrusion. As discussed in the WATER SUPPLY (4.4) section of this EIR, the HCP is being developed to prevent impacts to endangered fish; these impacts are generally the greatest on the North Coast streams during the dry season and during dry water years, and during wet season salmonid migration and spawning. The proposed strategy consists of provision of specified instream flows during various periods, with and without water supply augmentation and other mitigation strategies.

The utilization of any one water source varies monthly and throughout the year, and also during wet, normal, and dry years. Thus, the City cannot confidently predict, at this time, the actual amount of potential water supply reduction that may occur due to the HCP effort, which is an ongoing process that has not been completed. However, the City acknowledges the uncertainty of the future water supply capacity. The estimated demand and supplies presented in this EIR are based on estimates in the City's current adopted plans as supplemented with updated modeling, including in the Desalination Project EIR.

As previously mentioned, the City is exploring alternatives, including construction of a desalination plant, to provide a reliable supplemental water supply in dry years. Although this new source of water or some other source that might emerge from the previously described community process is not required for the proposed project, some such new source will be necessary in the future even without the proposed project in order to reduce the severity of City-wide reductions during drought conditions and to provide an increased and more reliable supply in normal years as the City continues to grow under its new General Plan. As noted above, a desalination plant remains a part of the City's overall official water supply strategy, along with conservation and curtailment during droughts, described in the City's adopted *Integrated Water Plan* and *Urban Water Management Plan*. This water supply strategy and other potential water supply sources are further described below.

- **Desalination.** As explained earlier, the City is actively pursuing a supplemental water supply project including possibility of construction of a desalination plant as the preferred supplemental water source identified in the City's adopted IWP and UWMP. The City's adopted IWP reviewed six alternatives and identified seawater desalination as the only feasible alternative for a backup supply of drinking water to meet demand during a drought, with a 15 percent curtailment level set forth in the adopted IWP. Those plans found that the other alternatives would not provide the yield needed to accommodate existing and future drought demands during a multiple-dry year period. As currently envisioned, the desalination facility would initially provide 2.5 mgd for supplemental supply during a drought, and could be expanded to 4.5 mgd.

  As a preliminary step, the City completed operation of a "pilot project" to gather information to establish the optimal design and operating parameters for a permanent facility. Based on these results, the City, in partnership with the Soquel Creek Water District, has completed a Draft EIR for the "Regional Seawater Desalination Project." A 90-day public review period ended on August 13, 2013. A Final EIR has not been prepared. The City is also reconsidering some of the conclusions set forth in the IWP and UWMP. On November 26, 2013, Council passed a motion to accept the framework for an extensive community engagement effort for water supply, with the purpose of encouraging exploring options for long-term stable, secure, reliable, and environmentally sustainable water supply. A separate motion was passed to establish an Advisory Committee for the purpose of analyzing and formulating recommendations for the City Council regarding water supply options, with the Committee to achieve its work in twelve months. City staff also intends to further examine options for the desalination project's environmental review process, its scope, cost and duration in close coordination with the City's partner, the Soquel Creek Water District, and intend to bring this issue back to the Council early in 2014.

The schedule for construction and operation of a supplemental water supply including possibly a permanent desalination facility is not currently known, but appears to be pushed further into the future than previous estimates that a facility would be in operation in 2015-2016. Completion of project-level environmental review and regulatory permit approvals, including approval of a coastal development permit from the Coastal Commission, would be required.

The City acknowledges some uncertainty related to the approval and timing of the permanent desalination plant construction and operation or any other supply solution.. The likelihood of construction of a permanent plant or other solution is currently uncertain because environmental review and design plans have not been completed, and it cannot be predicted at this time whether the Coastal Commission and other agencies would issue the necessary approvals. Nor has the City Council taken affirmative action to endorse any specific desalination proposals, and a vote of the City's electorate will be necessary before a desalination project can go forward. For these reasons, the City concludes that it cannot "confidently determine" that this water supply source is "reasonably likely," as spelled out in the guidance provided by the California Supreme Court in its decision in *Vineyard Area Citizens et al. v. City of Rancho Cordova* (2007) 40 Cal.4th 412. Nonetheless, in adopted plans to date the City has identified a desalination plant as its best option to alleviate supply shortages in drought conditions and under cumulative growth scenarios. This approach is described in the Integrated Water Plan and the 2010 Urban Water Management Plan to pursuing this option with the intent of working diligently with the other agencies with regulatory and/or permitting authority over the plant to obtain all necessary approvals. Thus, the future desalination facility is considered to be the most likely future water source, although other options will be discussed during the community process and the desalination proposal itself would still require completion of a Final EIR and various regulatory approvals. .

- **Potential Impacts of Desalination.** Four basic functional components of the proposed desalination project are evaluated in the "Regional Seawater Desalination Project Draft EIR." These components include: 1) seawater intake; 2) pretreatment and salt removal through reverse osmosis filtration; 3) disposal of by-products, including a brine stream and solids that are removed in the pretreatment process; and 4) conveyance and delivery of the product water to existing City and District water infrastructure. Alternative sites for the seawater intake system and desalination plant are evaluated in the EIR. The plant sites are located in the City's Westside Industrial area off of Delaware Avenue. Most below-ground and offshore components of the proposed 2.5-mgd desalination project are designed with the capacity to produce up to 4.5 mgd of product water, but would require some modifications, such as installation of additional screens and pumps.

  The Draft EIR analyses indicate that all significant impacts can be reduced to a less-than-significant level with implementation of mitigation measures, except for one impact. One plant site is vegetated with a stand of mostly cypress trees that may be providing secondary wind protection to an active monarch butterfly overwintering roost site at Natural Bridges State Park to the west of the plant site. The EIR conservatively concludes that removal of these trees would result in an indirect impact, although it is not known whether the trees are actually providing secondary wind protection. However,

selection of one of the other alternative plant sites would eliminate this potential impact, which is considered the preferred option. The EIR also identified less-than-significant project impacts related to marine water quality, treated potable water quality, impacts on marine resources due to operation of the intake system, energy, greenhouse gas emissions, and growth.

The City's 2010 UWMP indicates that the 2.5 mgd desalination plant being pursued by the City of Santa Cruz and the Soquel Creek Water District would function as a backup water supply in times of drought for the City, and as a supplemental water source for the District in non-drought times to restore groundwater levels and prevent seawater intrusion (City of Santa Cruz Water Department, December 2011). The City will continue to rely on its existing water sources into the foreseeable future unless there is a loss of surface water due to implementation of endangered species laws (beyond that reduction already factored into the City's model and 2010 UWMP), in which case the desalination plant also may be operated for the City during non-drought periods (Ibid.).

- **Additional Contingent Water Sources.** As previously discussed, several possible water supply options were carefully evaluated, including drilling more wells, upgrades to the North Coast system, and a water transfer involving exchange of groundwater with recycled wastewater for agricultural use on State Park lands north of the City. Based on the analysis performed at the time, both the wells and groundwater exchange concept were determined to be infeasible, leaving seawater desalination as the only apparently practicable solution available to the City (City of Santa Cruz Water Department, September 2011).. Since 2000, the upgrades either have been completed such as SLR pump station improvements; are in progress (i.e., the North Coast water pipeline upgrade); or were found to result in only small water yields compared to the expense involved, e.g. pre-treating turbid coast and river water. Any water savings achieved as a result of the upgrades implemented since this 2000 recommendation have been factored into the City's water system model (City of Santa Cruz, April 2012).

  Based on this screening process conducted in 2000, the brackish and fresh groundwater well options from the San Lorenzo River alluvial plain were ruled out due to 1) potential impacts to riparian habitat or introduction of seawater into the aquifer as a result of pumping; 2) water rights issues since the brackish groundwater is likely hydraulically linked to the San Lorenzo River and may result in conflicts with the City's other water rights related to its Tait Street diversion; and 3) high treatment costs. In addition, the yield from these sources was expected to be limited (City of Santa Cruz, September 2011). The other groundwater options from the Purisima or Santa Margarita Formations ultimately were determined not to be viable because as groundwater sources they are also affected during drought conditions and storage is not readily replenished. None of the groundwater resources could provide a significant portion of the projected drought demand shortfall (Ibid.). Additionally, there were other environmental, regulatory and/or cost issues associated with some groundwater options that would affect overall feasibility for implementation. For example, the two biggest aquifers analyzed in the study (Santa Margarita aquifer near Wilder Ranch and Purisima aquifer) have existing users with potential impacts on the groundwater basin from additional pumping. The available (reliable) yield during a prolonged drought is also uncertain because the

yield from the aquifers will likely decrease as other users increase their reliance on this supply (Ibid.).

Recycled wastewater was determined to be potentially feasible for agricultural irrigation, but would produce high-cost, limited yields that were too small to meet the City's drought-year needs (City of Santa Cruz, September 2011). Recycled water for landscape irrigation remains a potentially viable alternative that could be pursued in the future. However, currently it is not the City's preferred water supply strategy for the reasons outlined above. The 2010 UWMP indicates that the steps and actions to encourage and optimize recycled water will be defined in the future if and when recycling is selected, and will be pursued to diversify the City's water supply portfolio (City of Santa Cruz Water Department, December 2011).

A recycled water alternative for landscape water use would result in limited localized impacts at the City's wastewater treatment plant where improvements would need to be undertaken to improve the water quality for use as recycled water. The greatest impact would be due to construction of recycled water distribution pipelines throughout the service area to landscape users. Recycled water systems would need to be separate from potable water distribution systems. It would be expected that most major pipeline routes would be within existing road rights-of-way, although some pipeline extensions would be to/through properties in which some potential impacts to terrestrial biological and/or cultural resources might occur, requiring avoidance or mitigation. Construction would also result in related noise, air quality and traffic impacts during the construction period.

In summary, the City acknowledges the inherent uncertainty regarding the desalination project or any other supply project, including public acceptance and the ability to obtain all necessary approvals for whatever facility is chosen. Furthermore, surface water supplies may be reduced due to implementation of wildlife protection strategies under a future HCP, which may require that the City seek additional supplies and/or expansion of a desalination facility beyond that capacity which is currently planned for drought supply. If the desalination project or another supplemental water supply project does not move forward, it is expected that the City would continue current water supply practices and continue to pursue other options, probably revisiting some options previously determined to be unworkable. Without a supplemental water supply and under current conditions with modeling developed to date by the City, there could be more frequent and severe water shortages and demand curtailment.

Project Contribution to Cumulative Water Supply Impacts. The proposed project would result in a net increase in water demand of approximately 5.0 MGY which is not considered substantial in relation to the estimated future demand in the City's water service area of 3,500 to 4,000 MGY. The project would be subject to City requirements for installation of water conserving fixtures and landscaping in accordance with City Municipal Code and building requirements. In addition, the project will pay the required "System Development Charge" for the required new and upgraded service connections; the collected fees are used in part to implement conservation and desalination plant costs planned under the IWP. The 2010 UWMP notes that between 2000 and 2010 "there has been a larger reduction in water use from water conservation programs than there has been an increase in water use by new connections, with a net decrease over the last ten years of almost 80 million gallons per year"

(City of Santa Cruz Water Department, December 2011). Thus, incremental increases in water demand by new development have been offset by increased conservation attained though the City's water conservation program. Additionally, under drought conditions, the project, like other City customers, would be required to curtail water use by varying amounts, depending on the severity of the drought. The increase in project water demand would not substantially exacerbate water supply reliability during a drought or in the future because the amount of additional demand when spread across all service area customers would not result in any noticeable increase in the curtailment in customer use that would be implemented during drought conditions. Thus, the project payment of the System Development Charge and implementation of other water conservation measures would mitigate the project's contribution to cumulative water supply impacts, and the project's incremental contribution would not be cumulatively considerable.

5.4 PROJECT ALTERNATIVES

According to State CEQA Guidelines (section 15126.6), an EIR shall describe a range of reasonable alternatives to the project or to the location of the project, which would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project, and evaluate the comparative merits of the alternatives. The guidelines further require that the discussion focus on alternatives capable of eliminating significant adverse impacts of the project, or reducing them to a level of insignificance even if these alternatives would impede to some degree the attainment of the project objectives, or would be more costly. The alternatives analysis also should identify any significant effects that may result from a given alternative. An EIR need not consider every conceivable alternative to a project. Rather, it must consider a reasonable range of potentially feasible alternatives that will foster informed decision-making and public participation. An EIR is not required to consider alternatives which are infeasible.

The lead agency is responsible for selecting a range of potentially feasible project alternatives for examination, and must publicly disclose its reasoning for selecting those alternatives. The range of alternatives is governed by a "rule of reason" that requires the EIR to set forth only those potentially feasible alternatives necessary to permit a reasoned choice. The alternatives shall be limited to those that would avoid or substantially lessen any of the significant effects of the project. Of those alternatives, the EIR need examine in detail only those that the lead agency determines could feasibly attain most of the basic objectives of the project. An EIR need not consider an alternative whose effect cannot be reasonably ascertained and whose implementation is remote and speculative. Alternatives in an EIR must be "potentially feasible." Agency decision makers ultimately decide what is "actually feasible."

"Feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors (State CEQA Guidelines, section 15364). Among the factors that may be taken into account when addressing the feasibility of alternatives are site suitability, economic viability, availability of infrastructure, general plan consistency, other plans or regulatory limitations, jurisdictional boundaries (projects with a regionally significant impact should consider the regional context), and whether the proponent can reasonably acquire, control, or otherwise have access to the alternative site (or already owns the alternative site). No one of these factors

establishes a fixed limit on the scope of reasonable alternatives. The concept of feasibility also encompasses the question of whether a particular alternative or mitigation measure promotes the underlying goals and objectives of a project. Moreover, feasibility under CEQA encompasses "desirability" to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, legal, and technological factors.

SUMMARY OF SIGNIFICANT IMPACTS & PROJECT OBJECTIVES

Significant Project Impacts

The following impacts were found to be potentially significant, and while mitigation measures have been identified, the impact cannot be reduced to a less-than-significant level.

4.2-1 *Historical Resources - Demolition*: The project will result in demolition of most of the La Bahia structures, a historical resource under CEQA, which will result in a substantial adverse change in the significance of a historical resource.

4.3-1 *Transportation and Traffic - Intersection Impacts*: The project would result in increased traffic and contribute to the existing unacceptable level of service (LOS) E at the Highway 1/Highway 9 intersection and to the existing unacceptable LOS of D at the Bay Street/Mission Street intersection. The impact at the Bay/Mission intersection would be short-term until improvements are in place, but even with improvements LOS at the Highway 1/Highway 9 intersection would remain at an unacceptable level.

Cumulative Impacts: The project's incremental effects related to cumulative traffic impacts at the Bay/Mission and Highway 1/Highway 9 intersections and along segments of Highway 1 are cumulatively considerable (i.e., significant).

The following impacts were found to be potentially significant, but could be reduced to a less-than-significant level with implementation of identified mitigation measures.

4.2-2 *Historical Resources - Damage to Retained La Bahia During Construction*: The proposed demolition of much of the La Bahia Apartments complex, including removal of building foundations, could adversely affect the retained historical bell tower and building due to damage to the exterior of the retained building.

4.2-3 *Historical Resources - Rehabilitation of Retained Buildings*: The proposed project could result in a substantial adverse change in an historical resource due to alteration of the La Bahia bell tower and southeast portion of the building to be retained in a manner that could endanger the property's historical significance.

4.2-4 *Historical Resources – Effects of New Building on Retained Buildings*: The proposed new building project could result in a substantial adverse change in the significance of the retained tower and building due to height and massing of new construction in relation to the retained features.

4.2-5 *Historical Resources – Impacts to Historic Structures Due to Construction-Related Vibration*: Project excavation may result in groundborne vibration and potential damage to on- and off-site historic structures.

4.6-1 *Geology and Soils - Exposure to Seismic Hazards*: The project structures and visitors will be subject to seismic shaking and liquefaction hazards.

IS-1 *Noise – Exposure to Ambient Noise Levels*: The project would result in exposure to ambient noise levels that exceed land use compatibility standards.

Project Objectives

Based on the Applicant's own goals for the project and the City's existing policy framework, as embodied in the B/SOL Area Plan and *General Plan 2030*, the project objectives include the following:

1. Promote economic development in Santa Cruz by transforming the La Bahia site into a quality, full-service hotel with facilities to attract visitors year-round, including a pool, restaurant/bar, banquet space, state-of-the-art meeting spaces, spa, and retail area.

2. Strengthen the City's fiscal health and its ability to provide services to its residents through generation of new Transient Occupancy Tax and Property Tax revenues.

3. Create a new landmark conference hotel facility supporting the objectives of Beach and South of Laurel Area Plan "Design Guidelines" to recapture the "grand resort character" of the beach area through multi-level development and intensification of uses.

4. Preserve and restore the iconic tower and southeast wing of the existing La Bahia apartments and incorporate these elements through high-quality, complementary design into a new, structurally safe hotel.

5. Develop a top-end, full-service hotel that can accommodate conferences and conference-goers while expanding and improving the year-round conference segment of the City's tourism market.

6. Add economic life and provide year-round support through the property's revitalization for the Beach area and businesses along Beach Street and the Wharf.

7. Provide opportunities for year-round employment for the residents of Santa Cruz.

8. Promote Santa Cruz as the principal retail, cultural, recreational, entertainment, and commercial destination in the region.

9. Provide a catalyst for future beach improvements, as envisioned by the Beach and South of Laurel Area Plan.

10. Provide indoor and outdoor space that will be appropriate for public functions, such as community dinners, weddings, and prom.

11. Design a facility that incorporates "universal design" principles[2], consistent with the policies of the City's General Plan 2030.

12. Design a commercially viable hotel that can attract financing, be constructed, and operated sustainably, e.g., through implementation of energy efficiency and water conservation measures, recycling, and trip reduction and green purchasing programs.

ALTERNATIVES CONSIDERED

Section 15126.6(c) of State CEQA Guidelines indicates that the range of potential alternatives shall include those that could feasibly accomplish most of the basic objectives of the project and could avoid or substantially lessen one or more of the significant effects. The EIR should briefly describe the rationale for selecting the alternatives to be discussed.

The EIR also should identify any alternatives that were considered by the lead agency but were rejected as infeasible, and briefly explain the reasons underlying the lead agency's determination. Among the factors that may be used to eliminate alternatives from detailed consideration in an EIR are:

- Failure to meet most of the basic project objectives,
- Infeasibility, or
- Inability to avoid significant environmental impacts.

The following alternatives were considered for the proposed project:

1. *Full Preservation:*
   - A. Preserve All Existing Buildings with Construction of New Building in the Northwest Portion of the Site
   - B. Preserve All Existing Buildings without Construction of New Building

2 *Partial Preservation:*
   - A. Preserve Buildings along Beach and Westbrook and Preserve Existing Courtyards with Construction of New Building in the Northwest Portion of the Site
   - B. 2003 Approved Project to Construct 118-Unit Hotel with Demolition of a portion of the rear buildings and Construction of New Building in the Northwest Portion of the Site

3. Reduced Project Size and Height
   - A. Construct Proposed Buildings to 36-Foot Beach Commercial Zone Height Limit (Without Planned Development Height allowance)

4. *Alternate Use*

[2] The City of Santa Cruz *General Plan 2030* defines universal design as "An approach to the design of all products and environments by accommodating limitations so as to be usable by everyone regardless of age, ability, or situation."

5. *Alternate Location*

6. *Redevelopment with Adjacent Property*

Alternatives Eliminated From Further Consideration

The following alternatives were considered and eliminated from further consideration.

FULL PRESERVATION WITHOUT CONSTRUCTION OF NEW BUILDING

This alternative would include full preservation and rehabilitation of the existing La Bahia complex without any new development on the northern portion of the site. Given the limited size of the existing complex (approximately 32,000 total square feet), the ability to develop a full-service hotel with conference facilities would not be feasible. Even with significant interior modifications, the limited space would only allow for approximately 40± rooms without other hotel amenities. This alternative would not meet project objectives or recommendations in the B/SOL Area Plan that call for a major hotel and conference center at the site. Thus, this alternative was eliminated from further consideration.

2003 APPROVED PLAN

In 2003 a project proposed on the La Bahia site was approved by the City under a Mitigated Negative Declaration (Application No. 02-066). The approved project included preservation and renovation of most of the existing La Bahia apartment complex, except that Building 4 and a portion of Building 5 were proposed for demolition (see Figure 3 for building numbers[3]). A new building was proposed in the location of the demolished structures and in the northwestern and northeastern corners of the building. The project would have converted the existing 44-unit La Bahia apartment complex into a 118-condominium unit hotel/limited stay condominium project with a 144-space underground parking garage including conventional parking spaces and parking by means of stackable and valet parking spaces. The approved project also included approximately 3,000 square feet of meeting space, a spa and swimming pool. The proposed renovation would have maintained the existing Spanish Colonial architectural style and building materials including varying building massing, white stucco walls, red tiled roofs, varied rooflines and the use of metal and wood balconies and wood window treatments. The existing courtyards would have been retained and the landscaping rehabilitated to reflect the historic configuration of the outdoor areas.

Although the project was approved, the project was not constructed. Subsequent to approval, the project applicant decided not to pursue this permitted project and allowed the permit to expire. Information provided to City staff from the applicant at that time indicated that the applicant had concluded that the site plan and layout presented a number of insurmountable operational and functional difficulties. For example, access to the site was limited to Main Street, which was not apparent to visitors. Interior layouts posed problems with provided ADA (Americans with Disabilities Act) access and facilities. Additionally, to meet project objective to

[3] All EIR figures are included in Chapter 7.0 at the end of the EIR (before appendices) for ease of reference, as some figures are referenced in several sections

provide limited stay for-sale visitor units, the project would have been required to meet more stringent buildout code requirements than may have otherwise been permitted under the Historic Building Code. Thus, even though the project was approved and represented nearly full historic preservation, project feasibility was uncertain. Therefore, this project was eliminated from further consideration as an alternative to the current hotel proposal.

ALTERNATE USE

The B/SOL Area Plan identifies the La Bahia site as being suitable for a hotel and conference center. Hotels are one of six principal permitted uses in the Beach Commercial zone district. The others are food and beverage stores, multiple-family units above the first floor, parking, small family day care facility in a single-family home or duplex, and eating and drinking establishments. None of the other principal permitted uses would be appropriate for the site given its size and location, and a use other than a hotel would be inconsistent with the recommendations of the B/SOL Area Plan recommendation that the site be developed with a hotel. In addition, a hotel is a visitor serving use which is a coastal zone priority in this location. The proposed project does include conference-meeting/banquet rooms, restaurant and retail space. Thus, review of a project with alternative uses was eliminated from further consideration.

ALTERNATE LOCATION

The City did not consider offsite locations for a hotel as the B/SOL Area Plan process reviewed alternative sites for different uses, and a major hotel/conference center was identified for the La Bahia site. Public comments on the previously proposed project raised the former Casa del Rey site as a potential alternative. This site, north of Beach Street across from the Santa Cruz Beach Boardwalk's Cocoanut Grove, currently is used as the Main Beach Parking Lot. The B/SOL Area Plan considered the Main Lot redevelopment as part of the Beach Area revitalization and recommended that the Main Lot be developed in the future with specialty retail, entertainment/ performing arts space, and a parking garage, which would complement the Beach Area revitalization and serve as both an important link and a buffer between commercial and residential uses. The Main Lot site specifically was not chosen for a future hotel/conference center because it does not have ocean views and because of its key function to provide parking for the Boardwalk and nearby tourist attractions. Relocating the proposed project to the Main Lot site would be inconsistent with the B/SOL Area Plan recommendations for both the La Bahia and Main Lot sites.

EXPANDED PROJECT ON PROPERTY TO THE EAST

Redevelopment of La Bahia as recommended in the B/SOL Area Plan would include development of a 250- to 275-room hotel/conference facility on the project site and on property to the east of the site (Coastview Inn). This alternative would require abandonment of Westbrook Street and consolidation with the adjacent Coastview Inn site. Although this was the recommendation for development set forth in the B/SOL Area Plan, this alternative would have involved a larger project with potential for more significant impacts. Additionally, the Coastview Inn is currently not owned by the project applicant. The Seaside Company has unsuccessfully approached the Coastview Inn owners on multiple occasions about acquiring the property to facilitate a larger, conference centered hotel facility. The most recent attempt was in August of 2012 but the owners were not responsive. Therefore, this alternative is not considered feasible and was eliminated from further consideration. It is also noted a permit

application has been submitted to the City for the Coastview Inn to construct an addition to the existing building for three new rooms (one being a manager's unit), a new lobby, office and breakfast area, and an enclosed pool.

PROJECT ALTERNATIVES EVALUATION

Based on the above discussion, the following section evaluates the following alternatives:

- No Project – Required by CEQA
- Alternative 1 – Full Preservation
- Alternative 2 – Partial Preservation
- Alternative 3 – Reduced Project Size and Height

The alternatives are described and assessed below and key elements are summarized in Table 5-2.

No Project Alternative

Section 15126.6(e) of the State CEQA Guidelines requires that the impacts of a "no project" alternative be evaluated in comparison to the proposed project. Section 15126(e) also requires that the No Project Alternative discuss the existing conditions that were in effect at the time the Notice of Preparation was published, as well as what would be reasonably expected to occur in the foreseeable future if the project were not approved, based on current plans and consistent with available infrastructure and community services.

PROJECT DESCRIPTION

The No Project Alternative assumes that the proposed project would not be implemented. The physical conditions of the site would remain status quo, the existing buildings would not be demolished, and no major changes of use would occur beyond existing conditions.

PROJECT IMPACTS

Under the No Project Alternative, none of the project impacts identified in this EIR would occur. Under this alternative and without rehabilitation efforts, the existing buildings likely would continue to deteriorate, potentially endangering their historic status. Without rehabilitation efforts, a deteriorating building could have potential adverse impacts on the visual character of the surrounding area. Since the property is designated in the B/SOL Area Plan for a major hotel/conference facility, it is likely that some form of a visitor-serving project would be proposed at some point in the future. Thus, some of the impacts identified in this EIR could result at some unknown time in the future and at an unknown magnitude if new development plans are developed for this site.

ABILITY TO MEET PROJECT OBJECTIVES

The No Project Alternative would not meet any of the stated project goals or objectives, as the proposed project would not be constructed.

TABLE 5-2: Summary of Alternatives

	Proposed Project	Alternative 1 Full Preservation	Alternative 2 Partial Preservation	Alternative 3 Reduced Size & Height
Project Size				
▪ Total Number of Rooms	165	125	140	116
▪ Parking Spaces	210 including 49 valet	134-144 including valet	151	Same as proposed project
Amenities				
▪ Meeting / Banquet Prefunction/Banquet Prep	4,350 sf 3,325 sf	3,000	3,000	Same as Proposed Project
▪ Restaurant(s) Kitchen	2,500 sf 2,300 sf	2,500	2,500	Same as Proposed Project
▪ Day Spa	750 sf	None	1,000	Same as Proposed Project
▪ Retail Space	2,500 sf	1,000	1,000	Same as Proposed Project
▪ Swimming Pool	Yes	Reduced Size	About same size as Project	Same as Proposed Project
Other				
▪ Building Demolition	Demolish all except for bell tower building in southeast corner.	None.	Retain all buildings except Buildings 5 & 6	Same as Proposed Project

ALTERNATIVE 1:
Full Preservation with Construction of New Building

PROJECT DESCRIPTION

This alternative includes full preservation of the existing La Bahia complex and construction of a new building behind the existing buildings in the northwestern and northeastern corner of the project site. The layout of hotel rooms and other hotel amenities was identified based on square footage of the existing buildings, and site plans and layouts for the proposed new building. The alternative includes the following elements:

Preserved Buildings:

- All existing buildings associated with the La Bahia apartment complex, as well as the two existing courtyards, would be retained in place and rehabilitated.
- Building and courtyard rehabilitation would be conducted in accordance with the Secretary of the Interior's "Standards for Rehabilitation".

- The existing buildings and rooms would be rehabilitated and used for hotel rooms. Use of existing buildings for other uses, such as meeting rooms, restaurant, or office use would require a higher level of structural rehabilitation as further described below.

New Building:

A new building would be added in the northern and northwestern portion of the property, which is currently unoccupied. A schematic showing the conceptual building footprint is shown on Figure 3-1. The new building would consist of six levels. General layout and design elements for the new building include:

- Levels 1 and 2 of the new building would accommodate parking and would be partially below-grade. The new building's entrance and lobby would be on Main Street. The alternative assumes only one point of project ingress and egress.
- Level 3 of the new construction would have a pool and deck similar to those in the proposed project. These features would create a partial stepback from the retained buildings and courtyards. Meeting rooms and the restaurant also would be located on this level.
- The design of Levels 4, 5 and 6 of the new building would be similar to that of the proposed project and would include hotel rooms and some hotel support areas.

The concept for this alternative and potential uses were developed based on existing building sizes and configurations as well as proposed project plans. Potential parking capacity creates the primary limitation for the number of hotel rooms and other hotel uses that could be established under this alternative. Given the above assumptions, and based on a gross estimate of potential available parking spaces, this alternative would result in a reduction of hotel rooms and hotel amenities compared with the proposed project. It is expected that this alternative could result in 125 hotel rooms with 46 rooms in the rehabilitated existing structures. It is estimated that 134 parking spaces and possibly more could be provided, depending on the amount of valet parking that could be provided and with potential parking spaces provided under the northern portion of existing Building 4. The hotel amenities are estimated at 3,000 square feet of meeting space, a 2,500-square-foot restaurant, and 1,000 square feet of retail space. Additionally, the pool and pool deck size would be reduced by nearly 40 percent. Hotel staff and office support space would be required, which could reduce the number of rooms or further decrease other hotel amenities.

Architectural Resources Group (ARG) helped develop and reviewed Alternatives 1 and 2 in order to evaluate associated impacts to historical resources. The analysis also includes a review by a structural engineer, Biggs Cardosa and Associates, which focuses on structural deficiencies and requirements for preservation and rehabilitation of the existing buildings. The structural engineer's report is included in Appendix G and provides preliminary indications of what structural improvements would be required for rehabilitation of existing structures. The report addresses only preliminary structural deficiencies. The report does not consider potential issues related to ADA access, architectural, mechanical, electrical, plumbing, fire protection and hazardous materials requiring abatement are not considered.

The currently adopted building code is the 2013 edition of the California Building Code (CBC), which was used for the structural evaluation. The assessment found that existing structures will

require strengthening of the vertical load resisting system due to change in load. Also, the condition of the building indicates that there may be damage to the existing wood framing. Therefore, upgrades to the vertical load resisting system will likely be required under the following conditions:

1. Where building elements or materials are damaged due to pests or moisture. Depending on the severity of the damage, the members can be repaired or replaced to match the original member size.

2. Where there are signs of damage or distress due to over loading. For example cracks and checks in beams, bowing columns and sagging floors. In this case, the existing members should be analyzed and strengthened or replaced as required.

3. Where load is increased. For example, if gypcrete is added to the floors or if a heavier roofing material is added to the roof. In this case, the existing members should be analyzed and strengthened or replaced as required. Conversely, load may be reduced to compensate for additional load, for example, by removing the existing wood lath and plaster on the ceiling and replacing it with gypsum board or installing a lighter roof material.

4. When a change in use requires the building to be designed for a live load greater than would be required for the original building use. For example if a guest room is changed to an office or a meeting room. In these cases, the existing members should be analyzed and strengthened or replaced as required. Additional support members will likely be required where there is an increased live load.

5. Where the vertical load resisting system is altered. For example where a bearing wall is removed to increase room size. In this case, the existing members should be analyzed and strengthened or replaced as required. Additional support members will likely be required where the vertical load system is altered.

The retrofit and reuse of the existing La Bahia building will likely be affected by all five of the above items. However, until the existing framing is exposed and a final building plan is developed, the extent of each item cannot be determined.

The identified existing building deficiencies will require modifications. The majority of the existing roof and floor diaphragms are not adequate to resist lateral loads and are not adequately tied between adjacent buildings and at reentrant corners. Existing shear walls and foundations are not adequate to resist lateral loads and overturning forces. Existing foundations do not meet current code requirements and are not adequate to resist settlement and movement from liquefaction and liquefaction-induced lateral spreading. The connection of the shear walls to the concrete foundation is not adequate. Parapets, exterior balconies and ornamentation are not adequately anchored to the stud walls. Modifications would be required for lateral load resistance. If there is a proposed change in occupancy to occupancy with a higher relative hazard level, a greater standard of retrofitting would be necessary. For example, if the current classification is residential and the use of the building is changed to assembly,, e.g., meeting rooms, restaurant or offices, a current code retrofit would be required.

Ground improvement would be required as with the proposed project to reduce the risk of exposure to seismic liquefaction. If the buildings are required to meet current code, the existing foundation will need to be replaced. To do so, the buildings will need to be shored, elevated and braced to install ground improvement and the new foundation system. Where the footings need to be replaced, the new footings can be supported on ground improvement. A combination of jet grout underpinning under the existing footings and compaction grouting under new footings can be performed to mitigate the exposure to liquefaction; both of these methods can be performed with little vibration. In order to perform the ground improvement, it is likely that the majority of the existing first floor of the buildings will need to be removed.

In addition to structural and foundation improvements, it is likely that electrical, plumbing and other utility systems will require replacement due to age. For the purpose of this analysis, it is assumed that the interior portions of buildings will be reconstructed and reconfigured to provide updated utilities and ADA-compliant access. The historic and character-defining features of La Bahia are associated with exterior features, and it is likely that the interiors have been substantially altered so that little of the historic fabric remains. Reconstructing the interiors of existing buildings would provide greater flexibility in developing room types and layouts that meet current contemporary hotel standards. However, access would be constrained in that it would have to be provided on Main Street, which would not be optimal in directing visitors to the hotel lobby and check-in area. However, overall, the City and its consultants believe that the alternative is potentially feasible for the purpose of inclusion in the City's CEQA alternatives review.

PROJECT IMPACTS

- **Historical Resources.** This alternative would not result in demolition of any portion of the existing La Bahia complex (structures or courtyards) that is designated by the City of Santa Cruz as a landmark and historic building. The analyses in this EIR determined that the existing complex is an historical resource under the definitions in CEQA and State CEQA Guidelines. Therefore, this alternative would eliminate the significant unavoidable impact related to substantial alteration (demolition) of an historical resource (Impact 4.2-1). This alternative also would eliminate the project impact of potential damage to the retained building foundations and exteriors during demolition (Impact 4.2-2), as no demolition of existing buildings would occur.

  The EIR analyses concluded that the proposed project could potentially cause a substantial adverse change in the significance of an historical resource due to alteration of the La Bahia bell tower and southeast apartment units in a manner that would endanger the property's historical status (Impact 4.2-3). This impact would not be eliminated and would increase slightly in severity, as it would be applied to the entire La Bahia complex. Mitigation Measures 3a, 3b, and 3c are still necessary to ensure that the rehabilitation is in keeping with the Secretary of the Interior's "Standards for Rehabilitation", which would reduce the impact to a less-than-significant level.

  The EIR analyses concluded that the proposed project could cause a substantial adverse change in the significance of an historic resource due to new construction in the vicinity of the La Bahia bell tower and southeast apartment units in a manner that would endanger the property's historic status (Impact 4.2-4). Under this alternative, all existing buildings

would be retained, and the new building would be adjacent to existing buildings 4, 5, and 6. Under the proposed project, the retained building and bell tower would be surrounded by new construction and could be adversely affected by massing. Under Alternative 1, new construction would be limited to the north and northwest portion of the site, and the upper floor building setbacks would be maintained. Thus, the severity of the impact would be slightly reduced under this alternative. However, the design for the new building would still need to be evaluated to confirm it is in accordance with the *Secretary of the Interior's Standards for Rehabilitation*, specifically Standards 9 and 10 below, which would reduce this impact to a less-than-significant level:

9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.

10. New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

This alternative would require seismic retrofit of the existing structures, and below-grade excavation and soil treatment for the new building. The potential construction-related vibration impact would also occur under this alternative. Since all of the La Bahia complex would be retained under this alternative, potential damage to retained buildings due to construction-related vibration could be greater than with the proposed project. Mitigation Measures 4.2-5a and 4.2-5b would continue to be required for protection of retained buildings and monitoring during construction.

- **Traffic.** This alternative would result in fewer hotel rooms and would reduce project traffic by approximately 25 trips. Project trips to the Bay Street / Mission Street would be reduced by approximately three trips, which is nearly a third of the project trips at this location. Project trips at the Highway 1/Highway 9 intersection would be reduced by approximately 10 trips, which also is about a third of the project trips at this location. However, since both intersections currently are operating at unacceptable levels according to Caltrans standards, the significant impact at these intersections would not be eliminated, although the impact to the Bay/Mission intersection is only in the short-term. This alternative would reduce trips at this location.

- **Geology/Soils.** This alternative would be subject to risk to exposure to seismically induced liquefaction. The alternative would result in a reduced building footprint for the new building for which the vibro-displacement soil compaction method has been recommended. The existing buildings would also require seismic retrofit as described above. This alternative would not eliminate or substantially reduce the project exposure to liquefaction hazards.

- **Noise.** As indicated in the Initial Study (Appendix A), above, existing and projected ambient noise levels along Beach Street east of the project site would be around 59-61

dBA (Ldn), which is an acceptable level for hotel uses according to the City's General Plan. However, noise levels of 60 to 70 CNEL are considered conditionally acceptable, and may need additional noise insulation or attenuation in building designs. City and State standards require interior noise levels of 45 decibels (dB) or less. The project site would be exposed to noise levels within the normally acceptable level, although there is some overlap with the conditionally acceptable level. Although the number of hotel rooms would be reduced under this alternative, the impact of exposure to noise levels would not substantially change. The alternative would result in rehabilitation of existing buildings and the range of options may differ with rehabilitation of historic buildings than with new construction, e.g., window types. An acoustical assessment would continue to be required at the building permit stage to demonstrate that the building designs (e.g., insulation and window treatments) can achieve interior noise levels (attributable to exterior sources) of 45 decibels in any habitable room.

- **Cumulative Impacts.** This alternative would result in fewer hotel rooms and would reduce project traffic by approximately 25 trips as indicated above. The alternative would reduce the project's contribution to significant cumulative traffic impacts, but the contribution would remain cumulatively considerable.

ABILITY TO MEET PROJECT OBJECTIVES

The alternative would mostly achieve objectives to create a quality, full-service hotel (#1), with conference facility (#5), although the square footage of meeting rooms and restaurant would be reduced and the day spa eliminated. The alternative would create a new landmark conference facility (#3) and preserve and restore the tower and southeast wing of the structures (#4). This alternative would meet the project objectives to strengthen the City's fiscal health with generation of new transient occupancy taxes (#2), although there would be about 40 fewer tax-generating rooms than the proposed project, and to provide economic support and year-round employment to the Beach area (#6, 7, 8, 9), although the alternative would generate fewer jobs. The alternative would partially meet project objectives to provide indoor and outdoor space for public functions as outdoor space would be provided, but not at the same level as with the proposed project (#10). The use of the existing buildings would be constrained by building code requirements, which would require hotel amenities to be located in the new building. In order to maximize the number of hotel rooms, the meeting space and outdoor deck areas are reduced under this alternative. The new building could be designed with "universal design principles," consistent with project objective #11, but the rehabilitation of the existing structures may not meet these principles although compliance with ADA provisions would be required. The project would partially achieve project objective #12 in that trip reduction measures, water conservation features and green purchasing programs could be implemented. The new building could be designed with energy efficient windows and other building treatments; however, the existing buildings that would be retained may not be able to fully utilize energy efficient designs and materials due to the need to maintain the exterior character-defining features and materials of the existing buildings.

ALTERNATIVE 2:

Partial Preservation with Construction of New Building

PROJECT DESCRIPTION

This alternative includes demolition of two of the existing rear buildings, but preserves the buildings along Beach and Westbrook Streets as well as the internal courtyards. The intent of this alternative is to provide a greater amount of preservation of the existing structure than is included in the proposed project. The alternative also seeks to ensure the retention of the key character-defining features of the historic La Bahia, which include the buildings along Beach Street, the two courtyards and at least one façade along the Court of Laurels provided by the existing building along Westbrook. The alternative also includes construction of a new building in the northwestern and northeastern portions of the project site that could extend to the area where Buildings 5 and 6 would be demolished. The layout of hotel rooms and other hotel amenities was identified based on existing building square footage of the existing buildings and site plans and layouts for the proposed new building. The alternative includes the following elements:

Preserved Buildings:

- The existing La Bahia buildings (Buildings 1, 2, 3 and 4) along Beach Street and Westbrook Street would be preserved and rehabilitated. The two courtyards would be preserved and rehabilitated.
- Building and courtyard rehabilitation would be conducted in accordance with the Secretary of the Interior's "Standards for Rehabilitation".
- The existing buildings and rooms would be rehabilitated and used for hotel rooms. Use of existing buildings for other uses, such as meeting rooms, restaurant, or office use would require a higher level of structural rehabilitation as described above for Alternative 1..

New Building:

A new building would be added in the northern and northwestern portion of the property, which is currently undeveloped. A schematic showing the building footprint is shown on Figure 3-2. The new building would consist of six levels. General layout and design elements for the new building include:

- Levels 1 and 2 of the new building would accommodate parking and would be partially below-grade. The new building's entrance and lobby would be on Main Street. The alternative would have only one point of project ingress and egress. Alternative 2 would expand the building footprint and allow for additional parking on levels 1 and 2.
- Any façades of the new construction that face the courtyards would need to be sensitively designed and would need to be consistent with the size, scale and materials of the existing courtyard walls.

- Level 3 of the new construction would have a pool and deck similar to those of the proposed project. These features would create a partial stepback from the retained buildings and courtyards.
- The design of Levels 4, 5 and 6 of the new construction would be similar to that of the proposed project.

Given these assumptions and based on the potential available parking spaces, this alternative would result in a reduction of hotel rooms and hotel amenities. It is expected that this alternative could result in 140 hotel rooms with 150 parking spaces depending on the amount of valet parking that could be provided. The square footage of hotel amenities would also decrease with an estimated 3,000 square feet of meeting space, a 2,500 square foot restaurant, 1,000 square feet of retail space and a 1,000 square foot day spa. As indicated above, most of these amenities, as well as hotel staff and office support space, would be within the existing buildings. The pool and pool deck size would be approximately the same size as those of the proposed project.

As indicated above in the Alternative 1 (ARG) helped develop and reviewed Alternatives 1 and 2 in order to evaluate associated impacts to historical resources.. The analysis also includes a review by a structural engineer, Biggs Cardosa and Associates. Structural modifications to retained historic structures would be required the same as discussed above under Alternative 1. Although two buildings would be removed, upgrades to electrical, plumbing and other utility systems likely will require replacement due to age. As with Alternative 1, for the purpose of this analysis, it is assumed that the interior portions of buildings will be reconstructed and reconfigured to provide updated utilities and ADA-compliant access. Reconstructing the interiors of existing buildings would provide greater flexibility in developing room types and layouts that meet current contemporary hotel standards. Access would be constrained in that it would have to be provided on Main Street, which would not be optimal in directing visitors to the hotel lobby and check-in area. However, overall, the City and its consultants believe that the alternative is potentially feasible for the purpose of inclusion in the City's CEQA alternatives review.

PROJECT IMPACTS

- **Historical Resources.** This alternative would retain all of the existing La Bahia complex (structures or courtyards), except for Buildings 5 and 6. The analyses in this EIR determined that the existing complex is an historical resource under the definitions in CEQA and State CEQA Guidelines. While this alternative includes partial demolition of the La Bahia complex, the resultant impact is considered less than significant as Buildings 5 and 6 that would be removed under this alternative are interior to the block, have limited visibility from the public right-of-way, and are subsidiary to the portions of the complex that front Beach or Westbrook Streets. Furthermore, the key "character-defining" features are retained: the Beach Street building façade and the two courtyards. Therefore, this alternative would eliminate the significant unavoidable impact related to substantial alteration (demolition) of an historical resource (Impact 4.2-1).

  The EIR analysis found that the proposed project would result in demolition of much of the La Bahia Apartments complex, including removal of building foundations, which

could impact the retained historical resources by damaging the exterior of the portion of the complex that is to remain (Impact 4.2-2). The demolition that would occur under this alternative also could compromise the remaining historic buildings' structural stability, as excavation may result in soil movement under or adjacent to the building's existing foundation. Mitigation Measures 2a and 2b would mitigate the impact to less than significant.

The EIR analyses concluded that the proposed project could cause a substantial adverse change in the significance of an historical resource by enabling alteration of the La Bahia bell tower and southeast apartment units in a manner that would endanger the property's historic status (Impact 4.2-3). This impact would not be eliminated and would increase slightly in severity, as it would be applied to all retained portions of the La Bahia complex. Mitigation Measures 3a, 3b, and 3c are still necessary to ensure that the rehabilitation is in keeping with the *Secretary of the Interior's Standards for Rehabilitation*.

The EIR analyses concluded that the proposed project could cause a substantial adverse change in the significance of an historic resource due to new construction in the vicinity of the La Bahia bell tower and southeast apartment units in a manner that would endanger the property's historic status (Impact 4.2-4). Under this alternative, the existing buildings 1 through 4 would be retained, and the new building would be adjacent to existing building 1 and the courtyards. Under the proposed project, the retained building and bell tower would be surrounded by new construction. Thus, the severity of the impact would be slightly reduced. However, the design for the new construction would need to be evaluated to confirm it is in accordance with the *Secretary of the Interior's Standards for Rehabilitation*, specifically Standards 9 and 10 below, which would reduce this impact to a less-than-significant level:

9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.

10. New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

This alternative would require seismic retrofit of the existing structures, and below-grade excavation and soil treatment for the new building. The potential construction-related vibration impact would also occur under this alternative. Since more of the La Bahia complex would be retained under this alternative, potential damage to retained buildings due to construction-related construction vibration could be greater than with the proposed project. Mitigation measures would continue to be required for protection of retained buildings and monitoring during construction.

- **Traffic.** This alternative would result in fewer hotel rooms and would reduce project traffic by approximately 16 trips. Project trips to the Bay Street / Mission Street intersection would be reduced by approximately two trips, which is about one quarter of the project trips at this location. Project trips at the Highway 1/Highway 9 intersections would be reduced by approximately six trips, which also is about a quarter of the project trips at this location. However, since both intersections currently are under the jurisdiction of Caltrans and are operating at unacceptable levels according to Caltrans standards, the significant impact would not be eliminated, but would be reduced at this location.

- **Geology/Soils.** This alternative would be subject to risk to exposure to seismically induced liquefaction. The alternative would result in a reduced building footprint for the new building for which the vibro-displacement soil compaction method has been recommended. The existing buildings would also require seismic retrofit as described above. This alternative would not eliminate or substantially reduce the project exposure to liquefaction hazards.

- **Noise.** As indicated in the Initial Study (Appendix A), above, existing and projected ambient noise levels along Beach Street east of the project site would be around 59-61 dBA (Ldn), which is an acceptable level for hotel uses according to the City's General Plan. However, noise levels of 60 to 70 CNEL are considered conditionally acceptable, and may need additional noise insulation or attenuation in building designs. City and State standards require interior noise levels of 45 decibels (dB) or less. The project site would be exposed to noise levels within the normally acceptable level, although there is some overlap with the conditionally acceptable level. Although the number of hotel rooms would be reduced under this alternative, the impact of exposure to noise levels would not substantially change. However, the alternative would result in rehabilitation of existing buildings and the range of options may differ with rehabilitation of historic buildings than with new construction. An acoustical assessment would continue to be required at the building permit stage to demonstrate the building designs (e.g., insulation and window treatments) can achieve interior noise levels (attributable to exterior sources) of 45 decibels in any habitable room.

- **Cumulative Impacts.** This alternative would result in fewer hotel rooms and would reduce project traffic by approximately 16 trips as indicated above. The alternative would reduce the project's contribution to significant cumulative traffic, but the contribution would remain cumulatively considerable.

ABILITY TO MEET PROJECT OBJECTIVES

This alternative would partially achieve project objectives to create a quality, full-service hotel and conference facility (#1, 5) as the square footage of meeting rooms and restaurant would be reduced. The alternative would meet project objectives to create a new landmark conference facility (#3) and preserve and restore the tower and southeast wing of the structures (#4). This alternative would meet the project objectives to strengthen the City's fiscal health with generation of new transient occupancy taxes (#2), although there would be about 25 fewer tax-generating rooms than the proposed project, and to provide economic support and year-round employment to the Beach area (#6, 7, 8, 9), though the alternative would generate

fewer jobs. The alternative would partially meet project objectives to provide indoor and outdoor space for public functions as outdoor space would not be provided (#10) , but not at the same level as with the proposed project. The use of the existing buildings would be constrained by building code requirements, which would require hotel amenities to be located in the new building. The new construction building could be designed with "universal design principles," consistent with project objective #11, but the rehabilitation of the existing structures may not meet these principles although compliance with ADA provisions would be required. The project would partially achieve project objective #12 in that trip reduction measures, water conservation features and green purchasing programs could be implemented. The new building could be designed with energy efficient windows and other building treatments; however, retention of the existing buildings may not be able to fully utilize energy efficient designs and materials due to the need to maintain the exterior character-defining features and materials of the existing buildings.

ALTERNATIVE 3: Reduced Project Size and Height

PROJECT CHARACTERISTICS

Under this alternative, the project size and height would be reduced. During the EIR Scoping process, residents requested that an alternative be analyzed in which building heights were maintained at 36 feet in accordance with the Beach Commercial zone regulations without the need for a Planned Development Permit that would allow heights to 43 feet. The EIR analyses did not identify a significant impact related to aesthetics that would warrant review of this alternative, but it is included in response to comments received during the scoping meeting and in conjunction with a reduced size alternative. Based on the proposed project height, which was developed based on average grade established within 10 site segments in accordance with City regulations, the sixth level of the proposed structure would be removed. Additionally, the fifth level would be removed, except for the northwest corner, and rooms on the southeastern portion of the fourth level would be removed. This would result in removal of approximately 55 hotel rooms. Less parking would be required with fewer rooms, and this alternative assumes six additional rooms could be provided on the fourth level by relocated planned storage and employee facilities to a lower level. Thus, the alternative would result in a hotel with 116 rooms and all the other hotel amenities as the proposed project.

PROJECT IMPACTS

- **Historical Resources.** This alternative would retain the same portions of the existing historic La Bahia complex as the proposed project and would demolish the same portions of the existing buildings that the proposed project would eliminate, and, thus, would result in the same historic impacts as with the proposed project.

- **Traffic.** This alternative would result in fewer hotel rooms and would reduce project traffic by approximately 31 trips. Project trips to the Bay Street / Mission Street intersection would be reduced by approximately five trips, which is over half of the project trips at this location. Project trips at the Highway 1/Highway 9 intersections would be reduced by approximately 17 trips, which is nearly half of the project trips at this location. However, since both intersections currently are under the jurisdiction of Caltrans and are operating at unacceptable levels according to Caltrans standards, the

significant impact would not be eliminated, but would be substantially reduced at this location.

- **Geology/Soils.** This alternative would be subject to risk to exposure to seismically induced liquefaction. The alternative would result in a reduced building footprint for the new building for which the vibro-displacement soil compaction method has been recommended. The existing buildings would also require seismic retrofit as described above. This alternative would not eliminate or substantially reduce the project exposure to liquefaction hazards.

- **Noise.** As indicated in the Initial Study (Appendix A), above, existing and projected ambient noise levels along Beach Street east of the project site would be around 59-61 dBA (Ldn), which is an acceptable level for hotel uses according to the City's General Plan. However, noise levels of 60 to 70 CNEL are considered conditionally acceptable, and may need additional noise insulation or attenuation in building designs. City and State standards require interior noise levels of 45 decibels (dB) or less. The project site would be exposed to noise levels within the normally acceptable level, although there is some overlap with the conditionally acceptable level. Although the number of hotel rooms would be reduced under this alternative, the impact of exposure to noise levels would not substantially change from the proposed project. An acoustical assessment would continue to be required at the building permit stage to demonstrate the building designs (e.g., insulation and window treatments) can achieve interior noise levels (attributable to exterior sources) of 45 decibels in any habitable room.

- **Cumulative Impacts.** This alternative would result in fewer hotel rooms and would reduce project traffic by approximately 31 trips as indicated above. The alternative would reduce the project's contribution to significant cumulative traffic impacts, but the contribution would remain cumulatively considerable.

ABILITY TO MEET PROJECT OBJECTIVES

This alternative would meet project objectives to create a new landmark conference facility (#3) and preserve and restore the tower and southeast wing of the structures (#4). The alternative would partially achieve project objectives to create a quality, full-service hotel and conference facility (#1, 5); although the number of rooms would be reduced by nearly 30 percent, and the square footage of meeting rooms and other hotel amenities would be slightly reduced. This alternative would partially meet the project objectives to strengthen the City's fiscal health with generation of new transient occupancy taxes (#2), although there would be nearly 50 fewer tax-generating rooms than the proposed project, and to provide economic support and year-round employment to the Beach area (#6, 7, 8, 9), though the alternative would generate fewer jobs. The alternative would meet project objectives to provide indoor and outdoor space for public functions as outdoor space would be provided the same as with the proposed project (#10). The new construction building could be designed with "universal design principles," consistent with project objective #11, but the rehabilitation of the existing retained structure may not meet these principles, although compliance with ADA provisions would be required. The alternative would achieve objective #12 in that trip reduction measures, water conservation features and green purchasing programs could be implemented. The new building could be designed with energy efficient windows and other building treatments;

however, retention of the existing buildings may not be able to fully utilize energy efficient building treatments.

Environmentally Superior Alternative

According to CEQA Guidelines section 15126.6(e), if the environmentally superior alternative is the "no project" alternative, the EIR shall also identify an environmentally superior alternative among the other alternatives. Furthermore, Sections 21002 and 21081 of CEQA require lead agencies to adopt feasible mitigation measures or feasible alternatives in order to substantially lessen or avoid otherwise significant adverse environmental effects, unless specific social or other conditions make such mitigation measures or alternatives infeasible. Where the environmentally superior alternative also is the no project alternative, CEQA Guidelines in Section 15126(d)(4) requires the EIR to identify an environmentally superior alternative from among the other alternatives.

Table 5-3 (on the next page) presents a comparison of project impacts between the proposed project and the alternatives. Alternative 1 – No Project Alternative, would eliminate the identified significant impacts, but would not attain any of the project objectives. Of the other alternatives, Alternatives 1 and 2 would eliminate significant unavoidable historical resource impacts associated with demolition, but none of the alternatives would reduce significant unavoidable traffic impacts, although a reduction in traffic would result with all alternatives. Alternative 1 eliminates the significant historical resource impacts associated with potential damage to retained structures due to demolition of structures. None of the alternatives eliminate other significant impacts, although the severity would decrease or increase for some impacts as shown on Table 5-3. Of the alternatives considered, Alternative 2 would best achieve project objectives. Of the alternatives analyzed, Alternative 2 is also considered the environmentally superior alternative of the alternatives reviewed as it would result in elimination of one significant impact and reduction in the severity of most other significant impacts, while best meeting project objectives.

TABLE 5-3: Comparison of Impacts of Project Alternatives

Environmental Issue	PP	NP	ALT 1	ALT 2	ALT 3
4.2-1 Historic Resources - Demolition	SU	NI	LS	LS	SU
4.2-2 Historic Resources - Damage to Retained Structures Due to Demolition of Other Buildings	S/LS	NI	S/LS-	S/LS	S/LS
4.2.3 Historic Resources - Effects of Rehabilitation of Retained Buildings	S/LS	NI	S/LS+	S/LS+	S/LS
4.2-4 Historic Resources - Effects of New Construction on Retained Buildings	S/LS	NI	S/LS-	S/LS-	S/LS
4.2-5 Historic Resources – Effects of New Construction (Vibration) on Historic Structures	S/LS	NI	S/LS+	S/LS+	S/LS
4.3-1 Traffic - Intersection Levels of Service	SU	NI	SU-	SU-	SU-
4.6-1 Geology and Soils – Exposure to Liquefaction	S/LS	NI	S/LS	S/LS	S/LS
IS Noise – Exposure to Noise Levels	S/LS	NI	S/LS+	S/LS+	S/LS
Cumulative – Traffic and Water	SU	NI	SU-	SU-	SU-
New Significant Impacts		None	None	None	None

Notes:

PP = Proposed Project
NP = No Project
ALT1 = Full Preservation of La Bahia
ALT2 = Partial Preservation of La Bahia
ALT3 = Reduced Project Size and Height

Impact without Mitigation / Impact with Mitigation
NI = No Impact
LS = Less than significant impact
S = Significant
SU = Significant unavoidable impact
\+ = Greater adverse impact than proposed project
\- = Lesser adverse impact than proposed project