FIRST AMENDMENT TO THE

IRVINE COAST DEVELOPMENT AGREEMENT

(Govt. Code Sections 65864-65869.5)

THIS FIRST AMENDMENT TO THE IRVINE COAST DEVELOPMENT AGREEMENT (the "Amendment") is entered into this \_ day of \_ , 1996, by and between THE IRVINE COMPANY, a Michigan corporation ("OWNER"), and the COUNTY OF ORANGE, a political subdivision organized and existing under the laws of the State of California ("COUNTY").

RECITALS

This Amendment is entered into based upon the following facts:

A. OWNER and COUNTY previously entered into the Irvine Coast Development Agreement on May 23, 1988, a copy of which is recorded in the Official Records of Orange County, \_ \_ \_ \_ , 1987, California (the "Agreement"). Among other things, the Agreement provided that the property described in the Agreement would be developed consistent with the permitted uses, density and intensity of uses, and maximum building heights and sizes described in that certain First Amendment to the Irvine Coast Local Coastal Program approved by the COUNTY Board of Supervisors on December 2, 1987, and certified by the California Coastal Commission on January 14, 1988, unless otherwise consented to in writing by OWNER.
B. OWNER has now applied to the COUNTY for approval of a Second Amendment to the Irvine Coast Local Coastal Program, which Second Amendment was approved by the COUNTY for submission to the California Coastal Commission on July 16, 1996, recommended for certification with modifications by the California Coastal Commission on October 10, 1996, and subsequently approved with the recommended modifications by the COUNTY on November 19, 1996 (the "Second Amendment").

C. OWNER has consented in writing to adoption of the Second Amendment as the Local Coastal Program for the Property. COUNTY and OWNER now wish to enter into this Amendment to memorialize that consent.

AGREEMENT

NOW, THEREFORE, for and in consideration of due consideration the value and adequacy of which are hereby acknowledged, the parties agree that the Agreement is hereby amended by making all references to the "Development Plan" and the 1988 Local Coastal Program, other than historical references, mean and include the 1988 Local Coastal Program as amended by the Second Amendment.

Except as so amended, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day and year first set forth above.

OWNER:

THE IRVINE COMPANY
a Michigan Corporation

By: __________________________
   WILLIAM H. MCFARLAND
   EXECUTIVE VICE PRESIDENT

Its: ______________

By: __________________________
   DANIEL C. HEDIGAN
   ASSISTANT SECRETARY

Page 2 of 4
COUNTY:

THE COUNTY OF ORANGE, a political subdivision of the State of California

By: 

Chairman of the Board of Supervisors

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD.

By: 

DARLENE J. BLOOM
Clerk of the Board of Supervisors,
County of Orange, California

APPROVED AS TO FORM:

COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

By: 

Benjamin E. de Mayo, Deputy

STATE OF CALIFORNIA
COUNTY OF ORANGE

On this 29th day of December, 1976, before me, personally appeared DARLENE J. BLOOM, known to me to be the Clerk of the Board of Supervisors of the County of Orange and known to me to be the person who executed the within instrument on behalf of the County of Orange pursuant to Government Code Section 25103, and acknowledged to me that such political subdivision executed the same by use of an authorized facsimile signature

WITNESS my hand and official seal.

LOUISE SCHULZ
Notary Public
in and for said County and State

Authorized Signature/Position

Page 3 of 4
STATE OF CALIFORNIA  
COUNTY OF ORANGE  

On this 19th day of December, 1996 before me, 
the undersigned, a Notary Public in and for said State, 
personally appeared William M. Breed and David C. Magness, 
personally known to me or proved to me on the basis of 
satisfactory evidence, to be the persons who executed the 
within instrument as President and Secretary respectively, on behalf of  
[Company Name], a 
[State] corporation, the corporation named therein, 
and acknowledged to me that said corporation executed the 
within instrument pursuant to its bylaws or a resolution of 
its board of directors, and acknowledged to me that said 
corporation executed the same. 

Witness my hand and official seal. 

[Signature]  
Notary Public 
in and for said County and State
On December 19, 1996 before me, Terry J. Halpern, personally appeared William H. McFarland and Daniel C. Hadigan, personally known to me to be the person(s) whose names are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature TERRY J. HALPERN
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Clerk of the Board of Supervisors
Orange County, California

EXEMPT
C12

(Space Above This Line for Recorder's Use)

IRVINE COAST
DEVELOPMENT AGREEMENT
COUNTY OF ORANGE

DATE: 97-16
88-537
98-538
980 3706
IRVINE COAST
DEVELOPMENT AGREEMENT

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IRVINE COAST DEVELOPMENT AGREEMENT
(Govt. Code Sections 65864-65869.5)

THIS AGREEMENT ("Agreement") is entered into this 23rd day of May, 1988, by and between THE IRVINE COMPANY, a Michigan corporation ("OWNER"), and the COUNTY OF ORANGE, a political subdivision, organized and existing under the laws of the State of California ("COUNTY").

RECEITALS

This Agreement is entered into based upon the following facts:

A. When used in these Recitals, each of the terms defined in Section 1 of this Agreement shall have the meaning given to it therein.

B. Government Code Sections 65864-65869.5 authorize COUNTY to enter into binding development agreements with persons having legal or equitable interests in real property for the development of such property, in order to, among other things: encourage and provide for the development of public facilities in order to support the development of new housing; provide certainty in the approval of development projects in order to avoid the waste of resources and the escalation in the cost of housing and other development to the consumer and encourage investment in and commitment to comprehensive planning which will make maximum efficient utilization of resources at the least economic cost to the public; and, to provide assurance to developers (1) that they may proceed with their projects in accordance with existing policies, rules and regulations, subject to their conditions of approval and (2) in order to strengthen the public planning process and encourage private participation in comprehensive planning and reduce the economic costs of development.

C. OWNER is the holder of a legal or equitable interest in the Property and desires and intends to develop the Property as a planned community development for the uses and purposes set forth in the Development Plan. The Development of the Property requires substantial early and major capital expenditures and investments with respect to dedication of land and the construction and installation of major infrastructure and facilities, both on-site and off-site, as described in Section 2 below, of more than sufficient capacity to serve the residents and others using the Property as anticipated by the General Plan and this Agreement.
D. COUNTY has determined that the Development Plan implements the goals and policies of COUNTY's General Plan and of all specific plans (as referenced in Government Code Sections 65450 et seq.) applicable to the Project and imposes appropriate standards and requirements with respect to land development and usage so as to maintain the overall quality of life and of the environment within the County.

E. Pursuant to Government Code Section 65865, COUNTY has adopted the COUNTY Development Agreement Resolution, establishing procedures and requirements for the consideration of proposed development agreements.

F. OWNER has applied for, and COUNTY has granted approval of the Development Plan in order to protect the interests of COUNTY's existing and anticipated citizens and the quality of their community and environment through the planned development process. As part of the process of approving the Development Plan COUNTY has undertaken, pursuant to the California Environmental Quality Act ("CEQA"), the required analyses of the environmental effects which would be caused by the Project. In addition to other matters which COUNTY took into consideration in its analyses of the environmental effects which would be caused by the Project, COUNTY scrutinized with particular care the adverse impacts associated with vehicular traffic conditions within the County and the availability of adequate levels of public services and facilities within the County, including, without limitation, library, sheriff, fire protection, flood control improvements, open space and community parks. COUNTY has imposed a series of mitigation measures in connection with the development of the Project to eliminate the anticipated adverse impacts on the County traffic conditions and on levels of public services and facilities within the County, as summarized, in part, in Section 2 and Exhibit D of this Agreement.

G. In accordance with State law, COUNTY has adopted the General Plan which considers and provides for residential, commercial, industrial and public facilities which are necessary to meet the future needs of the population. However, over the past several years, COUNTY has become increasingly concerned regarding (i) the need for regional road and traffic improvements; (ii) the lack of general funding for such improvements from the customary sources; and (iii) the past practices of public agencies of developing road and traffic improvements in a fragmented manner and in a relatively inefficient and uneconomic manner in conjunction with specific development projects. In response, COUNTY has focused on the development of improved approaches to finance and develop a regional system of roads and traffic facilities in an accelerated.
efficient and economic manner in order to provide for the anticipated population of the County. More specifically in order to address these concerns and objectives, the COUNTY Board of Supervisors has adopted and updated from time to time the MPAH as part of the General Plan, designating commuter, secondary, primary and major arterial highways and transportation corridors within the County and has adopted the Major Thoroughfare and Bridge Fee Program.

II. As contemplated by the Development Agreement Legislation, this Agreement will permit the COUNTY to proceed to achieve significant, regional roadway improvements and open space dedications in an accelerated, coordinated, systematic, efficient and economic manner. Moreover, the Property which is subject to this Agreement lies within the California Coastal Zone, and is subject to the policies of the State of California as expressed through the California Coastal Act. COUNTY and the Coastal Commission have determined that the Development Plan meets the various objectives of the California Coastal Act, including, for example, preservation of significant coastal resources, creation of visitor-serving facilities, and provision of new public access opportunities, in a manner that has been found to be most protective, overall, of the public values expressed through the policies of the California Coastal Act. This Agreement, in turn, will provide the necessary assurances and predictability to achieve these benefits in the coordinated manner contemplated by the Development Plan.

I. The Public Facilities to be provided by OWNER, while serving the Project, are also needed to serve the ultimate development of the County as well as adjacent areas within the region. Given the regional significance of these improvements and facilities and the excess capacity they provide, COUNTY desires to obtain, and OWNER is willing to assist in providing, them as part of the early phases of the Development of the Property prior to the time that they would otherwise be required to serve the completed phases of the Project and, therefore, prior to the time when OWNER would otherwise be required to provide them under the Existing Land Use Ordinances and prior to the time that their expense would be justified economically by the phasing for the Development of the Property.

J. OWNER is willing to assist in providing the Public Facilities earlier than otherwise required for its private development of the Property only with the assurances regarding the regulations which will apply to the Development of the Property as provided in this Agreement. Such assurances are particularly important, both to OWNER and COUNTY, in that it is anticipated that a
substantial portion of the Public Facilities may be financed through the formation of an assessment district or districts and/or CFD, and the issuance of bonds or other debt instruments secured by the levy of assessments or special taxes on the Property. Any such assessment district and/or CFD is formed upon the reasonable expectation of both the landowner and the forming agency that the Property may be developed in accordance with the Existing Land Use Ordinances, and that the value of the property as security will be enhanced by such development. Protection of these reasonable expectations is a matter of concern to both OWNER and COUNTY, since a failure of these expectations could result in an injury to the purchasers of the bonds or other debt instruments and adversely affect the COUNTY's credit and the credit of the OWNER. In this respect, the public improvements and dedications provided for herein, together with the development contemplated by the Development Plan, are interdependent and together comprise an indivisible project.

K. The cooperation of the OWNER in the financing of a substantial portion of the Public Facilities through the formation of an assessment district or districts and/or CFD, and the issuance of bonds or other debt instruments secured by the levy of assessments or special taxes on the Property, is likewise an additional benefit to the COUNTY and the public generally. The use of financing provides the COUNTY with additional assurances that the Public Facilities so financed will be provided with reasonable diligence and under the direction of the COUNTY.

L. The COUNTY Planning Commission and Board of Supervisors have found and determined that this Agreement: (i) is consistent with COUNTY's General Plan; (ii) is in the best interests of the health, safety and general welfare of COUNTY, its residents and the public; (iii) is entered into pursuant to and constitutes a present exercise of the police power by COUNTY; and (iv) is entered into pursuant to and complies with the requirements of Section 65867 of the Development Agreement Legislation and the COUNTY Development Agreement Resolution. COUNTY Board of Supervisors has adopted an ordinance authorizing the execution of this Agreement.

M. COUNTY desires to be assured that if the Property is annexed to, or included within the boundaries of, another Local Agency that the work to complete the Public Facilities and OWNER's Obligations will continue expeditiously and efficiently and that the transfer of authority to such Local Agency will be provided for as contemplated by the Development Agreement Legislation and
OWNER desires to be assured that thereupon this Agreement will continue in full force and effect to the extent permitted by law.

N. Based on the foregoing, OWNER and COUNTY desire to enter into this Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the foregoing recitals of fact, the mutual covenants contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the parties agree as follows:

1. SECTIONS: DEFINITIONS AND EXHIBITS.

1.1 Sections and Paragraphs.

Any reference in this Agreement to a "Section" is a reference to the indicated numbered section or subsection of this Agreement and a reference to a "Paragraph" is a reference to the indicated paragraph of a Section.

1.2 Definitions.

The following terms when used in this Agreement shall be defined as follows:

1.2.1 "Annual Monitoring Review" means the annual review required pursuant to Section 5 hereinbelow.

1.2.2 "Build-out Phasing Plan" means an advisory, non-binding plan to be prepared by OWNER pursuant to Section 5 hereinbelow showing the intended schedule for the completion of the Development of the Property in accordance with the Development Plan and this Agreement, together with such other information regarding the anticipated Development as shall be reasonably requested by COUNTY.

1.2.3 "Building and Improvement Standards" means Regulations of COUNTY which are of general application which establish regulations and standards for the building, construction and installation of structures and associated improvements such as and including, without
limitation, COUNTY's building, plumbing, mechanical, grading, swimming pool, sign and fire codes.

1.2.4 "CED" means a community facilities district formed pursuant to the Mello-Roos Community Facilities District Act of 1982 (Government Code Section 53311 et seq. as amended).

1.2.5 "COUNTY" means the County of Orange, a political subdivision of the State of California.

1.2.6 "County" means the geographical area within the boundaries of COUNTY.

1.2.7 "COUNTY Development Agreement Resolution" means resolution number 87-473 adopted by the Board of Supervisors of COUNTY on April 15, 1987, as amended from time to time prior to the date on which this Agreement was approved by the Board of Supervisors of COUNTY, establishing a procedure for the consideration and approval of development agreements pursuant to the Development Agreement Legislation.

1.2.8 "Development" means the improvement of the Property for purposes of effecting the structures, improvements and facilities comprising the Project including, without limitation: grading, the construction of infrastructure and public facilities related to the Project whether located within or outside the Property; the construction of structures and buildings; and the installation of landscaping; but not including the maintenance, repair, reconstruction or redevelopment of any structures, improvements or facilities after the construction and completion thereof.

1.2.9 "Development Agreement Legislation" means Sections 65864 through 65869.5 of the California Government Code as it exists on the Effective Date.

1.2.10 "Development Approval(s)" means site specific plans, maps, permits and other entitlements to use of every kind and nature approved or granted by COUNTY in connection with the Development of the Property, including but not limited to: site plan, tentative and final subdivision tract maps, vesting tentative maps,
coastal development permits, conditional and special use permits and grading, building and other similar permits.

1.2.11 "Development Exactions" means requirements of COUNTY in connection with or pursuant to any Land Use Ordinance or Development Approval for the dedication of land or property, the payment of fees or money or the construction or improvement of public facilities in order to lessen, offset, mitigate or compensate for the adverse impacts of the Project on environmental or other public concerns or interests or for the improvement, construction or acquisition of any public infrastructure, facilities or property.

Said term shall not include assessments and taxes unless exacted as a condition of development under a Development Approval nor shall it include any requirements for the purpose of or with respect to the replacement, repair, maintenance or operation of public infrastructure, facilities and property or the provision of public services.

1.2.12 "Development Plan" means the 1988 Local Coastal Program, comprising the Land Use Plan and the Implementing Actions Program, including, among other things, the Planned Community District Regulations and Development Map.

1.2.13 "Economic Expectations" means economic expectations with respect to the completion of the Project in accordance with the Governing Policies taking into consideration technical, financing, market and other factors.

1.2.14 "Effective Date" means the date first set forth hereinabove.

1.2.15 "Existing Land Use Ordinances" means those certain Land Use Ordinances in effect on the Effective Date.

1.2.16 "Existing Land Use Regulations" means those certain Land Use Regulations in effect on the Effective Date.

1.2.17 "General Plan" means the General Plan of COUNTY.
1.2.18 "General Plan Review" means the review of the General Plan conducted by COUNTY referred to in Section 5.2.

1.2.19 "Governing Policies" means (i) the policies specified in Section 4.1; and (ii) the Existing Land Use Ordinances.

1.2.20 "Land Use Ordinances" means the ordinances adopted by COUNTY which govern the permitted uses of land, the density and intensity of use, and the design, improvement, and construction standards and specifications applicable to the Development of Property, including, but not limited to: the General Plan, the Development Plan, specific plans, zoning ordinances, planned community district ordinances, development moratoria and growth management and phased development programs, ordinances establishing Development Exactions, subdivision and park codes and Building and Improvement Standards.

1.2.21 "Land Use Regulations" means Regulations of COUNTY governing the permitted uses of land, density and intensity of use and the design, improvement, and construction standards and specifications applicable to the Development of the Property, including, but not limited to, mitigation measures required in order to lessen or compensate for the adverse impacts of the Project on the environment and other public interests and concerns. Land Use Regulations include, but are not limited to, Land Use Ordinances, Development Approvals and Development Exactions. The term Land Use Regulations does not include, however, Regulations relating to the conduct of business, professions and occupations generally; taxes and assessments other than Development Exactions; Regulations for the control and abatement of nuisances; encroachment and other permits and the conveyances of rights and interests which provide for the use of or entry upon public property; and, any exercise of the power of eminent domain.

1.2.22 "MIAN" means the Master Plan of Arterial Highways component of the circulation Element of the General Plan (the "MIAN"), which designates routes for commuter, secondary, primary and major arterial highways, and transportation corridors within the County of Orange.
1.2.23 "Major Thoroughfare and Bridge Fee Program" means the program adopted by the COUNTY Board of Supervisors on October 14, 1987, by Resolution 87-1396 requiring the payment of fees to a joint powers authority for the completion of certain road and bridge improvements.

1.2.24 "Mortgage" means a mortgage, deed of trust or sale and leaseback arrangement or other transaction in which the Property, or a portion thereof or an interest therein, is pledged as security, contracted for in good faith and for fair value.

1.2.25 "Mortgagee" means the holder of the beneficial interest under a Mortgage, or the owner of the Property, or interest therein, under a Mortgage.

1.2.26 "1982 Land Use Plan" means that Land Use Plan for the Property approved by the COUNTY on October 21, 1981, and certified by the California Coastal Commission on January 19, 1982.

1.2.27 "1988 Local Coastal Program" means the First Amendment to the Irvine Coast Local Coastal Program, approved by the COUNTY Board of Supervisors on December 2, 1987 (of which the land use plan was adopted by the COUNTY Board of Supervisors by Resolution Number 87-1606 and the implementing actions program was adopted by COUNTY Board of Supervisors by Ordinance Number 3674) and certified by the California Coastal Commission on January 14, 1988.

1.2.28 "OWNER" means THE IRVINE COMPANY, a Michigan corporation.

1.2.29 "OWNER's Obligations" means the obligations of OWNER to pay the sums, build and construct the improvements, dedicate the lands and improvements and undertake and perform the other actions described in Section 3.

1.2.30 "Project" means the development project contemplated by the Development Plan with respect to the Property, including but not limited to on-site and off-site improvements, as such development project is further defined, enhanced
or modified pursuant to the provisions of this Agreement.

1.2.31 "Property" means the lands described in Exhibit A hereto.

1.2.32 "Public Facilities" means those certain public lands and facilities to be improved, constructed and dedicated or conveyed to the public pursuant to Section 3.1, as described in Exhibit D.

1.2.33 "Regulations" means laws, statutes, ordinances, and codes (including the Building and Improvement Standards), resolutions, rules, regulations and orders; approvals, denials and conditional approvals in connection with tentative, vesting tentative and final subdivision maps, parcel maps, conditional and special use permits and other permits of every kind and character; programs; and official policies and actions of COUNTY; together with amendments to all of the foregoing.

1.2.34 "Reservations of Authority" means the rights and authority excepted from the assurances and rights provided to OWNER in Section 4.2 and reserved to COUNTY therein and in Section 4.3.

1.2.35 "SJHTC" means the San Joaquin Hills Transportation Corridor, as defined in the Major Thoroughfare and Bridge Fee Program.

1.3 Exhibits.

The reference to a specified "Exhibit" in this Agreement is a reference to a certain one of the exhibits listed below, as determined by the accompanying letter designation, which exhibits are attached hereto and by this reference made a part hereof.

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2. MUTUAL BENEFITS AND ASSURANCES.

2.1 Purposes of Agreement.

The Development Plan is the result of years of planning effort by the OWNER and COUNTY. The planning history for the Property is summarized on the attached Exhibit B. Because of this extraordinary planning effort, the Development Plan includes a number of features which will significantly benefit the public directly and indirectly by enabling the COUNTY to accomplish regional land use and public policy objectives contained in its General Plan. To secure these benefits the COUNTY and the OWNER have mutually agreed to enter into this Agreement in response to a provision contained in the 1988 Local Coastal Program and pursuant to suggestions of the California Coastal Commission and others that a development agreement is the most appropriate means of enabling the OWNER to proceed with, and assuring the COUNTY's realization of all the extensive public benefits to be realized from, the Development Plan.

2.2 Consistency with County's General Plan and Certified Local Coastal Program.

COUNTY found in approving the 1988 Local Coastal Program that the Development Plan (i) implements the goals and policies of the COUNTY's General Plan and the California Coastal Act of 1976; (ii) provides balanced and diversified land uses in order to protect and enhance COUNTY and State coastal resources, maintain the overall quality of life and of the environment within the COUNTY, and protect the State's resources; and (iii) imposes appropriate standards and requirements with respect to land development and usage of the Property.

2.3 Summary of Major Public Benefits.

The following subsections of this Section 2 describe some of the more significant public benefits from the Project. This Agreement is entered into for the purpose of carrying out the Development Plan for the Project in a manner that will ensure these anticipated benefits to both COUNTY (including, without limitation, the existing and future residents and populations of COUNTY) and OWNER.
2.3.1 Transportation Improvements.

(a) Pelican Hill Road.

The COUNTY desires to encourage the earliest possible construction of Pelican Hill Road because, in the time period prior to the construction of the SJHTC, Pelican Hill Road is the only regional transportation facility capable of contributing to the achievement of certain regional traffic objectives established by the COUNTY. Under the 1988 Local Coastal Program, Pelican Hill Road will be constructed initially at four lanes instead of the two lanes provided for under the 1982 Land Use Plan. The COUNTY will thus achieve all of the benefits set forth in Section 2.3.1(a) in advance of both the project needs and the time at which they would have been achieved under the 1982 Land Use Plan.

In conjunction with the Board of Supervisors Resolution of Certification of EIR 460 and approval of the Proposed Route Alignment for Pelican Hill Road, adopted on September 15, 1987, the COUNTY has determined that the early construction of Pelican Hill Road will provide the following significant public benefits:

(i) Relieves congestion on and allows for a significant diversion of traffic from Pacific Coast Highway and sections of MacArthur Boulevard by providing a bypass route around Corona del Mar in Newport Beach, with the attendant commute and recreational access benefits discussed in EIR 460 and noted in the Irvine Coast Area Traffic Analysis. The analysis indicates that approximately twice as much traffic could be diverted from Pacific Coast Highway in Newport Beach onto Pelican Hill Road as may be added to Pacific Coast Highway as a result of the Project. This diversion of traffic will provide a substantial benefit for Corona del Mar residents and businesses.
and will substantially benefit other users of Pacific Coast Highway living elsewhere in the region.

(ii) Improves access from inland areas to visitor-serving and public recreation facilities such as Crystal Cove State Park.

(iii) Establishes a route compatible with existing and ultimate regional circulation needs in accordance with the MPAH and all adopted plans of the COUNTY.

(iv) Enables a highway design compatible with the terrain.

(v) Establishes a major new access to the University of California at Irvine campus, which is expected to experience significant future growth.

(vi) Creates a regional air quality benefit by reducing driving distances for users of the new roadway. thereby increasing the overall system efficiency.

(vii) Contributes to implementation of Development Plan land uses and corresponding benefits.

(b) Circulation Improvements Phasing Plan.

A detailed program for the phasing of circulation improvements with land use entitlements is provided in the Development Plan (See Chapter 4, Policy 2 and Exhibit Q of the 1988 Local Coastal Program). This roadway phasing program is intended to assure both that Project generated circulation needs will be met and that additional capacity to serve local and regional transportation needs will be provided above and beyond the Project's needs. As is specifically provided in the 1988 Local Coastal Program, Chapter 3, Section F, Transportation Policy 22:
"The highway improvements and phasing as defined in this Section E and on Exhibit Q, which are required by this LCP, have been determined to be of significance beyond normal project requirements so as to meet the objectives of the COUNTY's Growth Management Policy. Consistent with this LCP, highway improvements and implementation of the Growth Management Program identified above will be incorporated into subsequent agreements, if any, between the landowner and the COUNTY."

This Agreement is intended to carry out the policy directions set forth in the Development Plan in relation to the objectives of the COUNTY's Growth Management Program. The term "Growth Management Program means the program under the same name in the COUNTY General Plan as of the date of the approval of this Agreement and shall be synonymous with the term "Growth Management Policy."

(c) San Joaquin Hills Transportation Corridor.

Because of the assurances regarding the regulations which will apply to the development of the Property provided to OWNER by COUNTY under this Agreement, OWNER is able to make an early offer to dedicate a major portion of the right-of-way as provided in Exhibit D. This dedication of right-of-way will provide land for a significant port of the SJHTC, thereby permitting COUNTY to expedite the implementation of the SJHTC. Thus, an early commitment to dedication of the right-of-way provides a significant public benefit to COUNTY and its present and future populations. In conjunction with a similar right-of-way dedication required of the contiguous Laguna/Laurel Planned Community and COUNTY's acquisition of a right-of-way through Sycamore Hills, the COUNTY will have obtained commitments for more than 50% of the SJHTC right-of-way.
2.3.2 **Habitat Area Protection.**

The Development Plan provides for the dedication of fee title ownership to the COUNTY of major riparian areas on the Property. In addition to the 2,666 acre open space dedication area, these areas include the approximately 1,100 acres of large scale canyon habitats in Buck Gully, Los Trancos Canyon and Muddy Canyon. Residential areas have been pulled back from the frontal slopes of Pelican Hill and along the ridges to further protect the coastal viewshed and to increase setbacks from Los Trancos Canyon and Buck Gully habitat areas. Specific habitat protection benefits resulting from this residential clustering and from road re-alignments include:

(i) **The realignment of Sand Canyon Avenue out of Muddy Canyon.**

(ii) **The realignment of Pelican Hill Road away from the mouth of Los Trancos Canyon.**

(iii) **The conversion of portions of Planning Area 6 from development to open space in areas adjoining Moro Canyon and Muddy Canyon.**

(iv) **The reduction of development areas bordering Los Trancos Canyon.**

2.3.3 **Major Public Benefits In Excess Of Those Provided For In Prior Plans.**

The Property has been the subject of cooperative planning efforts by OWNER, COUNTY, environmental groups and other interested parties for a number of years. The Development Plan contains significant modifications to the earlier approved 1982 Land Use Plan. The modifications were made as the result of significant cooperation among OWNER, the County and the Coastal Commission staffs and local environmental groups. They are contained in an amended Land Use Plan which is included in the 1988 Local Coastal Program. COUNTY has found that the modifications achieve significant public benefits and further both COUNTY and Coastal Act Policy Objectives. COUNTY is therefore desirous of entering into this Agreement as a means of
Inducing OWNER to proceed under the 1988 Local Coastal Program (by the terms of the Local Coastal Program itself, the recording of the Offer of Dedication for the 2666 acre open space dedication program is conditioned on a development agreement or equivalent mechanism). The significant public benefits in the 1988 Local Coastal Program above and beyond those in the 1982 Land Use Plan are summarized below.

(a) **Enhanced Open Space Dedication Program.**

The significant benefits over the Open Space program approved in the 1982 Local Coastal Program include:

(i) The 1988 Local Coastal Program will provide an additional approximate 1,100 acres of public open space (for a total of approximately 5,500 acres of contiguous open space area), increasing total plan area open space from 61% under the 1982 Local Coastal Program to 76% under the 1988 Local Coastal Program. Approximately 1,100 acres of new special use park lands, comprised primarily of parkland in Los Trancos Canyon, Buck Gully and Muddy Canyon, which were designated as private recreation areas under the 1982 Land Use Plan, and 16 acres of land near Laurel Canyon previously designated for development will be added to the approximate 2,650 acres of public recreation area required under the 1982 Land Use Plan. Dedicating this land as special use park recreation areas provides opportunities to link them with Crystal Cove State Park trails. COUNTY has found that the opportunity for linking these land areas with state park trails enhances the potential for public recreational experiences. Muddy Canyon, which would have been significantly altered under the 1982 Land Use Plan, will also be preserved.

(ii) The 1988 Local Coastal Program requires an offer of dedication for the entire approximate 2,666 acre dedication area to be recorded prior to initial
development grading (other than grading for Pelican Hill Road). The Offer may be accepted in four phases, constituting four large management units, as contrasted with the twenty or more management units/phased dedications and complex access and utility easement reservations provided for in the 1982 Land Use Plan.

(iii) The 1988 Local Coastal Program provides for acceptance of the remaining phases of the dedication program to occur in clearly defined increments in advance of completion of the Project and has been simplified to facilitate COUNTY management.

(iv) The 1988 Local Coastal Program provides for completion of all phases of the open space dedication program after fifteen years (as contrasted with twenty-seven years under the 1982 Land Use Plan) even if the Project is not completed within that time so long as the Project has not been delayed in obtaining entitlements.

(v) The 1988 Local Coastal Program enables significant early public access both to the coastal ridges and to the Laguna Canyon dedication (contiguous with Management Unit I of the Irvine Coast Dedication Area) required pursuant to COUNTY approval of the Laguna/Laurel Planned Community (see Exhibit D of the 1988 Local Coastal Program). This early public access results from the triggering of the first phase acceptance at initial development grading (other than grading for Pelican Hill Road).

(b) **Significant Visitor-Serving Facilities.**

One of the focal points of the 1988 Local Coastal Program is a series of land use plan modifications intended to foster the development of a future destination resort providing a variety of public benefits. The frontal slopes of Pelican Hill have been redesigned to permit the
development of two 18-hole golf courses in
an area that was designated for residential
development under the 1982 Land Use Plan.
Related commercial uses and extensive
recreational amenities have been added for
use in conjunction with a broad array of
overnight accommodations. Office uses
allowed under the 1982 Land Use Plan have
been deleted. This increased emphasis on
visitor-serving facilities carries out
strong Coastal Act priority policies for the
provision of day use and overnight
facilities to accommodate coastal visitors
who do not live in close proximity to the
ocean. The golf course is an integral part
of the destination resort. In addition to
the increase in open space, the COUNTY will
also benefit from the additional overnight
accommodations and day-use retail uses
provided for in the 1988 Local Coastal
Program. Likewise, the creation of a
destination resort will enhance the overall
level of economic activity in the COUNTY
both as it complements major inland tourist
attractions and as it adds to the COUNTY's
increasing reputation as a major coastal
destination nation (for example, Newport
Beach, Laguna Beach, the Laguna Niguel area,
Dana Point/Lantern Bay, Bolsa Chica area,
Huntington State Beach, Crystal Cove State
Park and Doheny State Park).

(c) Traffic Implications of Change In Land Use.

There are significant beneficial
traffic implications of the change in land
uses between the 1982 Land Use Plan and 1988
Local Coastal Program. These benefits are
summarized below and substantiated by the
Irvine Coastal Area and Resort Traffic Study
set forth in Appendices C-3 and C-4 of the
1988 Local Coastal Program:

(i) The 1988 Local Coastal Program
represents a decrease in average daily
trips from that which would result from
the 1982 Land Use Plan.

(ii) The 1988 Local Coastal Program
represents a significant decrease in
peak hour traffic allowed in the 1982
Land Use Plan, primarily due to the
deletion of commercial office uses.

(ii) The emphasis in the 1988 Local Coastal
Program on a destination resort further
decreases both peak hour and overall
traffic intensity.

(d) Protection of Coastal Viewshed.

The reduction in building heights from
that permitted in the 1982 Land Use Plan and
the addition of the two golf courses will
create a greenbelt along Pacific Coast
Highway, thereby contributing to a
landscaped foreground for the visitor
serving areas.

2.3.4 Enhancement of Development Plan.

In addition to obtaining the public benefits
summarized in this Section, the COUNTY desires to
further strengthen the Development Plan as it
carries out and fulfills the policy requirements
of the California Coastal Act. These policy
requirements are enumerated in Exhibit "A" of the
COUNTY Approval Resolution. They are also
enumerated in the Coastal Commission findings of
approval for the 1988 Local Coastal Program.
Said findings are set forth in Exhibit C to this
Agreement. The COUNTY, as the local agency with
land use jurisdiction under the California
Coastal Act of 1976, desires to provide the OWNER
with the assurances which are necessary in order
to obtain the extensive public benefits provided
for in the Development Plan, including, but not
limited to those articulated in Exhibit D with
respect to transportation, habitat protection,
open space, recreation and visitor-serving
facilities.

2.3.5 Additional Public Benefits.

In addition to the public benefits set forth
above in this Section 2.3, other significant
public benefits provided by OWNER after
certification of the 1988 Local Coastal Program
have been secured by the COUNTY under this
Agreement and are set forth in Exhibit D.
2.4 Uncertainties and Commitments That Require the Owner to Have Assurances of Vested Entitlement to Complete the Project.

Development of the Project requires major investment by the Owner in public facilities and the commitment of private lands to public use at an early stage in the development process. The County recognizes that in most instances these investments and commitments have to be made far in advance of the development of the private income-producing components of the Development Plan. Some of the development risks and uncertainties that would, in the absence of this Agreement, deter and discourage the Owner from making a long-term commitment to the implementation of the Development Plan are set forth below.

2.4.1 Cost of Pelican Hill Road Construction.

The requirements for the early completion of four lanes of Pelican Hill Road by the Owner necessitates major construction activities with ultimate costs of approximately $40 million (which amount includes the cost of certain related infrastructure) at a point in the development process where only a small percentage of the development will be vested. This timing requirement creates a risk that non-project traffic could utilize and effectively preempt road capacity that would be required to serve Project-generated circulation needs at a later time. Because major utilities are installed at the time of large-scale arterial road improvements, the Owner will incur substantial associated drainage, sewer, water, electrical, gas and telephone backbone installation costs as a result of the timing requirements for the first phase of Pelican Hill Road. Accordingly, assurances that development will not be halted so long as the provisions of the Development Plan are complied with are required to offset uncertainty respecting the ability to complete the Project. This uncertainty, if unaddressed, would cause the Owner to halt or delay the provision of a vitally needed arterial road for which there is presently no public funding. As the County found in adopting the 1988 Local Coastal Plan (at page 23 of the Findings of Approval and Supporting Documentation in Exhibit A to the 1988 Local Coastal Program), public benefits flowing from the combination of the early construction of Pelican Hill Road and
overall increase in net circulation system capacity will result from the implementation of Development Plan land uses.

2.4.2 Early Dedication of Land For Public Use.

With respect to the dedication of land for public uses, commitments of private lands to eventual public ownership will be made early in the development process. For example, the offer of dedication of the right-of-way for the SJHTC is being required significantly before the development of the property. Further, development cannot commence until an offer of dedication is recorded for the entire approximate 2,666 acre open space dedication area. The first increment of the open space dedication program must be available for acceptance by COUNTY at the time of issuance of the first grading permit for any development other than Pelican Hill Road. Final subdivision development maps for areas adjoining Buck Gully, Los Trancos Canyon and Muddy Canyon will also trigger dedications before any development of residential uses in the respective adjoining areas has commenced.

2.4.3 Further Limitation of Income-Producing Uses.

The increased dedications and land use modifications identified as significant public benefits from the 1988 Local Coastal Program have the effect of further limiting the lands available to OWNER for the construction of income-producing residential and commercial units. These increased dedications and land use modifications include the reduced size of land areas available for residential development due to the clustering of residential areas near Los Trancos Canyon and the replacement of residential uses on the foreshores of Pelican Hill with the two golf courses. This increases the importance to OWNER of the assurances provided hereunder regarding the Regulations which will apply to such lands.
2.5 Summary of Benefits to the Company from This Agreement.

The significant and material bargained for benefits to OWNER under this Agreement include the assurances that the Regulations which will apply to the development of the Property will be in accordance with the provisions of this Agreement. COUNTY's inducement of OWNER to provide the major public benefits required of OWNER under this Agreement, which benefits COUNTY would be unable otherwise to achieve either at the time of or to the extent provided for by this Agreement, or both, justifies OWNER's reliance on the assurances contained in this Agreement.

2.6 Undertakings and Assurances Contemplated and Promoted by Development Agreement Legislation.

The mutual undertakings and assurances described above and provided for in this Agreement are for the benefit of COUNTY and OWNER and promote the comprehensive planning, private and public cooperation and participation in the provision of public facilities, and the effective and efficient development of infrastructure and facilities supporting development which was contemplated and promoted by the Development Agreement Legislation.

2.7 Bargained For Reliance by Parties.

The assurances provided to OWNER in Section 4 are provided pursuant to and as contemplated by the Development Agreement Legislation, are bargained and in consideration for the undertakings of OWNER set forth in Section 3 of this Agreement, and are intended by COUNTY to be and have been relied upon by OWNER to its detriment in undertaking the obligations and covenants as provided in Section 3 hereinafter and in this Agreement generally and in expending monies and making improvements and dedications pursuant to this Agreement.

3. OWNER'S OBLIGATIONS: PROVISION OF PUBLIC BENEFITS.

3.1 In General.

It is acknowledged that a primary purpose of this Agreement is to provide for the accelerated and coordinated completion of the Public Facilities and other public benefits described in Exhibit D. Accordingly, OWNER shall promptly (to the extent that a time for performance is specified hereunder) and...
fully perform OWNER's Obligations as set forth in and subject to the terms and conditions of Exhibit D, and this Agreement. OWNER shall continue to be obligated to, and shall, perform all of the duties and obligations provided for or required by any provisions of the Existing Land Use Ordinances, including, but not limited to, those in the Development Plan in connection with the Development of the Property (including and subject to the provisions of LCP Policy 22 referred to in Section 3.6.2).

3.2 Dedication, Construction and Conveyance of Public Facilities.

a. In General.

The Public Facilities to be dedicated (in the case of lands) or constructed by OWNER and dedicated or conveyed to COUNTY as described in Exhibit D and the Development Plan, shall be completed in accordance with the provisions of Exhibit D, the Development Plan, specifications and standards promulgated by COUNTY in accordance with Regulations which are applicable thereunto in accordance with this Agreement, and dedicated and conveyed to COUNTY in fee (unless otherwise provided therein to the contrary), free of all liens and monetary encumbrances of every kind and nature and other rights and interests which rights and interests interfere with the uses for which the dedication and conveyance is intended and which are reasonably approved by COUNTY, except as expressly set forth in Exhibit D, the Development Plan, or otherwise agreed in writing by COUNTY.

OWNER and COUNTY shall expeditiously enter into agreements ("Implementation Agreements") in a form customarily utilized by COUNTY, providing for the construction and completion of the Public Facilities, their conveyance to COUNTY in accordance with the provisions of Exhibit D and this Agreement. OWNER may seek the formation of an assessment district or CFD or arrangement with an assessment district or CFD whereby such assessment district or CFD shall fund and reimburse OWNER for the portion of the costs of any such Public Facilities to be paid and borne by OWNER (exclusive of the value of the lands acquired, unless expressly provided to the contrary in Exhibit D or the Development Plan) with the proceeds of bonds, repayment of which is from special taxes, fees or payments from or with respect to the development of the Property or the improvements comprising the Project.
b. **Public Facilities: Subdivision Requirements.**

With respect to any such Public Facilities as to which only a preliminary phase is required to be completed under this Agreement as provided in Exhibit D, such Public Facilities shall be completed in connection with the Development of Property as required by the Regulations applicable thereto in accordance with this Agreement.

3.3 **Relationship of Parties.**

In performing OWNER's obligations, OWNER is acting under this Agreement as an independent contractor and is not acting as the agent or employee of COUNTY nor shall anything in this Agreement be construed as creating between OWNER and COUNTY a partnership or joint venture for any purpose.

3.4 **Public Works.**

If OWNER is required by this Agreement to construct any public works facilities which will be dedicated to COUNTY or any other public agency upon completion, and if required by applicable laws to do so, OWNER shall perform such work in the same manner and subject to the same requirements as would be applicable to COUNTY or such other public agency should it have undertaken such construction.

3.5 **Obligations of COUNTY Regarding Public Facilities.**

3.5.1 **Cooperation by COUNTY.**

(a) **Obtaining of Additional Funding.**

It is acknowledged by the parties that the participation of landowners in the Major Thoroughfare and Bridge Fee Program is intended to be supplementary to the normal sources of funding of the regional road network improvements of the MPAM.

(b) **Cooperation in the Performance of OWNER's Obligations.**

COUNTY shall reasonably cooperate in good faith with OWNER in OWNER's performance of OWNER's Obligations and, with respect to Public Facilities that are to be completed with funds provided...
to COUNTY pursuant to this Agreement by
an assessment district, CFD, or by
OWNER, upon receipt of such funds.
COUNTY shall proceed in good faith to
expeditiously construct said
improvements, to the extent of such
available funds.

3.5.2 Provision of Rights and Interests by
COUNTY.
In any instance where OWNER is required to
construct any Public Facilities on lands not
owned by OWNER, as a condition precedent to the
performance of such obligation, COUNTY shall
provide or cause to be provided, the real
property rights and interests necessary for the
construction of such Public Facilities. OWNER
shall have no obligation to pay for such rights
or interests except that OWNER shall pay all
reasonable administrative costs of COUNTY
(including but not limited to the costs of
condemnation) related to the acquisition and
transfer of said rights and interests.

3.6 Financing and Provision of Other Public
Facilities.

3.6.1 Public Financing of Other Public
Facilities.
Upon the request of OWNER, the parties shall
cooperate in exploring the use of CFJs, special
assessment districts and other similar Project-
related public procedures and institutions for
the financing of the construction, improvement or
acquisition of public infrastructure, facilities,
lands and improvements to serve the Project and
its residents, whether located within or outside
the Property. It is acknowledged that nothing
contained in this Agreement shall be construed as
requiring COUNTY or the COUNTY Board of
Supervisors to form such a district or to issue
or sell bonds.

3.6.2 OWNER's Participation in Future Public
Facilities.
This Section 3 provides for certain public
facilities that will be required in order to
adequately serve existing and future residents
and populations of the Property and the
surrounding area, and the COUNTY. In addition to
the provisions of Section 3.1 and subject to the
provisions of Section 4.3, OWNER shall
participate in the following fee and other
programs set forth in this Section 3.6.

(A) It is acknowledged by the parties that
the Development of the Property in
accordance with the Governing Policies and
Existing Land Use Regulations provides for
orderly growth in accordance with the
policies and goals set forth in the COUNTY
General Plan, including its Growth
Management Program. Subject to the
provisions of Paragraphs (B.), (C.) and (D)
below, OWNER shall participate, on a pro
rata basis as provided for in COUNTY
Ordinance Number 3570, in any future fee
programs which are adopted by the COUNTY
Board of Supervisors in accordance with the
Growth Management Program which include the
Project as a portion of the respective area
of benefit and which are not in conflict
with the express terms of the Development
Plan.

(B) Notwithstanding the provisions of
Paragraph (A) above, COUNTY acknowledges
that OWNER has dedicated, or agreed to
dedicate pursuant to this Agreement, to
COUNTY lands to be used for open space and
park purposes in an amount in excess of that
required to satisfy COUNTY's current and
anticipated standards for open space.
Therefore, except as provided for in or
contemplated by the Governing Policies and
this Agreement, OWNER shall be exempt from
any further Development Exactions for open
space or park purposes.

(C) As set forth in Exhibit D hereto, OWNER
has agreed to construct or pay fees to
COUNTY to partially fund the construction of
tire, sheriff and library facilities. In
certain instances, the obligations of OWNER
in providing such facilities are in excess of
OWNER's pro rata share (and may include,
in effect, amounts reflecting benefits to
existing development or development
anticipated in the distant future) of the
costs of such facilities as determined
pursuant to COUNTY Ordinance Number 3570.
In accordance with Paragraph (A) above, COUNTY may require additional Development
Exactions to provide for fire, sheriff and
library facilities to service the future
residents and populations of the Property;
provided, however, that such further
Development Exactions with respect to any
such facility with respect to the Property
shall not exceed in the aggregate more than
ten percent (10%) of OWNER's total pro rata
share for such facility, as determined in a
manner consistent with COUNTY Ordinance
Number 3570 and as set forth in Exhibit D,
of the amounts specified in Exhibit D as the
anticipated cost for such each such
facility.

(D) The traffic improvements to be made by
or in coordination with the Project exceed
what would otherwise be the fair share
obligation of the OWNER for such public
improvements. More capacity is added to the
regional circulation system than required to
serve the Project's currently anticipated
incremental needs. Moreover, the COUNTY has
found that this Agreement is a "subsequent
agreement" as that term is used in the
portion of Chapter 3, Section E,
Transportation Policy 22 of the 1988 Local
Coastal Program and is consistent with the
Implementation Actions Program of the
Development Plan. For traffic impact
purposes, said Growth Management Program is
applied to the Coastal Area as set forth in
said Policy 22.

1.6.3 Replacement, Repair, Maintenance and
Operation.

Except as expressly provided in Section 3.1
to the contrary, the replacement, repair, and
maintenance of any of the Public Facilities after
the completion and acceptance thereof by COUNTY
and during the term of this Agreement shall not
be the subject of a fee with respect to, or a
condition of, any Development Approval regarding,
and no fee, tax or assessment shall be levied by
COUNTY on, any undeveloped lands within the

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Property for any such purposes with respect to such completed and accepted Public Facilities which does not include similarly situated and benefitted developed lands.

3.6.4 No Limitations on Objections.

Nothing in this Section 3.6 shall be construed as limiting OWNER's right to object before the COUNTY Board of Supervisors or judicially to the adoption of the future fee and other programs referred to in Section 3.6.2 or to otherwise take any action in opposition to the adoption of any such programs.

3.6.5 CEQA Compliance.

COUNTY has previously prepared studies, analyses, reports or documents, as required by CEQA regarding the environmental impacts of the MPAH, the Existing Land Use Ordinances, the Existing Development Approvals and this Agreement, including but not limited to environmental impact reports for Pelican Hill Road, this Agreement and the presently pending Irvine Coast Master Development permit application. Further, COUNTY participated in the CEQA review process of the Irvine Coast 1988 Local Coastal Program conducted by the California Coastal Commission. The parties acknowledge that further environmental studies, analyses, reports and documents may be required in connection with future approvals in connection with the Project, regional road network improvements and the Public Facilities and that while this Agreement provides assurances to OWNER with respect to the Land Use Regulations which will apply to the Development of the Property, this Agreement does not assure OWNER that it has the right or that it will be able to construct or develop any portions of the Project or any of the Public Facilities, or that the COUNTY will construct or complete the regional road network improvements as currently contemplated or any specific improvements in connection therewith. Further to the foregoing, notwithstanding anything in this Agreement to the contrary, prior to and as a condition precedent to the final decision to construct or develop any of the Public Facilities, any of the regional road network improvements or any portions of the Project, all government permits and approvals
shall be obtained as required by the applicable Regulations, in accordance with and as provided in Sections 4.2 and 4.3 (including but not limited to State and federal Regulations), and all environmental studies, analyses, reports and other documents shall be prepared and completed therefor in full and strict compliance with CEQA and other applicable regulations.

4. **REGULATIONS GOVERNING THE DEVELOPMENT OF THE PROPERTY**

4.1 **Governing Policies**

The following policies set forth in this Section 4.1 are consistent with and are provided for in or contemplated by the Existing Land Use Ordinances, including the General Plan and the Development Plan.

4.1.1 **Permitted Uses**

The uses permitted hereunder in accordance with the Existing Land Use Ordinances are as set forth in the Development Plan and include, without limitation, residential uses (including single-family attached and detached and duplex and multiple-family housing), golf course, recreation and parks, conservation, and tourist commercial uses (including, in addition to hotels and other overnight accommodations, the uses described in Chapter 4 of the 1988 Local Coastal Program).

4.1.2 **Number of Units, Density and Intensity**

The total number of residential dwelling units permitted under this Agreement and the Development Plan is 2,500 and the total number of overnight accommodations is 2150. The intensity and density of development, residential and non-residential, for the various planning areas within the Property are set forth in the Development Plan. Exhibit 2 of the 1988 Local Coastal Program is a Planned Community Statistical Table summarizing the intensity and density of development of the Property by planning area.

4.1.3 **Maximum Height and Size of Buildings**

The maximum height and size of the buildings within the Property permitted hereunder in accordance with the Existing Land Use Ordinances
are as set forth in Chapter 4 of the 1988 Local Coastal Program and said maximum size of any building shall not exceed that permitted under the 1988 Local Coastal Program and the maximum height shall not exceed 105 feet.

4.1.4 Reservations and Dedications of Lands for Public Purposes and Undertakings to Participate in Completion of Regional Road Network and Major Public Facilities.

As provided in Section 3, OWNER has undertaken to dedicate certain lands and fund the construction and conveyance of the Public Facilities to the COUNTY, as well as participate in the completion of the SJMTC and to provide certain other public benefits as provided in Exhibit D.

4.1.5 Density Increases.

COUNTY has expressed interest in ensuring the provision of regional and community level infrastructure, and is pursuing the use of development agreements as a method whereby a level of assurance can be achieved concerning the service demands within planned communities so that adequate long-range plans for needed infrastructure can be developed and implemented. COUNTY and OWNER acknowledge that the "balancing" of uses within the Project under the Coastal Act contemplated that OWNER would have flexibility to establish in the Development Plan the density of development within the restricted and limited areas available for development, subject to certain development impact standards being observed consistent with the Development Plan. OWNER presently does not intend to apply for any increases in the density or number of residential units within the Property, nor does OWNER intend to apply for any intensification of uses within the Property which would be inconsistent with or unduly burden existing and planned public facilities and services.

4.1.6 Timing of Development.

The parties acknowledge that the most efficient and economic Development of the Property depends upon numerous factors such as market orientation and demand, interest rates, competition and similar factors and that
generally it will be most economically beneficial to the ultimate purchasers to have the rate of development determined by OWNER. Since the California Supreme Court held in *Farree Construction Co. v. City of Camarillo*, 37 Cal.3d 465 (1984) that the failure of the parties to a development agreement to provide for the timing of development resulted in a later adopted initiative prevailing over those parties’ agreement, it is the COUNTY’s and the OWNER’s desire to avoid any deficiency in this Agreement by acknowledging that, subject to the requirements of the Development Plan and this Agreement, the OWNER shall have the right to develop the Project in any order at any rate and at any times as the OWNER deems appropriate within the exercise of its subjective business judgment, subject to specific phasing requirements for infrastructure provided for in the Existing Land Use Ordinances. Accordingly, the timing, sequencing and phasing of Development shall be as determined by OWNER in its sole subjective business judgment and discretion, provided that said discretion as to rate of development shall be subject to the phasing provisions expressly set forth in the Development Plan and the other Existing Land Use Ordinances (including the Growth Management Program referred to in Section 3.6.2(A)) and the Reservations of Authority, which adequately meet the substantive timing issue addressed by the court in Camarillo and requirements for correlation of land use and circulation improvements.

4.1.7 Moratoria: Phasing of Development.

The parties acknowledge and agree that except as expressly provided in this Section 4, no moratorium, ordinance, resolution, or other Land Use Regulation or limitation on the conditioning, rate, timing or sequencing of the development of the Property or any portion thereof, however imposed, (including, without limitation, any initiated Land Use Regulation purporting to regulate the rate of development based upon levels of service on roadways, roadway capacities, capacities of draining facilities, capacities of sewer facilities, provision of emergency service, or similar measure) shall apply to or govern the development of the Property during the term hereof whether affecting parcel or subdivision maps (whether tentative,
vesting tentative, or final), building permits, occupancy permits or other entitlements to use
issued or granted by COUNTY. In the event of any such subsequent action, OWNER may continue to
apply for and receive Development Approvals in accordance with the Existing Land Use
Regulations, subject only to the exercise of the Reservation of Authority set forth in Section 4.1
and the terms of this Agreement.

Further, the parties acknowledge and agree that as set forth in the recitals of fact above
and in Section 4.4, underlying the balancing of the future uses of the Property accomplish ed
under and pursuant to Section 30007.5 of the Coastal Act were the policy determinations that:
(i) the open space and other coastal-related resources and benefits obtained under the
Development Plan were, and could only be, obtained by not constraining OWNER further than
provided by the 1988 Local Coastal Program and other Governing Policies in the timing of the
Development of the Property; (ii) among other things, such increased coastal-related resources
and benefits, including the construction of major roadway circulation facilities were "traded-off"
for defined limits regarding certain future transportation requirements; and (iii) with
respect to the phasing of development, such "balancing" or "trade-offs" adequately provided
for the public health and safety, subject to further changes in circumstances.

4.1.8 Development Exactions.

In addition to and not in limitation of the foregoing, or the provisions of Section 4.2,
extcept and subject to the Reservations of Authority, COUNTY shall not levy or require any
further Development Exactions in connection with the Development of the Property except those
provided for in Section 3 or which are provided for, required by or pursuant to the Existing Land
Use Regulations (including, but not limited to the existing General Plan and the Development
Plan) which include, but are not limited to, Development Exactions which may be required by
COUNTY in accordance with its current subdivision standards and policies (including, without
limitation, as to the amount, time and method of payment), subject to the Reservations of
Authority.
COUNTY shall not include the performance of this Agreement or any of OWNER's Obligations hereunder as an express condition of any future approval under applicable Regulations except to the extent that such conditions could be imposed under such Regulations notwithstanding this Agreement.

4.1.9 COUNTY's Environmental Review.

In exercising its legislative discretion to enter into this Agreement, COUNTY has reviewed and considered various potential environmental impacts and mitigation measures of the Development Plan including, but not limited to, the potential adverse environmental impacts related to future grading and land form modification, and the future infrastructure and utility needs of the Project. These needs are exemplified by the potential demands the Project will make on local and regional streets, highways, water capacity and water lines, sewer capacity and sewer lines, storm drainage systems, and related energy conservation, traffic, noise, and air quality impacts. The COUNTY has scrutinized with particular care adverse impacts associated with vehicular traffic conditions existing and projected to occur within the COUNTY, and the traffic mitigations and beneficial impacts that will be achieved by the Project. As contained in EIR 486 and in prior CEQA reviews referenced in EIR 486, the COUNTY has reviewed and considered, making a variety of assumptions, projected future regional and cumulative infrastructure and utility demands that will compete with the Project for available capacities and cumulatively add to potential adverse impacts. In so doing, the COUNTY has considered, among other things, the possibilities that (i) local, regional, and State plans for provision of new infrastructure systems or expansion of existing infrastructure systems, may be delayed, modified or abandoned; and (ii) regional, non-Project generated, demands on infrastructure and utility improvements to be constructed as a part of the Project may exceed, in the short run or ultimately, the allocated capacities for such demands.
After assessing these and other potential adverse environmental impacts associated with the Development Plan, the COUNTY has imposed extensive exactions as a part of the Development Plan. These measures include, among other things, requiring the OWNER to commit to early and extensive open space dedications and protection programs, and to contribute to more than the Project's fair share of the costs and dedications for providing infrastructure and utility capacities prior to full completion and occupancy of the Project. In many instances, particularly with respect to recreational uses, open space dedications and traffic improvements and mitigations, requirements have been imposed on the OWNER substantially in excess of demands generated by the Project itself. In so doing, the COUNTY understands and acknowledges that the open space dedications and infrastructure and utility improvements are significant and justify the assurances provided to OWNER by this Agreement.

The COUNTY has also determined that full completion of the Project will itself constitute, or is needed to contribute to, mitigation of short-term potential adverse environmental impacts and that the public benefits of the Project override the anticipated adverse environmental impacts of the Project. These determinations have been made based in part upon the paramount values, policies and concerns of the California Coastal Act. Policies related to the phased provision of roads, drainage facilities, open space dedication, and public service facilities have been considered and, to the extent consistent with achieving the Coastal Act policies advanced by the Development Plan, incorporated into the Project. It is acknowledged that a growth management plan, program or requirement beyond those in the Existing Land Use Ordinances, therefore, may be inconsistent with the achievement of the Coastal Act policies and benefits embodied in the Development Plan. The COUNTY's determination is set forth in the separate environmental findings and statement of overriding benefits made in conjunction with the approval of Development Plan, EIR 486 and this Agreement.
4.2 REGULATION OF DEVELOPMENT.

4.2.1 In General.

Notwithstanding any future action of COUNTY, whether by ordinance, resolution, initiative or otherwise, during the term of this Agreement, the rules, regulations and official policies applicable to and governing the Development of the Property shall be the Existing Land Use Regulations together with amendments and additions adopted pursuant to Section 4.3 or the Reservations of Authority of COUNTY provided in Section 4.3.

4.2.2 Vested Rights.

In developing the Property, OWNER is provided and assured the vested right to require that the Land Use Regulations of COUNTY applicable to and governing the Development of the Property during the term hereof shall be as provided in this Section 4.2.

4.3 Limitations, Reservations and Exceptions.

Notwithstanding anything to the contrary set forth in Section 4.2 above, in addition to the Existing Land Use Regulations, only the following Land Use Regulations adopted by COUNTY hereafter shall apply to and govern the Development of the Property ("Reservations of Authority"):  

4.3.1 Future Regulations.

Future COUNTY Land Use Regulations which are not in conflict with the Development Plan or which are in conflict with the Development Plan and the application of which to the Development of the Project has been consented to in writing by OWNER;

4.3.2 State and Federal Laws and Regulations.

Existing and future State and federal laws and regulations, together with any COUNTY Land Use Regulations, programs and actions, or inaction, which are reasonably (taking into consideration, among other things, the factors set forth in Paragraph 4.4.3(b)) adopted or undertaken by COUNTY in order to comply with State and federal laws and regulations: provided,
that in the event that State or federal laws and regulations prevent or preclude compliance with one or more provisions of this Agreement, such provisions shall be modified or suspended as may be necessary to comply with such State and federal laws and regulations, in which event this Agreement shall remain in full force and effect to the extent that it is not inconsistent with such laws and regulations and that performance of the remaining provisions would not be inconsistent with the intent and purposes of this Agreement:

4.3.3 Public Health and Safety.

Land Use Regulations which are adopted by COUNTY, which may be in conflict with the Governing Policies and which are reasonably necessary, taking into consideration, among other things, the factors set forth in Paragraph 4.4.3(b), in order to protect the public health and safety:

4.3.4 Building and Improvement Standards.

Present and future Building and Improvement Standards, except that (taking into consideration the assurances to OWNER in this Section 4) any future amendment thereto which significantly reduces the amount of land within the Property which can be utilized for structures and improvements or significantly increases the amount of open space within the Project under the Development Plan shall not be considered a provision of any of the Building and Improvement Standards included within the exception provided by this Paragraph 4.3.4, and shall not apply to and govern the Development of the Project unless it complies with another exception under this Section 4.3 (such as, for example, Paragraph 4.3.3):

4.3.5 Processing Fees and Charges.

Processing fees and charges of every kind and nature imposed or required by COUNTY under current or future Regulations covering the actual costs of COUNTY in (i) processing applications and requests for permits, approvals and other actions and (ii) monitoring compliance with any permits issued or approvals granted or the performance of any conditions with respect
thereto or any performance required of OWNER hereunder; and,

4.3.6 Full Extent of Law.

The parties acknowledge and agree that COUNTY is restricted in its authority to limit its police power by contract and that the foregoing limitations, reservations and exceptions are intended to reserve to COUNTY all of its police power which cannot be so limited. Notwithstanding the foregoing, this Agreement shall be construed, contrary to its stated terms if necessary, to reserve to COUNTY all such power and authority which cannot be restricted by contract.

4.4 Further Assurances to OWNER Regarding Exercise of Reservations of Authority.

4.4.1 Adoption of General Plan and Development Plan.

In preparing and adopting the General Plan and the Development Plan, COUNTY considered the health, safety and welfare of the existing and future residents and populations of the COUNTY and prepared in this regard extensive environmental documents and other studies. Without limiting the generality of the foregoing, in preparing and adopting the General Plan and Development Plan, the COUNTY Board of Supervisors carefully considered and determined the projected needs (taking into consideration the planned development of the Project, the region, the COUNTY and adjacent areas) for sheriff, fire, library, and similar facilities and services within the Project, the region, the COUNTY and adjacent areas, and the projected needs within the Project and such areas for flood control measures, the general carrying capacity of the Property, the needs of the residents for open space and parks and the appropriateness of the number of units to be developed and the density and intensity of the development comprising the Project. The parties acknowledge that the allocation of development within the Property as part of future Development Approvals is subject to various considerations pursuant to the Existing Land Use Regulations such as the earthquake faults discovery, cultural resources or other site specific considerations.
4.4.2 Assurance to OWNER.

The parties further acknowledge that the public benefits to be provided by OWNER to COUNTY pursuant to this Agreement, including, without limitation, the participation by OWNER in the accelerated and coordinated completion of the Public Facilities, the regional road improvements and the financing and construction thereof are in consideration for and reliance upon assurances that the Property can be developed in accordance with the Existing Land Use Regulations (subject to the terms of this Agreement). Accordingly, while recognizing that the Development of the Property may be affected by exercise of the Reservations of Authority and the requirement that OWNER participate in future public facilities as set forth in Section 3.6.2, OWNER is concerned that normally the Courts extend to local agencies significant deference in the adoption of Land Use Regulations which might permit COUNTY to attempt to apply inconsistent Land Use Regulations in the future under the guise of the Reservations of Authority or the COUNTY's authority to require OWNER's participation under Section 3.6.2. Accordingly, OWNER desires assurances that COUNTY will not attempt to further restrict or limit the Development of the Property in conflict with the provisions of Section 4.1 and 4.2 except in strict accordance with the Reservations of Authority or Section 3.6.2.

4.4.3 Judicial Review.

(a) Burden of Proof.

Based on the foregoing, in the event OWNER judicially challenges (including the procedure pursuant to Section 11.5) the application of a future Land Use Regulation as (A) being in conflict with Section 4.2 and as (B) exceeding or violating the Reservations of Authority or Section 3.6.2, OWNER shall bear the burden of proof in establishing that such Regulation was applied in conflict with the Governing Policies. In the event that OWNER bears its burden of proof and establishes that such Regulation is in conflict with the Governing Policies, COUNTY shall thereafter bear the
burden of proof in establishing that such Regulation was adopted pursuant to and in accordance with Section 3.4.2 or the Reservations of Authority.

(b) Considerations.

Considerations, among others, in determining whether any such future COUNTY Land Use Regulation was properly applied pursuant to the Reservations of Authority shall include:

(i) with respect to any future Land Use Regulations adopted by COUNTY pursuant to paragraphs 4.3.1 (with respect to the protection of public health and safety) or 4.3.2 (with respect to federal and state regulation), the extent to which such regulation substantially impairs the rights of OWNER under Section 4.2, and is (A) to be unreasonably borne only by OWNER and the Project (taking into consideration the obligations of OWNER under this Agreement) rather than being also borne by other lands and interests, or (B) unreasonable taking into consideration other reasonable and practicable alternatives; and

(ii) with respect to any future Land Use Regulations adopted pursuant to Paragraph 4.3.2 (with respect to the protection of public health and safety):

(A) Whether, and the extent to which, the concerns which are the subject of the proposed Land Use Regulation were considered and/or provided for in the adoption of the Existing Land Use Regulations or this Agreement; and

(B) The greater the severity of the adverse impact of the Land Use Regulation on the reasonable Economic
Expectations of OWNER (taking into consideration the extent of any mitigation of such impacts provided by COUNTY in connection with such Regulation, for example, by the transfer of development density), the greater the showing required of COUNTY that the concerns addressed are legitimate and that such Regulation is reasonable taking into consideration such concerns.

It is acknowledged by the parties that in balancing the uses to be provided for in the Development Plan under the Coastal Act, COUNTY and the Coastal Commission favored and promoted those uses which are expressly addressed and required to be provided for in the Coastal Act, including, but not limited to, coastal access, open space, wildlife resources and the environment and were relatively restrictive with respect to other uses, such as, for example, lands available for residential, non-tourist, commercial and local active park purposes. Further, in some cases, standards and requirements for roads were restricted and minimized in favor of providing for certain coastal-related uses and benefits. Accordingly, in exercising the Reservations of Authority, COUNTY shall take into consideration such balancing under the Coastal Act and that in certain instances it was anticipated that a lower level of satisfaction of certain non-coastal related health and safety concerns was acceptable.

The parties believe that the foregoing considerations are appropriate under the law and are not intended to, and shall not, limit the authority of COUNTY with respect to public health aspects of the police power which cannot be limited by contract. Further, said considerations shall be interpreted, supplemented and revised to reflect subsequent judicial determinations and State legislative enactments further defining the extent and nature of the authority of local agencies which must be
reserved and cannot be limited by contracts such as this Agreement.

(c) Administrative Findings and Exhaustion.

(i) COUNTY Findings and Determinations.

As a condition precedent to applying any Land Use Regulation to the Development of the Property which is in conflict with the Governing Policies, after providing OWNER with reasonable notice and an opportunity to be heard, COUNTY shall make specific findings and determinations as to the basis for applying such Land Use Regulation to the Development of the Property in accordance with Section 4.3. COUNTY shall provide OWNER an opportunity to be heard concerning the application of any Land Use Regulation to the Property which is in conflict with the Governing Policies in addition to any opportunity to be heard provided under Existing Land Use Regulations concerning adoption of such Land Use Regulation and any appearance or presentation by OWNER in connection with the adoption thereof shall not be deemed without the written consent of OWNER, to be a waiver or exercise of any rights of OWNER under this Section 4.4.3(a), (b) or (c).

(ii) Exhaustion.

As a condition precedent to any claim by OWNER that a proposed Land Use Regulation does not comply with the Reservations of Authority and, therefore, cannot be applied to and govern the Development of the Property (whether in a judicial proceeding or otherwise), OWNER shall raise the claim no later than the time at which the proposed Land Use Regulation is considered for application to the development of the Property and shall present all information then in its possession upon which it shall rely or present in any judicial proceeding,
including, but not limited to, information regarding OWNER's Economic Expectations, and, in addition, shall provide at such time any further information regarding OWNER's Economic Expectations reasonably requested by COUNTY. In the event that the proposed Land Use Regulation is of a kind that is not heard by or appealable to the COUNTY Board of Supervisors and provided that OWNER is given reasonable prior written notice, as a condition precedent to any such claim, OWNER shall raise the claim and provide the above information as a protest to the agent or representative of COUNTY promulgating or applying the proposed Regulation.

4.5 Regulation by Other Public Agencies.

It is acknowledged by the parties that other public agencies not within the control of COUNTY possess authority to regulate aspects of the Development of the Property separately from or jointly with COUNTY and this Agreement does not limit the authority of such other public agencies. For example, pursuant to Government Code Section 66477(i), in the event that an agency such as, for example, a community services district, provides park and recreational services or facilities, it is permitted, and therefore shall be permitted by the parties, to participate jointly with COUNTY to determine the location of land to be dedicated or in lieu fees to be paid for local park purposes, provided that COUNTY shall exercise its authority subject to this Agreement.

5. PERIODIC REVIEWS.

5.1 Annual Review.

COUNTY and OWNER shall review the performance of this Agreement, and the Development of the Project, at least once every 12-month period from the Effective Date. As part of such Annual Monitoring Review, within 30 days after each anniversary of this Agreement, OWNER shall deliver to COUNTY:

a. a then current Build-out Phasing Plan for the Project; and
b. all information reasonably requested by COUNTY (i) regarding OWNER's performance under this Agreement demonstrating that OWNER has complied in good faith with terms of this Agreement and (ii) as required by the existing Land Use Ordinances.

If as a result of such periodic review, COUNTY finds and determines, on the basis of substantial evidence, that OWNER has not complied in good faith with any of the terms or conditions of this Agreement, COUNTY may terminate this Agreement as provided in Section 11.2.

5.2 Five-Year General Plan Review.

Every five years following the Effective Date, COUNTY intends to conduct a review of the General Plan as it applies to the Project. OWNER shall cooperate with COUNTY in the conducting of this review and in developing mutually acceptable revisions to the General Plan and the Development Plan pursuant thereto; provided, however, that neither COUNTY nor OWNER shall have any obligation to agree to such changes.

6. TRANSFERS AND ASSIGNMENTS.

6.1 Rights and Interests Appurtenant.

The rights and interests conveyed and provided herein to OWNER benefit and are appurtenant to the Property. OWNER has the right to sell, assign and transfer any and all of its rights and interests and to delegate any and all of its duties and obligations hereunder; provided, however, that such rights and interests may not be transferred or assigned except in strict compliance with the following conditions precedent:

(i) Said rights and interests may be transferred or assigned only together with and as an incident of the transfer and assignment of the portions of the Property to which they relate; and

(ii) Concurrent with any such assignment or transfer or within five (5) business days thereafter, OWNER shall notify COUNTY in writing of such assignment or transfer, the portions of the Property to which the assignment or transfer is appurtenant, and the name and address (for purposes of notices hereunder) of the transferee
or assignee, together with the corresponding number of dwelling units which are included within such transfer and OWNER and the assignee or transferee shall notify COUNTY whether the assignee or transferee has assumed any of OWNER's Obligations under this Agreement and which of OWNER's Obligations have been assumed. A failure of OWNER to strictly comply with subsection 6.1(ii) shall not constitute a material breach of this Agreement.

COUNTY shall have no duty or obligation of any kind or nature to maintain a record of such transfers or assignments of portions of the Property or numbers and allocations of units involved or to notify or advise prospective or actual assignees or transferees or others of such assignments or the resulting allocation of units with respect to the Property or under this Agreement.

6.2 Allocation of Density.

It is acknowledged that the density of development provided by the Governing Policies may be distributed by OWNER disproportionately throughout the Property in accordance with and subject to the Existing Land Use Regulations. COUNTY shall not be obligated to the successors of OWNER to advise or notify any such successor or any other person as to the density of development allowed under this Agreement or any of the Land Use Regulations with respect to any particular portion of the Property; provided, however, that COUNTY shall upon the request of OWNER enter into further agreements in accordance with the then applicable Land Use Regulations in a recordable form allocating to the various portions of the Property the then allowable density of units pursuant to the Governing Policies. Such an Agreement may, with the mutual agreement of the parties, provide for the assumption of certain of OWNER's obligations hereunder and the allocation of the benefits and burdens of this Agreement. The costs and expenses of COUNTY in considering and responding to any such request shall be borne, paid and reimbursed to COUNTY by OWNER forthwith upon the request of COUNTY.

6.3 Subject to Terms of Agreement.

Following any such assignment or transfer of any of the rights and interests of OWNER under this Agreement, the exercise, use and enjoyment thereof shall continue to be subject to the terms of this
Agreement to the same extent as if the assignee or transferee were OWNER. Without limiting the
generality of the foregoing,

(i) in order to claim or benefit from any right or interest hereunder or provision hereof
(including but not limited to the rights of OWNER under Section 11), any subsequent assignee or
transferee shall have no right, and shall be
obligated not, to claim damages from or against
COUNTY under Section 11;

(ii) the further assignment or transfer of any
of the rights or interests under this Agreement
shall be made only in accordance with and subject
to the terms of this Section 6; and

(iii) The rights and interests assigned or
transferred are subject to termination in
accordance with this Agreement.

Notwithstanding the foregoing, the assignee or
transferee of any of the rights and interests of OWNER
shall take said rights and interests subject to this
Agreement and shall have no duty or obligation to
perform OWNER's Obligations or other affirmative
covenants of OWNER under this Agreement unless such
obligations and covenants are expressly assumed in
connection with the conveyance of said rights and
interests.

6.4 Release of OWNER.

Notwithstanding the assignment or transfer of
portions or all of the Property or rights or interests
under this Agreement, OWNER shall continue to be
obligated under this Agreement unless released or
partially released by COUNTY with respect to OWNER's,
Obligations and the other duties and obligations of
OWNER under this Agreement, pursuant to this Paragraph
6.4, which release or partial release shall be
provided by COUNTY upon the full satisfaction by OWNER
of the following conditions:

(i) OWNER is not then in default under this
Agreement;

(ii) OWNER has provided COUNTY with the written
notice required under paragraph 6.1.; and

(iii) Such assignee or transferee has assumed such
duties and obligations as to which OWNER is:

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requesting to be released and has provided COUNTY with security and other assurances equivalent to those which were provided by OWNER assuring COUNTY that OWNER's Obligations and the other duties and obligations of OWNER under this Agreement for which OWNER is being released will be fully and strictly performed as provided in this Agreement.

7. ANNEXATION AND INCORPORATION.

Upon the incorporation or annexation of the Property in or to any city or other county (the "Local Agency"), such Local Agency, as contemplated by and provided in Section 65865.1 (a) of the Development Agreement Legislation (with respect to incorporation) shall succeed to the benefits and rights and be bound by the obligations and duties of COUNTY hereunder to the same extent as if the Local Agency were a signatory hereof, including but not limited to the obligation to issue necessary permits and approvals in accordance herewith; provided, however, and except that COUNTY shall continue to be a beneficiary with respect to the OWNER's Obligations, other than with respect to the improvement San Joaquin Hills Road west of Pelican Hill Road in excess of four lanes, under this Agreement and may enforce the provisions hereof with respect thereto. Notwithstanding the foregoing: (i) upon any such annexation or incorporation, this Agreement shall not be terminated, amended, modified or cancelled with respect to OWNER's Obligations without the prior written approval and consent of COUNTY and any attempt to do so shall be null and void and of no force and effect; and (ii) if OWNER's rights pursuant to this Agreement are terminated or suspended as a result of such incorporation or annexation, OWNER's Obligations shall be terminated or suspended, as applicable.

8. TERM OF AGREEMENT.

8.1 Stated Term.

This Agreement shall become effective on the Effective Date and unless earlier terminated pursuant to the provisions of this Agreement shall continue in effect until December 31, 2028. In the event that the parties determine that a longer period is necessary to achieve the foregoing purpose, the term of the Agreement may be extended by the further written agreement of the parties in accordance with Section 9.
8.2 Rights and Duties Following Termination.

Upon the termination of this Agreement, no party shall have any further right or obligation hereunder except with respect to any obligations to have been performed prior to said termination or with respect to any default in the performance of the provisions of this Agreement which has occurred prior to said termination.

8.3 Option to Terminate Agreement.

Notwithstanding the terms of this Agreement as provided in this Section 8, OWNER shall have the right to terminate this Agreement in accordance with and subject to the provisions of and conditions precedent set forth in this Section 8.3.

8.3.1 Failure to Form CFD or Assessment District.

In the event that OWNER has delivered to COUNTY and recorded the irrevocable offer to dedicate the right-of-way for the San Joaquin Hills Transportation Corridor as provided in Exhibit D hereto and has fully and in good faith cooperated with COUNTY (including providing its consent thereto or affirmative vote in connection therewith) and COUNTY has not by January 1, 1986, formed a CFD and/or one or more special assessment districts which are authorized to issue bonds sufficient in amount to fund the Owner's Obligations described in Exhibit D hereto with respect to the construction of Pelican Hill Road, Pacific Coast Highway, San Joaquin Hills Road, and the sheriff, fire and library facilities, which are repayable from special taxes or benefit assessments on all or portions of the Property, OWNER may, in its sole discretion, terminate this Agreement by written notice to COUNTY delivered prior to February 1, 1986. Notwithstanding any such termination, said irrevocable offer of dedication shall remain in full force and effect in accordance with its terms. COUNTY shall not be required to include lands other than lands owned by the OWNER in the CFD or special assessment district.

8.3.2 Application of Conflicting Provisions.

In the event that OWNER has delivered to COUNTY and recorded the irrevocable offer to dedicate the right-of-way for the San Joaquin Hills Transportation Corridor as provided in Exhibit D hereto and COUNTY applies within seven (7) years of the Effective Date
any Land Use Regulation to the development of the Property which is in conflict with the Governing Policies and which would effect a moratorium on or would significantly slow the development of the Property, OWNER may, in its sole discretion, terminate this Agreement by written notice to COUNTY delivered within sixty (60) days of the date of said application. Notwithstanding any such termination, said irrevocable offer of dedication shall remain in full force and effect in accordance with its terms.

9. **AMENDMENT.**

Subject to the provisions of Section 7 and Section 11, this Agreement may be amended or cancelled only by the mutual agreement of the parties in accordance with Government Code Section 65868, in a writing executed by the parties and recorded in the official records of COUNTY.

10. **PROCESSING OF REQUESTS AND APPLICATIONS.**

COUNTY shall process any and all applications for action pursuant to this Agreement, and for any and all permits (including without limitation building permits) or approvals for Development of the Property requested by OWNER or any successor or assignee, including any building/developer, under the procedures for the processing of applications for such applications which are then in effect; provided, however, as provided in Section 4, no subsequently adopted Regulation (including, without limitation, any moratorium or other phasing of development) shall be applicable and delay the acceptance or processing of any such application, except as adopted pursuant to and in accordance with the Reservations of Authority. As provided above, the standards applied in approving or disapproving such applications shall be as set forth in the Existing Land Use Regulations, subject to the Reservations of Authority.

11. **DEFAULT AND REMEDIES.**

11.1 Remedies in General.

It is acknowledged by the parties that COUNTY would not have entered into this Agreement if it were to be liable in damages under or with respect to this Agreement or the application thereof.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement; except that COUNTY shall not be liable in damages to OWNER, or to any
assignee, transferee of OWNER or any other person, and OWNER covenants not to sue for or claim any damages, for:

(A) any breach of, or which arise out of, this Agreement;

(B) the taking, impairment or restriction of any right or interest conveyed or provided hereunder or pursuant hereto; or

(C) arising out of or connected with any dispute, controversy or issue regarding the application or interpretation or effect of the provisions of this Agreement;

provided, however, that the foregoing does not limit the liability of COUNTY, if any, for damages which:

(A) are not for a breach of this Agreement or which do not arise under this Agreement;

(B) are not with respect to any right or interest conveyed or provided hereunder or pursuant hereto, and

(C) do not arise out of or which are not connected with any dispute, controversy or issue regarding the application, interpretation or effect of the provisions of this Agreement to, on or the application of any Regulation of COUNTY.

Without limiting the generality of the foregoing, and as an example, in the event that COUNTY refuses to issue building permits under and in accordance with a Vesting Tentative Map issued by COUNTY, OWNER would be entitled to whatever remedies at law or in equity which are available, including, if available under law, the right to monetary damages.

11.2 Termination of Agreement for Default of OWNER.

COUNTY in its discretion may terminate this Agreement for any failure of OWNER to perform any material duty or obligation of OWNER under, or to comply in good faith with the terms of, this Agreement (hereinafter referred to as "default"); provided, however, COUNTY may terminate this Agreement pursuant to this Section only after providing written notice to OWNER of default setting forth the nature of the default and the actions, if any, required by OWNER to
cure such default and, where the default can be cured, OWNER has failed to take such actions and cure such default within 30 days after the effective date of such notice or, in the event that such default cannot be cured within such 30 day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such 30 day period and to diligently proceed to complete such actions and cure such default.

11.3 **Termination of Agreement for Default of COUNTY.**

OWNER in its discretion may terminate this Agreement by written notice to COUNTY only after the default by COUNTY in the performance of a material term of this Agreement and written notice by OWNER thereof to COUNTY and, where the default can be cured, the failure of COUNTY to cure such default within 30 days after the effective date of such notice or, in the event that such default cannot be cured within such 30 day period, the failure of COUNTY to commence to cure such default within such 30 day period and to diligently proceed to complete such actions and to cure such default.

11.4 **Specific Performance.**

The parties acknowledge that money damages and remedies at law generally are inadequate and specific performance is a particularly appropriate remedy for the enforcement of this Agreement and should be available to both parties based on the following reasons and facts:

(i) the unavailability of money damages against COUNTY provided in Section 11.1 hereinafore;

(ii) OWNER's Obligations provided for in Section 3 were bargained for by COUNTY and given in return for assurances by COUNTY to OWNER regarding the Regulations that would be applicable to the Development of the Property, which assurances were in turn relied upon by OWNER in undertaking OWNER's Obligations;

(iii) due to the size, nature, and scope of the Project, it may not be practical or possible to restore the Property to its natural condition once implementation of this Agreement has begun; after such implementation, OWNER may be foreclosed from...
other choices it may have had to utilize the Property, or portions thereof, and provide other benefits; OWNER has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate OWNER for such efforts;

(iv) the inability of OWNER to recover and receive back its capital investment in the Regional Road Network Improvements and Public Facilities to be provided to COUNTY as part of OWNER's Obligations and to replan and provide for different uses of the Property once such facilities and infrastructure have been completed;

(v) the use of the Property for the purposes and uses described in the Development Plan is unique; and

(vi) the critical public need and concern for the Regional Road Network Improvements and other major facilities and infrastructure to be provided by OWNER as part of OWNER's Obligations as well as for the benefits that can be obtained from the long-term and comprehensive planning and stability contemplated by the Development Agreement Legislation.

Further, the parties acknowledge that for the reasons set forth above (particularly because of the lack of money damages available to OWNER), in connection with any judicial proceeding regarding the performance of this Agreement, rights, or the interests and duties of the parties hereunder, including a proceeding pursuant to Section 11.5, it is appropriate for, and the parties shall cooperate in requesting (whether by stipulations or otherwise), the court with jurisdiction, to proceed expeditiously and to retain jurisdiction until the underlying conflict or dispute has been fully resolved.

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11.5 **Appointment of Referee.**

As an alternative procedure hereunder, a party initiating legal action hereunder may request that the action be heard by a reference from the Orange County Superior Court pursuant to Code of Civil Procedure Sections 638 *et seq.* OWNER and COUNTY, in such case, shall use their best efforts to agree upon a single referee who shall then try all issues, whether of fact or law, and report a finding and judgment thereon and issue all legal and equitable relief appropriate under the circumstances of the controversy before him. If OWNER and COUNTY are unable to agree upon a referee within ten (10) days of a written request to do so by either party, either party may seek to have a referee appointed pursuant to Section 640 of the Code of Civil Procedure. The cost of such proceeding (exclusive of the attorneys' fees and cost of the parties) shall be borne equally by the parties. Any referee selected pursuant to this Section 11.5 shall be considered a temporary judge appointed pursuant to Article 6, Section 21 of the California Constitution.

In the event that an alternative method of resolving disputes concerning the application, enforcement or interpretation of development agreements is provided by legislative or judicial action after the Effective Date, the parties may, by mutual agreement, select such alternative method.

12. **THIRD PARTY LITIGATION.**

12.1 **Litigation.**

As set forth above, COUNTY has determined that this Agreement is consistent with the General Plan and that the General Plan meets all of the legal requirements of State law. OWNER has reviewed the General Plan and concurs with COUNTY's determination. The parties acknowledge that:

(i) presently there is litigation challenging the legality, validity and adequacy of certain provisions of the General Plan;

(ii) in the future there may be other similar challenges to such provisions of the General Plan as well as others; and

(iii) if successful, such challenges could delay or prevent the performance of this Agreement and the Development of the Property.
In addition to the other provisions of this Agreement, including, without limitation, the provisions of Section 11, COUNTY shall not be liable for damages under this Agreement caused by the failure of COUNTY to perform under this Agreement or the inability of OWNER to develop the Property as contemplated by the Development Plan or the Agreement as the result of a judicial determination that on the Effective Date, or at any time thereafter, the General Plan, or portions thereof, are invalid or inadequate or not in compliance with law.

12.2 Revision of General Plan.

If for any reason the General Plan or any part thereof is hereafter judicially determined as provided above to be invalid or inadequate or not in compliance with the State or federal Constitutions, laws or regulations, this Agreement shall remain in full force and effect and upon the adoption or amendment of any General Plan provision which is necessary in order to comply with State or federal Constitutions, laws or regulations to cure such invalidity or inadequacy, together with any amendments of the Development Plan and the Land Use Regulations which are necessary in order to comply with such new or revised General Plan, the reference in Section 4 to the General Plan shall thereafter mean and refer to such new or amended General Plan, Development Plan and Land Use Regulations.

12.3 Suspension of Obligations.

In the event that Development of the Property is enjoined or prevented from proceeding by any judicial order or determination in connection with the determinations regarding the General Plan referred to above and the subsequent proceedings with respect thereto, the time for performance of the obligations of the parties hereunder shall be extended as provided in Section 16.11.

12.4 Litigation Regarding Agreement.

In the event that adoption of this Agreement or the validity thereof or any aspect of the implementation thereof is subjected to legal challenge by any person not a party to this Agreement, and COUNTY elects to defend the Agreement, OWNER shall reimburse COUNTY for its reasonable litigation expenses, including, but not limited to attorneys costs.
fees, court costs and staff time, incurred in connection with such defense. COUNTY shall provide OWNER with a statement of its litigation expenses on a monthly or other regular basis and OWNER shall reimburse COUNTY in full within sixty (60) days of receipt of each such statement. In the event that COUNTY is providing a similar defense for other development agreements, the cost of defense shall be allocated equitable, as reasonably determined by COUNTY in its sole discretion.

13. ESTOPPEL CERTIFICATE.

Either party may, at any time, and from time to time, deliver written notice to the other party requesting such party to certify in writing that, to the knowledge of the certifying party, (i) this Agreement is in full force and effect and a binding obligation of the parties, (ii) this Agreement has not been amended or modified either orally or in writing, and if so amended, identifying the amendments, and (iii) the requesting party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults. A party receiving a request hereunder shall execute and return such certificate within thirty (30) days following the receipt thereof. The Director of the Environmental Management Agency of COUNTY shall have the right to execute any certificate requested by OWNER hereunder. COUNTY acknowledges that a certificate hereunder may be relied upon by transferees and Mortgagees. In accordance with Section 11, COUNTY shall have no liability for monetary damages to OWNER, any Transferee or Mortgagee, or any other person in connection with, resulting from or based upon the issuance of any certificate hereunder.

14. EFFECT OF AGREEMENT ON TITLE.

14.1 Covenants Run With The Land.

Subject to the provisions of Sections 6 and 15:

(i) All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the parties and their respective heirs, successors (by merger, consolidation, or otherwise) and assigns, devisees, administrators, representatives, lessees, and all other persons acquiring any rights or interests in
the Property, or any portion thereof, whether by operation of laws or in any manner whatsoever and shall inure to the benefit of the parties and their respective heirs, successors (by merger, consolidation or otherwise) and assigns:

(ii) All of the provisions of this Agreement shall be enforceable as equitable servitudes and constitute covenants running with the land pursuant to applicable law;

(iii) Each covenant to do or refrain from doing some act on the Property hereunder (A) is for the benefit of and is a burden upon every portion of the Property, (B) runs with such lands and (C) is binding upon each party and each successive owner during its ownership of such properties or any portion thereof, and each person having any interest therein derived in any manner through any owner of such lands, or any portion thereof, and shall benefit each party and its lands hereunder, and each other person succeeding to an interest in such lands.

Notwithstanding any of the foregoing or in this Agreement to the contrary, any assignee or transferee or Mortgagee which acquires any right or interest in or with respect to the Property or any portion thereof shall take and hold such rights and interests subject to this Agreement and shall not have been deemed to have assumed the OWNER's Obligations of the other affirmative duties and obligations of OWNER hereunder except:

(i) to the extent that any of such assignees, transferees or mortgagees have expressly assumed any of the duties or obligations of OWNER hereunder;

(ii) if any such assignee, transferee or mortgagee accepts, holds, or attempts to exercise or enjoy the rights or interests of OWNER hereunder, it shall have assumed the obligations of OWNER under Sections 3.2 and 11; and
to the extent that the performance of any duty or obligation by OWNER is a condition precedent to the performances of a covenant by COUNTY, it shall continue to be a condition to COUNTY's performance hereunder.

14.2 No Dedication or Lien.

Nothing herein shall be construed as a dedication or transfer of any right or interest in, or as creating a lien with respect to, the title to the Property.

14.3 Termination Upon Final Sale.

Notwithstanding any provisions of this Agreement to the contrary, the burdens of this Agreement shall terminate as to any lot which has been finally subdivided and individually (and not in "bulk") leased (for a period of longer than one year) or sold to the purchaser or user thereof and thereupon and without the execution or recordation of any further document or instrument such lot shall be released from and no longer be subject to or burdened by the provisions of this Agreement; provided, however, that the benefits of this Agreement shall continue to run as to any such lot until a building is constructed on such lot, or until the termination of this Agreement, if earlier, at which time this Agreement shall terminate as to such lot.


15.1 Mortgagee Protection.

This Agreement shall be superior and senior to any lien placed upon the Property, or any portion thereof, including the lien of any Mortgage. Notwithstanding the foregoing, no breach hereof shall defeat, render invalid, diminish or impair the lien of any Mortgage made in good faith and for value and any acquisition or acceptance of title or any right or interest in or with respect to the Property or any portion thereof, by a Mortgagee (whether under or pursuant to a Mortgage, foreclosure, trustee's sale, deed in lieu of foreclosure, or otherwise), shall be subject to all of the terms and conditions contained in this Agreement.
15.2 **Mortgagee Not Obligated.**

Notwithstanding the provisions of Section 15.1 above, no Mortgagee shall have an obligation or duty under this Agreement to perform Owner's Obligations or other affirmative covenants of Owner hereunder, or to guarantee such performance; except that to the extent that any covenant to be performed by Owner is a condition to the performance of a covenant by COUNTY, the performance thereof shall continue to be a condition precedent to COUNTY's performance hereunder.

15.3 **Notice of Default to Mortgagee; Right of Mortgagee to Cure.**

If COUNTY receives notice from a Mortgagee requesting a copy of any notice of default given Owner hereunder and specifying the address for service thereof, and records a copy of each request in the official records of COUNTY in the manner required under Civil Code Section 2924b with respect to Requests for Notices of Default, then COUNTY shall deliver to such Mortgagee, concurrently with service thereon to OWNER, any notice given to OWNER with respect to any claim by COUNTY that OWNER has not complied in good faith with the terms of this Agreement or has committed an event of default. Each Mortgagee shall have the right (but not the obligation) for a period of ninety (90) days after the receipt of such notice from COUNTY to cure or remedy, or to commence to cure or remedy, the claim to default or noncompliance set forth in the COUNTY's notice. If the default is of a nature which can only be remedied or cured by such Mortgagee upon obtaining possession, such Mortgagee shall seek to obtain possession with diligence and continuity through foreclosure, a receiver or otherwise, and shall thereafter remedy or cure the default or noncompliance within thirty (30) days after obtaining possession. If any such default or noncompliance cannot, with diligence, be remedied or cured within such thirty (30) day period, then such Mortgagee shall have such additional time as may be reasonably necessary to remedy or cure such default or noncompliance if such Mortgagee commences cure during such thirty (30) day period, and thereafter diligently pursues and completes such cure.

15.4 **Bankruptcy.**

Notwithstanding the foregoing provisions of Section 15.1, if any Mortgagee is prohibited from commencing or prosecuting foreclosure or other

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appropriate proceedings in the nature thereof by any processor injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving OWNER, the time specified in Section 15.1 for commencing or prosecuting foreclosure or other proceedings shall be extended for the period of the prohibition.

16. MISCELLANEOUS PROVISIONS.

16.1 Recordation of Agreement.

This Agreement and any amendment or cancellation hereof shall be recorded in the Official Records of COUNTY by the Clerk of the Board of Supervisors within the period required by Section 65868.5 of the Government Code.

16.2 Entire Agreement.

This Agreement sets forth and contains the entire understanding and agreement of the parties and there are no oral or written representations, understandings or ancillary covenants, undertakings or agreements which are not contained or expressly referred to herein and no testimony or evidence of any such representations, understandings or covenants shall be admissible in any proceeding of any kind or nature to interpret or determine the terms or conditions of this Agreement.

16.3 Severability.

If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement.

16.4 Interpretation and Governing Law.

This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the laws of the State of California.

16.5 Section Headings.

All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.
16.6 **Singular and Plural.**

As used herein, the singular of any word includes the plural.

16.7 **Joint and Several Obligations.**

If any obligation of OWNER hereunder to COUNTY is the obligation of more than one person, such obligation and any liability with respect thereto shall be joint and several among the obligees.

16.8 **Time of Essence.**

Time is of the essence in the performance of the provisions of this Agreement as to which time is an element.

16.9 **Waiver.**

Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Agreement thereafter.

16.10 **No Third Party Beneficiaries.**

The only parties to this Agreement are OWNER and COUNTY. There are no third party beneficiaries and this Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person whatsoever.

16.11 **Force Majeure.**

Neither party shall be deemed to be in default where failure or delay in performance of any of its obligations under this Agreement is caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, strikes and other labor difficulties beyond such party's control, government regulations, court actions (such as restraining orders or injunctions) or other causes beyond such party's control. If any such events shall occur, the term of this Agreement and the time for performance by either party of any of its obligations hereunder shall be extended by the period of time that such events
prevented such performance provided that the term of this Agreement shall not be extended under any circumstances for more than five (5) years nor for a period which would violate the rule against perpetuities.

16.12 Attorney Fees.

In any action or undertaking to enforce the provisions of this Agreement, each of the parties hereto shall bear its own attorneys fees.

16.13 Mutual Covenants.

The covenants contained herein are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the party benefitted thereby the covenants to be performed hereunder by such benefitted party.

16.14 Notices.

All notices required or provided for under this Agreement shall be in writing and delivered in person or sent certified mail, postage prepaid and addressed as follows:

If to COUNTY:

Orange COUNTY Board of Supervisors
10 Civic Center Plaza
Santa Ana, California 92701
Attn: Clerk

If to OWNER:

The Irvine Company
500 Newport Center Drive
P. O. Box 1
Newport Beach, California 92658
Attn: Peter J. Zeughauser, Esq.

with a copy to:

Latham & Watkins
650 Town Center Drive
Suite 2000
Costa Mesa, California 92626
Attn: Robert K. Break, Esq.

Any notice given as required herein shall be deemed given seventy-two (72) hours after deposit in
the United States mail or upon receipt. A party may change its address for notices by giving notice in writing to the other party as required herein and thereafter notices shall be addressed and transmitted to the new address.

16.15 **Successors and Assigns.**

The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

16.16 **Counterparts.**

This Agreement may be executed by the parties in counterparts which counterparts shall be construed together and have the same effect as if all of the parties had executed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first set forth above.

**OWNER:**

THE IRVINE COMPANY, a Michigan Corporation

By: [Signature]

Gary Hunt, Senior Vice President, Resource Entitlement

By: [Signature]

Peter D. Keoughner, Assistant Secretary
COUNTY:

THE COUNTY OF ORANGE, CALIFORNIA,
a political subdivision of the
State of California

By: [Signature]
    Chairman of the Board
    of Supervisors

Attent:

SIGNED AND CERTIFIED THAT A COPY
OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE CHAIRMAN OF THE
BOARD.

By: [Signature]
    LINDA D. ROBERTS
    Clerk of the Board of
    Supervisors, County of
    Orange, California

APPROVED AS TO FORM:

ADRIAN KUYPER, County Counsel
ORANGE COUNTY, CALIFORNIA

By: [Signature]
    John R. Gries, Deputy

SIEMON, LARSEN & MARSH, Special Counsel

By: [Signature]

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STATE OF CALIFORNIA   )
COUNTY OF ORANGE    ) ss.

On this 16th day of May, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared Gary Hunt and Peter D. Zeughauser, personally known to me, or proved to me on the basis of satisfactory evidence, to be the persons who executed the within instrument as Senior Vice President, Resource Entitlement and Assistant Secretary, respectively, on behalf of THE IRVINE COMPANY, a Michigan corporation, the corporation named therein, and acknowledged to me that said corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors, and acknowledged to me that said corporation executed the same.

WITNESS my hand and official seal.

[Signature]
Notary Public
in and for said County and State
STATE OF CALIFORNIA
COUNTY OF ORANGE

On this 22nd day of MAY, 1988, before me, Louise Schulz, personally appeared LINDA D. ROBERTS, known to me to be the Clerk of Board of Supervisors of the County of Orange and known to me to be the person who executed the within instrument on behalf of the County of Orange pursuant to government Code Section 25103, and acknowledged to me that such political subdivision executed the same by use of an authorized facsimile signature.

WITNESS my hand and official seal.

[Signature]

Notary Public
in and for said County and State

By: [Signature]

Authorized Signature/Position
Clerk of the Board of Supervisors
of Orange County, California
EXHIBIT A

DESCRIPTION OF PROPERTY
EXHIBIT A

LEGAL DESCRIPTION

Those portions of Blocks 95, 97, 128 through 134, 161 through 167, 180 through 183 and 185, Irvine's Subdivision, in the County of Orange, State of California, as per map filed in Book 1, page 88, Miscellaneous Record Maps, records of said County, described as follows:

PARCEL 1.

Beginning at the most Southerly corner of the "Cameo Highland Annex" to the City of Newport Beach, said corner being the Northeast right-of-way line of Pacific Coast Highway as described in a deed to the State of California recorded May 20, 1931 in Book 487, page 1, Official Records of said County; thence along the boundary of said City of Newport Beach the following described courses:

1. N. 40° 30' 20" E. 364.00 feet;
2. N. 26° 47' 20" E. 465.00 feet;
3. N. 2° 12' 20" E. 387.00 feet;
4. N. 85° 00' 40" W. 190.00 feet;
5. N. 71° 34' 40" W. 174.00 feet;
6. N. 56° 17' 40" W. 53.96 feet;
7. N. 16° 25' 20" E. 109.15 feet;
8. N. 49° 27' 44" W. 225.00 feet;
9. S. 33° 42' 20" W. 132.03 feet;
10. N. 56° 17' 40" W. 340.87 feet;
11. N. 59° 47' 40" W. 410.00 feet;
12. N. 70° 35' 10" W. 271.93 feet;
13. N. 7° 49' 00" W. 239.20 feet;
14. N. 12° 45' 00" W. 194.77 feet;
15. N. 22° 15' 00" W. 406.53 feet;
16. N. 0° 45' 00" E. 365.18 feet;
17. Leaving said boundary N. 6° 52' 40" E. 460.72 feet to an angle point in the boundary of said City of Newport Beach;
18. N. 89° 57' 20" E. 660.00 feet along said boundary;
19. N. 40° 57' 20" E. 1320.00 feet;
20. N. 24° 57' 20" E. 1680.00 feet;
21. S. 89° 02' 40" E. 1050.00 feet;
22. N. 7° 57' 20" E. 460.11 feet;
23. Leaving said boundary S. 53° 56' 31" E. 749.57 feet;
24. S. 64° 41' 46" E. 558.75 feet;
25. S. 77° 20' 6" E. 435.44 feet;
26. N. 87° 24' 44" E. 347.07 feet;
27. N. 75° 49' 12" E. 943.68 feet;
28. N. 63° 01' 07" E. 644.43 feet;
29. S. 86° 27' 21" E. 465.31 feet;
30. N. 79° 17' 39" E. 1036.87 feet;
31. N. 87° 09' 43" E. 1338.73 feet;
32. N. 76° 05' 30" E. 328.20 feet;
33. N. 57° 17' 54" E. 446.57 feet;
34. N. 65° 01' 42" E. 434.01 feet;
35. N. 56° 59' 37" E. 553.17 feet;
36. N. 88° 54' 48" E. 863.22 feet;
37. S. 76° 08' 53" E. 668.82 feet;
38. S. 78° 53' 11" E. 404.48 feet;
39. S. 88° 34' 10" E. 1138.24 feet;
40. S. 81° 27' 33" E. 968.88 feet;
41. S. 89° 21' 53" E. 1984.12 feet;
42. N. 89° 07' 46" E. 1316.15 feet;
43. S. 71° 07' 11" E. 244.14 feet;
44. S. 46° 31' 00" E. 848.19 feet;
45. S. 41° 41' 40" E. 538.97 feet;
46. S. 22° 14' 31" E. 315.36 feet;
47. S. 38° 33' 52" E. 489.32 feet;
48. S. 24° 22' 42" E. 331.27 feet;
49. S. 12° 44' 41" W. 337.73 feet;
50. S. 34° 25' 47" E. 410.92 feet;
51. S. 54° 32' 56" E.  526.14 feet;
52. S. 39° 06' 59" E.  465.65 feet;
53. S. 66° 44' 19" E.  658.40 feet;
54. N. 83° 28' 36" E.  326.82 feet;
55. S. 60° 09' 12" E.  785.39 feet;
56. S. 68° 21' 36" E.  560.20 feet;
57. S. 34° 56' 14" E.  457.86 feet;
58. S. 24° 59' 11" E.  227.27 feet;
59. S. 62° 51' 54" E.  1752.88 feet;
60. S. 64° 52' 34" E.  1493.44 feet;
61. S. 60° 59' 36" E.  540.25 feet;
62. S. 49° 25' 35" E.  871.18 feet;
63. S. 66° 26' 24" E.  84.08 feet;
64. S. 64° 24' 04" E.  711.88 feet;
65. S. 60° 00' 22" E.  513.59 feet;
66. S. 60° 24' 52" E.  1287.83 feet to a point in the boundary of the city of Laguna Beach, said point being in a 425.00 foot radius curve that is concave Easterly, a radial to said point bears N. 89° 29' 46" W.; thence along said boundary:
67. Southerly 47.30 feet along said curve through a central angle of 6° 22' 38";
68. S. 6° 52' 52" E.  264.82 feet;
69. S. 83° 11' 34" W.  228.16 feet;
70. S. 6° 48' 26" E.  443.29 feet;
71. Southerly 19.93 feet along a 345.00 foot radius curve that is concave Westerly through a central angle of 24° 54' 00";
72. S. 18° 05' 34" W.  323.31 feet;
73. Southerly 142.19 feet along a 1255.00 foot radius curve that is concave Easterly through a central angle of 6° 29' 30";
74. S. 11° 36' 4" W.  909.28 feet;
75. S. 11° 17' 49" W.  1113.97 feet;
76. S. 12° 52' 49" W.  385.94 feet;
77. Southerly 258.36 feet along a 655.00 foot radius curve that is concave Easterly through a central angle of 22° 36' 00";
78. S. 9° 43' 11" E  462.58 feet;
79. Southerly 47.78 feet along a 145.00 foot radius curve that is concave Westerly, through a central angle of 18° 52' 45";
80. S. 9° 09' 34" W. 1981.77 feet;
81. Southerly 255.54 feet along a 1255.00 foot radius curve that is concave Easterly through a central angle of 11° 40' 00";
82. S. 2° 30' 28" E. 532.31 feet;
83. Southwesterly 261.21 feet along a 195.00 foot radius curve that is concave Northwesterly through a central angle of 76° 45' 00";
84. S. 74° 14' 34" W. 215.79 feet;
85. Westerly 132.05 feet along a 195.00 foot radius curve that is concave Northerly through a central angle of 38° 48' 00";
86. N. 66° 57' 26" W. 248.29 feet;
87. Westerly 715.71 feet along a 1155.00 foot radius curve that is concave Southerly through a central angle of 35° 30' 15";
88. S. 77° 32' 19" W. 198.05 feet;
89. Southwesterly 227.88 feet along a 555.00 foot radius curve that is concave Southeasterly through a central angle of 23° 31' 30";
90. S. 54° 00' 49" W. 350.12 feet;
91. Southwesterly 212.42 feet along a 555.00 foot radius curve that is concave Southeasterly through a central angle of 21° 55' 45";
92. S. 32° 05' 04" W. 238.45 feet;
93. N. 57° 54' 56" W. 85.00 feet;
94. S. 32° 05' 04" W. 400.00 feet;
95. S. 57° 54' 56" E. 85.00 feet;
96. S. 32° 05' 04" W. 274.68 feet;
97. S. 57° 54' 56" E. 230.00 feet;
98. S. 32° 05' 04" W. 346.27 feet;
99. Southerly 374.73 feet along a 925.00 foot radius curve that is concave Easterly through a central angle of 23° 12' 41";
100. S. 8° 52' 23" W. 583.75 feet;
101. Southerly 184.42 feet along a 975.00 foot radius curve that is concave Westerly through a central angle of 12° 04' 34";
102. S. 20° 56' 57" W. 68.73 feet;
103. N. 69° 03' 03" W. 60.00 feet;
104. S. 20° 56' 57" W. 300.28 feet;
105. Southwesterly 29.00 feet along a 2945.00 foot radius curve that is concave Northwesterly through a central angle of 0° 23' 21";
106. N. 68° 39' 42" W. 70.00 feet along a radial of said curve;
107. S. 35° 58' 04" W. 129.75 feet;
108. S. 66° 07' 57" E. 100.00 feet along a radial of last mentioned curve to the Southwesterly prolongation of said curve;
109. Southwesterly 144.78 feet along said curve through a central angle of 2° 49' 00";
110. S. 37° 58' 01" W. 681.41 feet;
111. S. 39° 22' 40" W. 384.76 feet;
112. S. 47° 37' 27" W. 803.58 feet;
113. S. 55° 35' 41" W. 252.44 feet;
114. S. 42° 47' 6" W. 395.44 feet;
115. S. 36° 16' 46" W. 395.53 feet;
116. N. 59° 13' 57" W. 90.00 feet;
117. Westerly 83.78 feet along a 120.00 foot radius curve that is concave Southerly through a central angle of 40° 00' 00";
118. S. 80° 46' 03" W. 106.00 feet;
119. Southwesterly 48.87 feet along a 105.00 foot radius curve that is concave Southeasterly through a central angle of 26° 40' 00";
120. Northwesterly 255.16 feet along a 120.00 foot radius reverse curve through a central angle of 132° 54' 19";
121. Nontangent N. 12° 52' 23" E. 523.10 feet;
122. N. 0° 05' 03" E. 243.70 feet;
123. N. 25° 54' 57" W. 540.93 feet;
124. S. 56° 05' 03" W. 295.13 feet;
125. S. 89° 03' 33" W. 246.11 feet;
126. S. 0° 31' 43" W. 160.00 feet;
127. S. 68° 01' 27" E. 320.35 feet;
128. S. 5° 53' 57" E. 222.62 feet;
129. S. 27° 57' 43" W. 515.46 feet;
130. N. 49° 32' 17" W. 198.04 feet;
131. S. 40° 31' 43" W. 543.84 feet;
132. N. 56° 21' 01" W. 148.13 feet;
133. N. 49° 28' 17" W. 264.40 feet;
134. S. 81° 20' 43" W. 131.76 feet;
135. N. 49° 28' 17" W. 1480.30 feet;
136. S. 40° 46' 43" W. 1180.11 feet;
137. N. 53° 23' 21" W. 22.86 feet;
138. N. 67° 03' 17" W. 36.00 feet to a point on a nontangent curve.
179.88 foot radius curve that is concave Northwesterly, a radial to said point bears S. 67° 03' 17" E;
139. Southwesterly 57.32 feet along said curve through a central angle of 18° 15' 33" to a point on a non-tangent 30.00 foot radius curve that is concave Southwesterly, a radial to said point bears N. 79° 50' 31";
140. Southwesterly 73.94 feet along said curve through a central angle of 141° 01' 29" to the beginning of a 15.00 foot radius reverse curve that is concave Westerly;
141. Southerly 16.66 feet along said curve through a central angle of 63° 38' 11" to the Southwest line and said Block 183;
142. N. 49° 28' 17" W. 551.10 feet along said Southwest line and said boundary of the City of Laguna Beach;
143. Leaving said Southwest line N. 24° 51' 03" W. 79.61 feet;
144. N. 0° 55' 17" W. 40.00 feet;
145. S. 89° 04' 43" W. 95.39 feet to said Southwest line;
146. N. 49° 28' 17" W. 2133.40 feet along said Southwest line to the West corner of said Block 183.
147. Leaving said boundary N. 49° 28' 13" W. 2597.84 feet along the Northeast line of said Block 184, being in part the Northeast line of Tract No. 325 as per map filed in Book 98, pages 9 through 11. Miscellaneous Maps, records of said County, to the most Northerly corner of said Tract;
148. S. 40° 30' 55" W. 1167.32 feet along the Northwest line of said Tract to an angle point in the boundary of the Cameo Cove Annexation to the City of Laguna Beach;
149. Along said boundary, N. 53° 23' 40" W. 672.23 feet;
150. N. 62° 03' 40" W. 1008.13 feet;
151. S. 27° 56' 20" W. 700.00 feet to the Northeastern right-of-way line of said Pacific Coast Highway;
152. Leaving said boundary and along said right-of-way line, N. 62° 03' 40" W. 88.01 feet;
153. Northwesterly 812.86 feet along a 1450.00 foot radius curve that is concave Northwesterly through a central angle of 24° 13' 00";
154. N. 37° 50' 40" W. 445.69 feet;
155. Northwesterly 174.79 feet along a 2050.00 foot radius curve that is concave Southwesterly through a central angle of 10° 28' 30";
156. N. 48° 19' 10" W. 1097.18 feet;
157. Northwesterly 383.82 feet along a 1450.00 foot radius curve that is concave Northwesterly through a central angle of 15° 10' 00";
158. N. 33° 09' 10" W. 119.30 feet;
159. Northwesterly 518.98 feet along a 1550.00 foot radius curve that in
concave Southwesterly through a central angle of 19° 11' 10";  
160. N. 32' 20' 10" W. 2498.67 feet;  
161. Northwesterly 679.63 feet along a 4950.00 foot radius curve that is concave Northerly through a central angle of 7° 52' 00";  
162. N. 44° 28' 10" W. 1966.20 feet;  
163. Northwesterly 856.24 feet along a 1950.00 foot radius curve that is concave Northerly through a central angle of 25° 09' 30";  
164. N. 19° 18' 40" W. 399.81 feet;  
165. Northwesterly 1079.94 feet along a 2050.00 foot radius curve that is concave Southwesterly through a central angle of 30° 11' 00";  
166. N. 49° 29' 40" W. 5467.56 feet to the point of beginning.

PARCEL 2:

That portion of said Blocks 131 and 164 that is bounded on the Southwest by the line of Ordinary High Tide of the Pacific Ocean, on the Southeast by the Northwesterly boundary of the land described in a deed to the Irvine Cove Community Association recorded July 5, 1974 in Book 11189, Page 1323 of Official Records of said Orange County and the Northerly line of Tract 4655, as per map filed in Book 192, Pages 1 through 3, Miscellaneous Maps, records of said County, on the Northeast by the Southwest line of Pacific Coast Highway, 100.00 feet wide, as described in a deed to the State of California, recorded May 20, 1931 in Book 487, Page 1, said Official Records, and on the Northwest by the Northwest line of said Block 131.
EXHIBIT B

PLANNING HISTORY
PROJECT HISTORY AND RELATED ENVIRONMENTAL STUDIES

Three previous EIRs have addressed development of the Irvine Coast and related infrastructure. EIR #134, certified in August, 1976, analyzed a development with 12,000 residential units and local commercial, tourist recreation, open space, and recreation related infrastructure. EIR #237, certified in December, 1985, addressed a General Plan Amendment which significantly changed the project. The Land Use Plan in EIR #237 evaluated a maximum of 2,000 dwelling units on 3,328 acres, 160 acres of tourist recreation/commercial, and 5,709 acres of public and private recreation/open space. EIR #460, certified in September, 1987, addressed Pelican Hill Road inside and outside the coastal zone (extending from Pacific Coast Highway to MacArthur Boulevard).

In addition to the previous EIRs, a Land Use Plan (LUP) was prepared for the Irvine Coast as part of the County's Local Coastal Program (LCP). The California Coastal Commission's certification of the Irvine Coast LUP in January, 1982, constituted a formal CEQA review (per Section 21060.5, Public Resources Code). The "First Amendment" to the Certified LUP was approved by the County of Orange Board of Supervisors on September 14, 1987, and subsequently approved by the California Coastal Commission on November 19, 1987. The Land Use Plan was then adopted by Orange County Board of Supervisors Resolution No. 87-1606, and the Implementing Actions Program was adopted by County Ordinance No. 3674 on December 2, 1987. The Local Coastal Program was certified by the Coastal Commission on January 14, 1988.

Currently on file with the County is EIR #486 covering this Development Agreement and EIR #485 covering the Master Coastal Development Permit.
EXHIBIT C
FINDINGS
EXHIBIT C

IRVINE COAST LOCAL COASTAL PLAN

FINDINGS OF APPROVAL AND SUPPORTING DOCUMENTATION
Section I - INTRODUCTION: COMPLIANCE WITH CEQA

Under the California Environmental Quality Act ("CEQA"), a plan or other written documentation prepared pursuant to a certified Regulatory Program "may be submitted in lieu of the environmental impact report required by" CEQA. (Public Resources Code § 21080.5(a).) The California Coastal Commission's regulatory program "involving the preparation, approval, and certification of local coastal programs" has been certified by the Secretary of the Resources Agency. (CEQA Guidelines § 15251(f).)

The California Coastal Commission has principal responsibility for approving local coastal programs and ensuring compliance with CEQA's equivalency requirements. Consequently, it is the Lead Agency for this project and the County may rely on the local coastal program as the environmental analysis document in approving the project. (CEQA Guidelines § 15251.)

The County of Orange is responsible for submitting adequate information to the Coastal Commission to carry out the Commission's responsibilities pursuant to Public Resources Code Sections 21080.5 and 30530-30514. Consistent with Public Resources Code Sections 21080.5, 30530-30514 and the applicable CEQA and Coastal Commission guidelines, the County of Orange, in deciding on this project, has considered all the information contained in the First Amendment to the Irvine Coast Local Coastal Program, the Appendix, all information and reports contained in the County files for this project, the Pelican Hill Road EIR certified by the Board on September 19, 1987, and all reports and studies submitted in conjunction with the 1982 approved EIR and the 1976 proposed Irvine Coast plan. These documents and the following sections describe the project, describe the setting, identify impacts, identify mitigation measures, and present alternatives. Based on these materials, the Board finds that this project qualifies for certification under Public Resources Code § 11080.5, and 30530-30514 and recommends its certification by the California Coastal Commission.

The following sections review: (a) Procedural Requirements (Section II); (b) Project Description (Section III); (c) Compliance with Regulatory Program Standards Findings of Consistency With The California Coastal Act of 1976 (Section IV); (d) Mitigation Measures (Section V); (e) Alternatives (Section VI); (f) Consultation With Public Agencies and Citizens (Section VII); and (g) Written Responses to Significant Environmental Points Raised During the Review Process (Section VIII).

Section II - PROCEDURAL REQUIREMENTS

A. A Draft First Amendment to the Irvine Coast Local Coastal Program was published in March 1987. Notice and copies of this document were sent to local and state government agencies affected by the project, individuals, and interested community groups. The mailing list for this notice is contained in the County's files.
B. Several public meetings were held to present and discuss the project at which time County staff received comments on the project from the public list in the Response to Comments document. Extensive written comments were received from the California Department of Parks and Recreation, The California Department of Fish and Game, the City of Irvine, the City of Laguna Beach, the City of Newport Beach, the Friends of the Irvine Coast Coalition and numerous individuals. Written responses were prepared to these comments and published in a document entitled "Response to Comments on the Irvine Coast Local Coastal Program First Amendment, July 1987" which is referenced in Section VIII.

C. In addition to extensive community briefings and discussions, numerous meetings have been held involving the County and (1) the Friends of the Irvine Coast; (2) the California Coastal Commission staff; (3) the California Department of Parks and Recreation; (4) the California Department of Fish and Game; and (5) the landowner to discuss and resolve issues and concerns raised by the project. Changes incorporated in the project since initial publication of the Draft First Amendment to the Irvine Coast Local Coastal Program reflect the cooperative and mutual resolution of comments raised by these interested parties (a copy of these plan modifications is set forth in Section V).

Section III - PROJECT DESCRIPTION

The centerpiece of the land use plan is open space lands which comprise over 76% of the entire Irvine Coast. Of the 9,432 acres within the Irvine Coast, over 7,214 acres will be devoted to permanent open space uses. Crystal Cove State Park is 2,477 acres which encompasses virtually the entire area of the ocean side of Pacific Coast Highway and the watershed of Moro Canyon inland of Pacific Coast Highway. This area is now open to public use. As land is developed in the Irvine Coast, a program of phased dedications will transfer 2,666 acres of undeveloped land to the County. These areas will remain in conservation and recreation uses. Extensive areas of land within the development zones, including Buck Gully, Los Trancos and Muddy Canyons, and Pelican Hill and Wishbone Hill areas of the site encompassing 1,018 acres will remain in open space use with limited development for recreational purposes. Two 18-hole golf courses at Pelican Hill comprising 167 acres will form the centerpiece of the destination resort and provide a green belt buffer between overnight accommodations and Pacific Coast Highway.

Consistent with the Coastal Act emphasis on visitor serving recreation, the lower slopes of Pelican Hill will be developed with a major destination resort. The resort will consist of two 18-hole golf courses, a maximum of 1,900 overnight accommodations, and recreational and commercial facilities. At Pacific Coast Highway and Muddy Canyon, adjacent to the inland portion of the state park, a hotel and small retail area will provide up to 250 additional visitor serving accommodations at the coast. Two small sites along Laguna Canyon Road are intended for small scale visitor serving facilities.
Residential development will be limited to a maximum of 2,600 dwelling units. Residential development will include low density single family dwelling units on large lots as well as medium and high density clustered development. Residential development has been located primarily on the ridges, and more gentle slope areas away from sensitive habitat areas in the canyon bottoms, preserving open space, reducing grading impacts and enhancing the compatibility of private development with public open space.

A hierarchy of roadways will serve the Irvine Coast, including regional freeway and highway networks, subregional arterial highway networks, and local collectors. Two arterial highways are designated through the Irvine Coast in a general north/south direction: Pelican Hill Road and Sand Canyon Avenue. Pelican Hill Road is designated as a major arterial (six lanes), on the County of Orange Master Plan of Arterial Highways, as is Pacific Coast Highway through portions of the Irvine Coast area. Sand Canyon is designated as a commuter arterial highway (two lanes). Laguna Canyon Road, which runs along the eastern boundary of the Irvine Coast area, is designated as a primary arterial (four lanes) in the Master Plan.
Factual and Policy Basis for the Proposed Findings

The proposed Irvine Coast Local Coastal Program comprises an amendment to the Land Use Plan certified on January 19, 1982 and an Implementing Actions Program comprising the second major component of a local coastal program as defined in the California Coastal Act of 1976 (1982 LCP). The First Amendment to the Irvine Coast Local Coastal Program, as presently proposed, (LCP 1987), represents the culmination of a long planning process commencing with the first Irvine Coast LCP prepared in 1976. A substantial body of information relating to the resources of the Irvine Coast has been assembled through the many studies and hearings held on Irvine Coast plans. Since the policy portion of the proposed Irvine Coast LCP is an amendment to an approved LCP, the factual basis for these findings incorporates by reference all materials previously submitted in conjunction with the review of the 1976 and 1982 Irvine Coast plans, the State Parks acquisition of Crystal Cove State Park, the Irvine Company donation of Mira Ridge and all other factual matters presented to the California Coastal Commission in conjunction with the review of the 1981 Irvine Coast LCP. Likewise, because a portion of the proposed Irvine Coast LCP is an amendment to an approved LCP, the Coastal Commission findings of approval for the 1982 LCP are incorporated by reference and are further reviewed to determine the extent to which the proposed plan (LCP 1987), conforms with and further ameliorates these findings.

These prior materials have been supplemented with additional factual materials submitted during the course of the County of Orange review of the proposed First Amendment to the Irvine Coast LCP, including but not limited to all materials set forth in the Appendix to the Draft LCP dated March 16, 1987, the Irvine Coast Plan Proposed Land Use Plan Amendment - Executive Summary dated March 1987, (Exhibits 1, 4, 5, 10, 11, 12 and 19), the Irvine Coast Visual Analysis dated July, 1987, the marine life impact analysis prepared by Dr. Richard F. Ford - "Potential Ecological Influences of the Irvine Coast Planned Community on the Adjacent Marine Environment", the Pelican Hill Road EIR and all other materials submitted in conjunction with the County of Orange review of the draft First Amendment to the Irvine Coast Local Coastal Plan.

A. PUBLIC Access - (Public Resources Code Sections 30210 - 30214)

1. Public Resources Code Section 30211

The Irvine Coast LCP culminates a planning and public facilities process that has assured public access along the entire 3 1/2 mile oceanfront and beach area of the Irvine Coast. The major ingredient in assuring public access to the Irvine Coast was the cooperation of the landowner in the sale of all but a small portion of the lands between Pacific Coast Highway and the city of the State of California for a public park. It is noted that other high priority acquisition areas in Orange County established for potential public purchase in the past adopted by the California Coastal Commission in 1976 were not subsequently purchased and have been precluded from public acquisition as
result of these decisions not to purchase in combination with the approval of development projects on the proposed park sites by state agencies (e.g., the portions of the Lantern Bay project adjoining Bolsa State Park) were approved for purchase by the State Public Works Board and were subsequently abandoned for purchase and the Ritz Carlton Hotel is built on another Coastal Commission priority acquisition site.

The 1981 Coastal Commission findings (at p. 25 of the LCP Appendix) specifically note the "cooperation with the State purchase of Crystal Cove State Park" as one of the factors strongly affecting the Coastal Commission's determination regarding compliance with the Coastal Act. This finding should be viewed in the context of State Parks policies in effect at the time of the Crystal Cove State Park purchase to pursue only those acquisitions involving the voluntary cooperation of the landowner, as contrasted with condemnation, because the State had experienced high condemnation awards in conjunction with involuntary purchases in areas near Carmel (e.g., the Hudson property) as well as other areas of the coast. Thus, the evolution of the Irvine Coast plan led directly to the assurance of public access along the entire oceanfront and all but a small portion of the parallel blufftop areas.

The Irvine Coast LCP and a separate Coastal Commission permit action, taken together, provide for the final linkage in the blufftop trail system. The LCP requires the dedication to State Parks of a blufftop trail area fronting on the ocean in Planning Area 9 (see LCP 1987, Chapter 4, Section 3.3.d). Further, a prior Coastal Commission permit action on the Irvine Cove North project required the improvement of this trail as a permit condition. As a result, the trail system along the oceanfront bluffs in Planning Area 9 will be both dedicated and improved.

The oceanfront area of the Irvine Coast accessible to the public is the largest continuous public oceanfront area in Orange County and the only area of this scale where continuous access from FCH to the coast is available in southern California.

B. RECREATION - (Public Resources Code Sections 30220-30224)

1. Section 30221 - Oceanfront Lands

The State Parks purchase of Crystal Cove State Park assures the protection of oceanfront land suitable for recreational use and development (see LCP 1987, Exhibit ).

2. Sections 30222 and 30223 - Priority for Visitor-Serving Commercial Recreation and Upland Support Areas

a. Public Recreation Areas

The Irvine Coast LCP provides for major upland recreation areas to support and complement coastal recreation uses. Three primary inland recreation areas have been and will be made available to complement the oceanfront and Mora Canyon areas of Crystal Cove State Park.
1) Moro Ridge

The Moro Ridge area, containing the high point in the Irvine Coast ridgelines running toward the ocean, was donated by the landowner to the State of California in 1980. This 500 acre ridge comprises a major hiking and viewing area complementing the State Parks purchase of Moro Canyon (see State Parks Public Works Plan for Crystal Cove State Park, dated 1982). The significance of this area was cited as a major factor in the findings of approval for the 1981 LUP (LCP 1987 Appendix I at p. 25).

2) Irvine Coast Dedication Area

The Open Space Dedication Program provided for in Section A of Chapter 3 of the LCP 1987 assures the dedication of 2,666 acres of open space land to the County of Orange for recreational use and habitat protection. These areas are significant for recreational use both in their own right and with respect to other adjoining recreational use areas.

The Open Space Dedication Areas complement adjoining recreational use areas in several ways. First, the 2,666 acres of dedication lands are contiguous with Crystal Cove State Park and allow for joint management and cooperation of a 500 acre park area comprising state and county lands (see LCP 1987 Exhibit G). This 5,166 acre area will allow Irvine Coast recreational users to have experiences ranging from hiking on high ridge areas with exceptional coastal views to quiet coastal canyons and finally to the sense of arrival at the ocean, all within one day's hike. Second, the open space dedication areas provide a direct link with the future Laurel Canyon regional park in itself and as a linkage between Laurel Canyon and Crystal Cove State Park (see LCP 1987 Exhibit D).

The findings of approval for the 1982 LUP identified the recreational characteristics and values of the Open Space Dedication Areas as follows:

The area proposed for dedication includes the following major features: (1) Emerald Canyon ... a 391 acre watershed ... offers some potential for low intensity recreational use such as hiking, viewing and picnicking. (2) Laguna Canyon Slopes ... a 780 acre area traversed by several drainages to Laguna Canyon ... offers visual resources to persons hiking in the area or driving on Laguna Canyon Road and provides an open space connection to the remainder of the Laguna Greenbelt to the south and east. (3) Emerald Ridge East a major ridge area of about 210 acres ... offers significant
potential for low and medium intensity recreational uses (including park staging areas, visitor centers, equestrian center, campsites, etc.); the ridge provides exceptional vistas of the rest of the Irvine Ranch and Laguna Greenbelt areas and is a crucial connection between Emerald Canyon, upper Crystal Cove State Park and Laurel Canyon outside the coastal zone to the east, proposed for inclusion in the Greenbelt. (4) Emerald Ridge Frontal Slopes, a 730 acre area which includes three major "shoulders," providing the visual back drop to northern Laguna Beach, and several drainages such as Boat Canyon; the area offers scenic views, potential for low and medium intensity recreational use or ridgetops.

(LCP 1987 Appendix I, at p. 5

Thus, the intrinsic recreational values of the open space dedication program have been identified both in themselves and in relation to other portions of the Laguna Greenbelt area (see LCP 1987 Exhibit D).

Apart from the recreational values of the dedication area, the timing of the actual dedication of the open space areas has been modified significantly from that approved in the 1982 LUP. As a consequence, a large dedication increment will occur with the first phase of development. Similarly, later increments will likely occur more rapidly than would have been the case with the 1982 LUP dedication program. Additionally, the dedication program has been divided into far fewer increments so that future County management of the dedication areas has been enhanced.

3) Los Trancos/Buck Gully/Muddy Canyon Public Park

Over 1,100 acres of open space lands shown as private recreation areas in the 1982 LUP have been committed to public recreational use in the form of a trail and park system. The Los Trancos/Buck Gully park system has the potential both to complement beach use and to connect directly between these park areas via public trails to the Crystal Cove State Park parking areas and beaches in furtherance of Coastal Act Sections 30212, 30213 and 30220 (see LCP 1987, Appendix 5). As a result, the public will be provided with a rich diversity of recreational experiences, ranging from the pristine, secluded canyon setting of Los Trancos Canyon to a sense of arrival at the ocean itself. Public views of the ocean can be provided from a possible park on a high knoll in Los Trancos, a public view cut-out off Pelican
Hill Road and from public trails. Finally, the new trail system can provide for linkages with trails leading to the vista point on the new trail to be dedicated along the oceanfront of Planning Area 9 (see LCP 1987, Appendix 5).

The addition of Muddy Canyon to the park system will allow primarily for passive recreational uses and a potential linkage to the inland portions of Crystal Cove State Park (see LCP 1987, Exhibit G).

4. Conclusion - Public Recreational Opportunities

In furtherance of the policy objectives of Coastal Act Section 30222, 30222a, 30223 and 30223a, the present and future open space recreation areas provided for in the Irvine Coast LCP comprise the following:

<table>
<thead>
<tr>
<th>Recreation Area</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crystal Cove State Park</td>
<td>2,857</td>
</tr>
<tr>
<td>Irvine Coast Dedication Areas</td>
<td>2,566</td>
</tr>
<tr>
<td>Los Trancos/Buck Gully</td>
<td>1,155</td>
</tr>
<tr>
<td>Special Use Parks</td>
<td>122</td>
</tr>
<tr>
<td>Muddy Canyon Special Use Park</td>
<td>6,388</td>
</tr>
</tbody>
</table>

These recreational use areas are located within a 1-2 hour drive of a population of 7-8 million persons (see Attachment A-1, Open Space Cost/Benefit Analysis for Orange County, Williams-Kuebelbeck) who will be provided direct access in part via Pelican Hill Road and other Irvine Coast LCP circulation improvements.

b. Visitor-Serving Commercial Recreational Facilities

Under Coastal Act Section 30222, visitor-serving commercial recreational facilities have priority over all other types of development but agricultural and coastal-dependent industrial activities. The commercial recreation facilities provided for in Planning Areas 11A through 13F and 14 (see Chapter 1, Section A of the LCP) fulfill both the Section 30222 requirements and the strong policy in favor of upland support facilities expressed in Coastal Act Section 30221. The provision of a broad array of visitor accommodations in Planning Areas 13 and 14 (see Exhibit 11 of the Executive Summary) will further the policy goals of these two sections of the Coastal Act by increasing access to the Irvine Coast park areas, thereby facilitating recreational use by visitors living outside the area.

As reflected in Coastal Act Sections 30222 and 30223, the Coastal Act recognizes the fact that the failure to provide upland support facilities with overnight accommodations would in effect limit beach usage of public parks, and in particular state parks, to persons who live within day use proximity of the park areas. This would effectively contrast...
and potentially in some cases deny, park access to visitors who live elsewhere in the state and to out-of-state visitors. Accordingly, the provision of commercial recreation facilities furthers strong Coastal Act policies whose priorities were reiterated in a recent Coastal Commission permit action in a comparable setting in the Laguna Niguel area of Orange County (Permit Application 5-86-503).

In terms of commitments to visitor-oriented uses, the Irvine Coast LCP devotes almost one-half of development intensity (45% = 2150 overnight accommodations and 2600 residential units) to visitor-serving uses, a percentage for above most LCPS. The areas devoted to visitor uses are sited in close proximity to major public recreational use areas (see Exhibits 3 and 5 of the Executive Summary). In comparison with the uses approved in the 1982 LCP, the Irvine Coast LCP replaces non-priority residential uses approved in the 1982 LUP from the frontal slopes of Pelican Hill onto the ridges, thereby devoting almost the entire frontal areas of Pelican Hill to visitor-oriented uses (see Exhibits 4 and 5, and 11 and 12 in the Executive Summary). When the 685 acres of commercial recreation uses are added to the 6,609 acres of public recreation areas, the total LCP acreage devoted to recreational uses is 7,294 or 76% of the entire plan area.

1: Location of Visitor-Serving Uses

The Coastal Act provides for locating visitor-serving facilities at "selected points of attraction for visitors" (Section 30250 (c)). In addition to day-use needs, projections of commercial recreation needs indicate significant demand for new overnight facilities (e.g., the projections cited in the Dana Point Specific Plan) which will be fulfilled by the provision of overnight accommodations. On the entire Orange County coastline, only one other undeveloped area remains with the significant potential for accommodating visitor-serving uses (i.e., the Dana Point Headlands). Thus, the Irvine Coast is one of the few remaining areas where commercial recreation can be provided to support visitor uses and is the only site with the capability of providing a broad array of visitor-oriented facilities in close proximity to a state park.

2: A Destination Resort - Section 10241

Much of the southern California coastline has been developed in such a way as to preclude the provision of significant visitor-oriented commercial recreation. For example, so much of the Malibu coast has been repeatedly committed to residential uses that no area comparable to the Irvine Coast remains with the potential for commercial recreation uses (see Coastal Commission staff reports on the Malibu, Santa Monica Mountains LCP). Other areas such as Marina del Rey accommodate one type of visitor use (e.g., boating) to the extent that sites for
commercial recreation supportive of public recreation activities are extremely limited. As noted above, on the Orange County coast, no other area has the ability to provide visitor-oriented facilities in keeping with Sections 30250(c) and 30222 of the Coastal Act, and in particular 30223. The need for major commercial recreation activities to support beach and upland park uses and to provide a broad array of recreational opportunities was recognized in the 1982 LCP approval of 1,750 overnight accommodations.

The 1987 LCP amendment provides an even stronger commitment to visitor-serving uses than those approved in the 1982 LCP and does so in a particular way. First the 1987 LCP deletes the 200,000 sq. ft. of office uses approved in the 1982 LCP and replaces such uses with 435 additional overnight accommodations. Second, the day-use oriented commercial recreation uses have been increased from 50,000 to 75,000 sq. ft. Third, the 1987 LCP land uses include the provision for golf courses designed to enhance the feasibility of commercial recreation uses by providing needed recreational amenities to offset the inland location effects resulting from the shift of commercial recreation from the coastal shelf to areas inland of FCM. As a consequence, most of the entire frontage area of Pelican Hill is devoted to visitor-oriented uses, replacing lower priority residential uses with commercial recreation uses.

In furtherance of Coastal Act Sections 30222, 30223 and 30250(c), the 1987 Irvine Coast LCP is structured to create the setting for a particular type of visitor-oriented use, a destination resort. Unlike an individual hotel or lodge oriented to attract a particular type of clientele, a destination resort is designed to provide a broad range of accommodations and recreational facilities which combine to create a relatively self-contained, self-sufficient center for visitor activities. By providing on-site recreational facilities, the destination resort will attract longer term visitors, as well as those staying only a few days. As a consequence, overnight accommodations may range from hotel rooms to “casitas” and other types of lodging containing kitchen facilities and room combinations to serve guests staying for a variety of time periods.

Due to its inland location, the resort will depend heavily on providing its own visitor-serving facilities including golf courses, swimming pools, day-use commercial, spas, tennis courts, and other amenities to attract long-term visitors. Although the proximity to the beach and trail areas will serve as an attraction to resort guests, the range of on-site recreational
amenities to be provided (consistent with Coastal Act Section 30252 (6)) and the location of most of the accommodation in Planning Areas 11A through 11F at a distance from the beach, it is unlikely that overnight visitors will generate significant recreational demands on the state park beaches. At the same time, day-users of the state and county park areas will be able to make use of shops and food services in the day-use commercial areas of the resort, thereby minimizing trips to other areas for such support facilities.

Day-use Commercial Recreation Facilities — Section 30251

Finally, the 1987 LCP tourist commercial areas not only fill long-term needs but also provide facilities that cannot be provided by the state park and the County parks. Due to existing mobile homes and cottage leases in the Moro and Crystal Cove areas of the state parks, recreational facilities required to support park use will be severely limited until those leases expire. Regarding the County parks in the open space dedication areas and the Los Trancos/Buck Gully/Muddy Canyon Special Use Parks, the LCP policies severely restrict the types of uses allowed in those areas to more of a passive recreation support use (i.e., the open space dedication areas have been designated a "wilderness" park with all uses to be commensurate with that designation while Los Trancos/Buck Gully/Muddy Canyon have limitations on the amount of park area that can be developed for any purposes along with other limitations imposed by LCP habitat protection policies — see Chapter 3, Sections E, F, and G of the 1987 LCP). By providing substantial day-use services (e.g., restaurants, picnic supplies, etc.) within a short distance of these present and future park areas, the need for the development of extensive support services on visually sensitive state park lands seaward of Pacific Coast Highway will be substantially reduced in furtherance of Coastal Act Section 30221. In this way, more of the coastal shelf area can be devoted to actual public recreational use pursuant to Section 30221 of the Coastal Act. Likewise, the provision of these commercial support facilities further the objectives of Coastal Act Section 30243 by reducing the need for support facilities in the sensitive state and county parks areas.

Enhancement of Inland Views — Section 30251

The creation of a destination resort at Pelican Hill aims serves as a means of enhancing inland views. The combination of Planning Areas 11A through 11F as an integral component of the golf course/visitor-serving complex provides the development basis for shifting residential areas off the Pelican Hill foreshores and onto the Pelican Hill ridgeline. Thus, the shift in land use from estate residential uses approved in the 1982 LCP to a destination resort in the 1987 LCP makes it feasible...
to locate the golf course/greenbelt in the primary inland
viewshed area that previously would have been committed
to individual homes (see Exhibits 4 and 5 in the
Executive Summary).

5: **Traffic Benefits Deriving from Visitor-Support**
**Facilities - Coastal Act Sections 30221, 30222 and 30224.**

In carrying out the requirements of Coastal Act Sections
30250 (c) and 30254, the location of visitor-serving
facilities in the Pelican Hill and Sand Canyon areas will
decrease traffic impacts on local communities by
providing convenient overnight facilities for users of
Crystal Cove State Park. Locating significant overnight
accommodations and day use facilities at these "selected
points of attraction for visitors" (Coastal Act Section
30250(c)) effectively clusters recreational uses in close
proximity to one another, thereby facilitating access
between such uses and minimizing impacts on coastal
access roads with limited capacity (Coastal Act Section
30254). In the absence of such facilities, visitors from
outside the area would otherwise be forced to find
accommodations in Laguna Beach or Newport Beach, thus
driving through those communities on their way to and
from the State Park. The provision of extensive day-use
facilities will also diminish automobile traffic volumes
by providing food and other services readily available to
park users. By concentrating development at the Pelican
Hill and Sand Canyon locations, the use of existing
transit facilities operating between Laguna Beach and
Newport Beach along Pacific Coast Highway will be
encouraged and enhanced.

In conformance with Coastal Act Section 30252, the
destination resort concept further reduces traffic
impacts by providing a wide range of on-site recreational
amenities. Traffic generation figures obtained from
comparable destination resorts and set forth in the
"Irvine Coastal Area Traffic Study" (February, 1987, see
LCP 1987 Appendix 4) indicate a much lower trip
generation profile than for individual hotels. Shuttle
service, consistent with the requirements of Chapter 4,
Section 20 of the 1987 LCP Transportation policies, will
also help to decrease new trips between John Wayne
Airport and the site and to other selected attractions in
the area.

Finally, in meeting the policy objectives of Coastal Act
Section 30254, the visitor-serving areas have distinct
characteristics that minimize traffic impacts on coastal
access roads. First, visitor traffic is generally
off-peak not only with respect to commuters, traffic but
also with respect to day-use traffic (i.e., visitors
staying in overnight accommodations have the ability to
adjust their park usage hours to avoid peak public
recreational traffic periods and will be able to obtain
physical access to park areas via hotel and resort
shuttles). Second, due to the predominant commute traffic
flows (i.e. from south county to inland areas in the A.M.
commute hours and reversed in P.M. commute hours), the
visitor-serving stages tend to draw traffic in opposite
directions of the main traffic flows during those hours and
to "intercept" some traffic moving in the predominant commute
flows.

C. MARINE ENVIRONMENT

1. Erosion and Runoff Controls to Protect the Marine Environment
Coastal Act Section 30231.

During its review of the 1982 Irvine Coast LUP, the California
Coastal Commission found that grading, erosion and urban runoff
controls in the LUP met the requirements of the Coastal Act.
Specifically, the Coastal Commission found that:

Policies in new material "Attachment 6" concerning grading
added to the existing erosion and urban runoff control
policies in the county's submittal adequately ensure that
runoff will not cause excessive silt to damage canyons and
offshore marine preserve.

(1987 LCP Appendix I. at p. 31)

With respect to grading and urban runoff control policies, the
1987 LCP has been further amplified to rest the requirements of
Coastal Act Section 30231 in several ways. First, a Master
Drainage and Urban Runoff Management Plan is required to be
submitted early in the development process (Chapter 3, Section 1
of the 1987 LCP) in order to assure a comprehensive overview and
assessment of direct and cumulative grading and runoff control
concerns. Second, grading policies in Section L 1 of Chapter 3
further require the submittal of precise grading schedules and
grouting programs to allow for the direct application of LCP
grading and erosion control policies to specific development
projects. Third, the actual amount of development area for
residential purposes has been reduced from 18% to 21% of the
total development area, thereby reducing the amount of areas to
be disturbed by grading activities. As a result, there has been
an increase in preserved open space from 61% to 44% (i.e. the
total open space area including Muddy Canyon but not the golf
course) of the overall plan area, with a corresponding decrease
in graded areas.

Regarding potential golf course runoff into the marine
environment, the study prepared by Dr. Richard F. Ford
(1987 LCP Appendix 8) concludes that the combination of diffusing
golf course discharges through several drainage channels (rather
than concentrating discharges at one point) and the natural
mixing qualities of the ocean currents eliminates any concern
over potential significant impacts on the marine environment.

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The high cost of water and the desire to minimize the loss of irrigation water also create practical incentives to limit severely the actual volume of golf course discharge off-site. LCP policies (Chapter 3, Section E of the 1987 LCP) require adherence to fertilizer, pesticide and herbicide specifications established by state and federal licensing procedures providing further safeguards to reinforce the practical impact of economic incentives on minimizing any potential discharges from the golf course. However, to assure that no potential for significant adverse impact exists, the 1987 LCP further requires that a water quality monitoring program be established with regular reporting to the Regional Water Quality Control Board and the County of Orange (Chapter 3, Section E of the 1987 LCP), the agencies with authority over water quality matters. These agencies have the authority to take appropriate corrective action established by state law. Local Ordinance should the monitoring reports indicate that corrective action is required.

2. Restoration of Biological Productivity—Coastal Act Section 30231

Coastal Act Section 30231 encourages the restoration of biological productivity of coastal streams “where feasible.” The introduction of golf course uses (made possible and necessary by the designation resort provided for in Planning Area 13) makes feasible the creation of a new riparian corridor where none presently exists. The report contained in Section 2 of the 1987 LCP Appendix 2, titled “Pelican Hill Drainage Habitats,” analyzes the existing conditions of the Category “D” Environmentally Sensitive Habitat Areas (ESHA) in the frontal slopes of Pelican Hill and concludes that none of these presently existing drainages contains significant riparian habitat and that much of these areas is characterized by severe erosion conditions. The erosion problems are indicative of the fact that the steep slopes of the present configuration of these drainages, in combination with the absence of a regular source of water during the dry season, prevents the establishment of true riparian vegetation. The “Riparian Habitat Creation Program” set forth in Section 13 of Chapter 3 of the 1987 LCP provides for the creation of a riparian corridor through the golf course area. In this way, a high priority type of habitat identified in Coastal Act Section 30231 will be established and maintained.

3. Land Resources

1. Protection of Environmentally Sensitive Habitat—Coastal Act Section 30240.1

The findings adopted by the California Coastal Commission in approving the 1982 LCP contain a detailed analysis of Coastal Act consistency regarding the manner in which the golf course dedication area mitigates the development impacts of 1982 LCP land uses. These findings are set forth in 1987 LCP Appendix 1, Section 1 at pp. 1-6, 16-22, and 32-28 and are incorporated by reference. Rather than replicate these detailed findings, the following discussion summarizes the main policy considerations and Coastal Act consistency rationale of these findings.
Among the primary goals of the Coastal Act are the protection of coastal resources and provision of public access to the coast. The Legislature also recognized that conflicts might occur when carrying out all of the Act’s policies. Thus, therefore, established a "balancing" test. This test allows the Commission to approve a plan which, although it may cause serious damage to an individual resource, is more protective of the environment as a whole (Coastal Act Section 30240.5). Public acquisition of large, continuous open space areas, as specifically determined in the findings of approval for the 1982 LCP, is recognized as a superior means to guarantee mitigation of development impacts through the preservation of coastal resources such as vegetation, wildlife, and natural landforms, and to create new public access and recreation opportunities rather than preserving small pockets of open space surrounded by development. This approach is consistent with County/Coastal Commission actions both prior to the 1982 LCP for the Aliso Greenbelt (see Exhibit 3 in the 1987 LCP) and subsequent to the 1982 LCP approval in conjunction with the approval of the Bolsa Chica LCP.

The Irvine Coast Plan (1987 LCP) strikes a balance in two ways which are consistent with Coastal Act requirements. First, in carrying out Coastal Act Section 30240 (a), a substantial portion of the plan area is designated for preservation in its natural state (see Exhibit 14 in the Executive Summary). These areas include: (a) the habitat areas included within the 2,666 acre open space dedication area; (b) the habitat areas included within the 1,155 acre park area in Los Trancos Canyons, Lilac Valley and Muddy Canyon that will be conveyed into public management under the 1987 LCP as contrasted with the private ownership and management approved in the 1982 LCP; (c) the habitat areas in Muddy Canyon that would have been severely impacted by the Sagi Canyon alignment allowed in the 1982 LCP and that will now be preserved by the realignment of Sagi Canyon Avenue out of Muddy Canyon and up onto Wishbone Ridge along with dedication of the Canyon to the County, in conjunction with strengthened ESA “A” and “B” policies in Chapter 3 of the 1987 LCP.

Second, specific policies have been incorporated into the 1987 LCP to mitigate potential development impacts on habitat areas. Visual resources and access. These policies are reviewed in Sections 2” and “s under DEVELOPMENT. Transportation mitigation requirements are reviewed in Section 1b) DEVELOPMENT. Taken together, the open space dedication program and the 1987 LCP mitigation requirements offset the level of development impacts allowed under the 1987 LCP.

As was stated in the 1982 Coastal Commission findings, the purpose of the Open Space Dedication Program is to protect certain specified resources located in the dedication area and to offset adverse environmental impacts from LCP development which will not otherwise be mitigated. Permanent protection and preservation of major canyon watersheds, visually significant ridgelines, stream courses, archaeological and paleontological sites, riparian vegetation, coastal chaparral and wildlife
habitat is provided by dedication of 2,686 acres of contiguous open space lands to the County of Orange or its designee. Environmental impacts to be mitigated by the Open Space Dedication Program include habitat and archaeological impacts caused by residential development and road improvements on Pelican Hill, habitat impacts on Los Trancos Canyon, Buck Gully and Muddy Canyon caused by the construction of Pelican Hill Road and Sand Canyon Avenue, public view and use impacts caused by residential construction in the Cameo Shores area, and scenic resource impacts caused by golf course and tourist commercial development on the frontal slopes of Pelican Hill and Wishbone.

A number of potential significant impacts identified in the 1982 LUP findings have been either eliminated or reduced. As noted above, the realignment of Sand Canyon Avenue, in conjunction with the application of 1987 LCP ESMA policies will now protect the resource values of Muddy Canyon that would have been significantly altered under the 1982 LUP alignment for Sand Canyon Avenue. A development area located along a knoll descending into Los Trancos Canyon has been eliminated and converted into part of the Los Trancos Canyon dedication area. Pelican Hill Road has been pulled back from the edges of Los Trancos Canyon, thereby significantly reducing potential grading impacts on the canyon. Scenic resource impacts of development on the frontal slopes of Pelican Hill have been overcome and offset in significant measure by the introduction of golf course uses and site design criteria reviewed in more detail in the findings under residential resources. Thus, in comparison with the approved plan, over 1,100 more acres of lands with significant natural resources are being conveyed into public ownership than was the case with the 1982 LUP. As a consequence, all the major canyons in the Irvine Coast Plan area will be permanently preserved (see Exhibit G of the LCP).

Large-scale master planning and dedication of open space lands for the Irvine Coast enables the permanent protection of large, contiguous open space areas rather than the protection of smaller, discontinuous habitat areas that might result from a project-by-project site mitigation approach. A much greater degree of habitat and open space protection can be achieved by a dedication program that assembles large blocks of habitat area contiguous with the major canyons and ridges of the inland area of Crystal Cove State Park than would be possible with project-by-project mitigation measures (see Coastal Commission Appeal No 326-80, Broadmoor, page eighteen for a further elaboration of the policy precedent established by the Coastal Commission in that permit action). Prior County/Coastal Commission actions in applying this policy determination have resulted in the preservation of over 12,000 acres of open space/natural resource lands in a greenbelt area around the city of Laguna Beach as depicted in Exhibit D in the 1987 LCP. These actions are far more protective of coastal resources than would be the preservation of isolated or remnant habitat areas within residential and commercial development areas. Thus, in accordance with Coastal Act Section 30277, the public acquisition of the open space areas made possible by the Open Space Dedication Program creates the required overall balance.
between concentrating development and resource protection which allows mitigation of the kinds and location of development provided for in the 1987 LCP.

The totality of the significance of open space/habitat values preserved through the implementation of the Irvine Coast LCP was clearly identified in the 1982 Coastal Commission LCP findings:

Because of the previous dedication of Moro Ridge, the cooperation (with) the State's purchase of Crystal Cove State Park, the weighting of the dedications which accurately balance resource impacts and mitigation in each development phase, and the guarantee of ultimate dedication if the developer discontinues the project voluntarily, the Commission finds that overall, all impacts of the residential and commercial development 'are' adequately mitigated by the dedication program.

(1987 LCP Appendix, Section 1, at p. 25)

Thus, the significance of the dedication area is not merely the scale of the area itself but is also the scale of the area in relation to over 2000 acres of public parkland contiguous with the dedication area and conveyed into public ownership through previous public/private cooperation and a private donation of Moro Ridge (1987 LCP Exhibit G).

A number of major modifications to the Open Space Dedication Program have been made to assure a more rapid and manageable series of dedication actions. First, the number of dedication increments has been reduced significantly from a potential of over 25 dedication increments to four, thereby facilitating County management over these areas (Chapter 3, Section A and Exhibit 1 of the 1987 LCP). Second, a major dedication will be made at the outset of development in the residential or commercial recreation areas rather than occurring solely at a proportional rate (Chapter 3, Section A of the 1987 LCP). Third, the timeframe for ultimate dedication has been reduced from 2 to 15 years (Chapter 3, Section A, of the 1987 LCP). Fourth, the pace of dedication will be accelerated as a result of the dedication "triggers" defined in the revised program as compared with the LCP approved in 1982. The result of these extensive revisions to the Open Space Dedication Program is a vastly simplified and more rapid dedication of open space lands into public ownership and management.

As was noted above, there is a second set of LCP policies that further protect habitat values, addressing primarily the concern of Coastal Act Section 30240(b). Findings addressing this Coastal Act section are set forth immediately below.

2. Development Adjacent to Environmentally Sensitive Habitats Areas: Coastal Act Section 13043.1(b).

The 1982 Coastal Commission LCP findings determine that the plan policies for protecting environmentally sensitive areas from development impacts met Coastal Act requirements (see 1987 LCP Appendix 1, Section 1 at pp. 10-31 under "IV. Environmentally"
Sensitive Area" and "V. Grading"). A number of further refinements to 1982 LUP policies have been made in the 1987 LCP to further protect habitat areas from potential effects of development in adjoining areas (1987 LCP Chapter 3, Sections D, I-I).

These strengthened plan refinements are set forth in several policy sections. First, the ESRA "A" and "B" policy standards have been further clarified and made more precise (Chapter 3, Section D of the 1987 LCP). Second, fuel modification standards consistent with recent Coastal Commission actions on the South Laguna LCP have been added to replace prior fuel modification policies (Chapter 3, Section M of the 1987 LCP). Third, a comprehensive Master Drainage and Runoff Management Plan is required prior to the approval of development draining into Buck Gully, Los Trancos Canyon and Muddy Canyon (Chapter 4, Section 5, 11 of the 1987 LCP). Fourth, future recreational uses of the 2666 acre dedication area are required to be consistent with the protection of natural habitat values as the result of the designation by the County of Orange of the dedication area as a "wilderness park" with attendant policies supportive of wilderness concept of passive use and enjoyment (Chapter 3, Section C of the 1987 LCP).

These refinements to plan policies complement the changes in the boundaries between open space and development areas affected by the proposed amendment. First, the increase in open space in Los Trancos Canyon not only preserves habitat values directly but also reduces potential development edge impacts within the Canyon. Second, residential development areas along the ridges have been contracted, reflected partly in the reduction in residential land area from 38% to 23% (see Executive Summary, Exhibit 3); the reduced development envelopes mean that development has been further pulled back from sensitive canyon edges (id.). Third, protective policies have been defined specifically for development in Planning Area 6 along Muddy Canyon (Chapter 4, Section D of the 1987 LCP). Fourth, the portion of Planning Area 6 bordering Moro Canyon and Laurel Canyon has been reduced in size, further minimizing potential development edge impacts and improving wildlife movement in the area.

Thus, the LCP addresses Coastal Act Section 15245(b), both through (1) specific policy standards for development in Chapter 3 of the 1987 LCP: Section D (ESRA policies): Section I (Erosion policies): Section J (Sediment policies): Section K (Runoff policies): Section 2 (Grading policies): and Section M (Development/open Space Edges/Fuel Modification policies); and through (2) modifications in actual land uses and development locations to further remove development areas from proximity to sensitive habitat areas.

E. AGRICULTURE

1. Non-Prime Agricultural Lands - Coastal Act Section 15241:

The 1982 LUP findings set forth at p. 51 of the Appendix I, Section 1, specifically address Coastal Act Section 15241.
requirements for non-prime agricultural lands. As noted in those findings, there are no significant areas of prime lands that would invoke a requirement of findings under Section 10241 of the Coastal Act.

F. ARCHAEOLOGICAL AND PALEONTOLOGICAL RESOURCES

1. Mitigation Measures for Archaeological and Paleontological Resources - Coastal Act Section 10244

As determined in the 1982 Coastal Comm 'on findings, the open space dedication program mitigates archaeological and paleontological resource impacts otherwise not mitigated by 1982 LCP policies. The 1987 LCP further simplifies the archaeological and paleontological policy sections providing additional mitigation beyond that provided in the 1982 LCP (see Mitigation Measures, Section V of these findings for a detailed review of these mitigation measures).

G. DEVELOPMENT

1. Location of Development and Supporting Infrastructure - Coastal Act - Sections 10252 and 10254

a. Location of Development

Coastal Act Section 10250 requires that new development be "located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or...in other areas with adequate public services..." As can be seen from the plan maps and from the photographs of the Irvine Coast plan model contained in the Visual Analysis, the Irvine Coast LCP area is concentrated "contiguous with" and "in close proximity to" existing developed areas.

The Plan development areas have been concentrated primarily on the Pelican Hill and Wishbone Ridge areas and on the Pelican and Wishbone frontal slopes, with only two low density areas (In PA 6) outside these areas. Similarly, plan open space areas have been concentrated to provide for over 5000 acres of contiguous open space areas away from the plan development areas and contiguous with the Laurel Canyon open space area. Consistency of the commercial recreation use was with the provisions of Coastal Act Section 10250 (c) is addressed in the review of the Coastal Act RECREATION policies at B above.

b. Supporting Infrastructure

1) Transportation

(a) Substantive Traffic Analyses

Coastal Act Sections 10151 and 10254 require that there be adequate public services to support development allowed under the 1987 LCP. The arterial road network to be provided through implementation of the 1987 LCP and the supporting regional transportation system are summarized at pp.
I-1.7 to I-1.8 of the 1987 LCP text. The adequacy of the proposed circulation system to serve project-generated needs in relation to local and regional development patterns has been examined in three studies incorporated into these findings:
(1) The "Resort Hotel Traffic Study," dated December 29, 1986 and set forth in Section 3 of the LCP Appendix; (2) The "Irvine Coastal Area Traffic Analysis" dated February 21, 1987 and set forth in Section 4 of the LCP Appendix; and (3) The Pelican Hill Road Final Environmental Impact Report and associated studies dated September 15, 1987 which has been circulated for public review and comment during the review period for the Irvine Coast LCP. These three studies examine both individual components of the development allowed by the 1987 LCP and regional cumulative impact concerns relating to weekday commute traffic and potential state park recreational traffic; additionally, these studies show the significant portions of road capacity allocated to public recreation, commercial recreation and visitor-serving land uses as required by Coastal Act Section 30254 (e.g. see Section 4 of the 1987 LCP Appendix 1).

b. Circulation Phasing Program and Transportation Management Policies

The 1987 LCP contains specific road sizing and phasing requirements set forth in Section 5 of Chapter 4. The phasing requirements set forth in the 1987 LCP provide precise standards for assuring that sufficient circulation capacity will be constructed to serve traffic needs generated by plan development, as well as considerable excess capacity to serve regional traffic needs. In addition to the construction of circulation improvements required by the 1987 LCP, Section E of Chapter 4 of the program also requires a series of transportation management policies directed toward complementing the physical improvements with a variety of transportation management programs.

c. Specific Traffic-Related Attributes of the Irvine Coast LCP

In meeting the requirements of Section 30250 of the Coastal Act, several overall plan features have been incorporated into the LCP relating both to the traffic-generation characteristics of plan land uses and to regional access functions of the proposed circulation system with particular emphasis on Pelican Hill Road. These plan features are as follows:

1) Long-Range Planning Factors

Several long-range planning concerns have been incorporated into the Irvine Coast 1987 LCP, including the following:
(a) The proposed LCP amendment represents a decrease in overall traffic intensity over that allowed in the 1982 LUP.

(b) The proposed LCP represents a significant decrease in peak hour traffic over that allowed in the 1982 LUP, primarily due to the deletion of the commercial office uses allowed in the 1982 plan.

(c) The emphasis in the proposed LCP amendment on a destination resort further decreases peak hour and overall traffic intensity.

2) Circulation Improvements Provide Excess Capacity

As is shown in the three referenced traffic studies, the above planning factors reflected in plan land uses combine to result in an overall reduction in total project traffic of between 16% and 17% (the higher figure results from affordable housing units being included in the 1982 LUP traffic generation figures), with significant reductions in peak hour traffic generation. Overall, LCP circulation improvements will create traffic carrying capacity within the LCP area in excess of the traffic-generation created by 1987 LCP land uses under the traffic scenarios evaluated, at full buildout of 1987 LCP development.

3) Pelican Hill Road in Particular Provides Regional Traffic Benefits in Excess of Project Needs

The 1987 LCP circulation improvements provide significant relief to the most congested links of the adjacent arterial system (primarily Pacific Coast Highway and MacArthur Blvd.), by ultimately diverting approximately 10% of existing traffic around this area via Pelican Hill Road while only adding 15% of existing traffic back onto the system in these critical locations. The result is a substantial net increase in traffic capacity and a significant incremental improvement in levels of service on both roadway links and intersections in this area. Without implementation of LCP land uses and attendant circulation improvements, regional commuting traffic is not offered alternate routes around capacity deficient areas, and levels of service in these areas will continue to deteriorate from traffic related regional growth in the area. In contrast, the construction of Pelican Hill Road as provided for in the 1987 Irvine Coast LCP in effect increases Pacific Coast Highway capacity through Corona del Mar by providing a direct link between down-coast residential areas and major inland destinations, including employment centers and the UCI campus.

In addition to relieving traffic on Pacific Coast Highway during peak commute hours, the construction of Pelican Hill Road in particular will provide significant
recreational access capacity by connecting inland areas directly to Crystal Cove State Park (see Exhibit 1) in the Executive Summary. Because recreational and commuter traffic generally flow in opposite directions in the morning and evening (e.g., morning commuter traffic flows toward the inland employment centers while morning recreational traffic flows toward the Coast), with reversed flow patterns in the evening, Pelican Hill Road will provide significant new recreational access capacity. In this way, the construction of Pelican Hill Road not only meets the requirements of Coastal Act Section 30250 but also furthers the policy concerns of Coastal Act Section 30254 both by creating new recreational access capacity directly and by freeing up additional recreational access capacity on Pacific Coast Highway through the inland diversion effect.

4) The Early Construction of Pelican Hill Road at Four Lanes Provides Significant Public Benefits

Until such time as the San Joaquin Hills Transportation Corridor is constructed, no other major roadway can fulfill the regional circulation functions of Pelican Hill Road. According to the traffic study set forth in Section 4 of 1987 LCP Appendix I, under a future scenario, project circulation impacts in the absence of the San Joaquin Hills Transportation Corridor (the SJHTC), Pelican Hill Road will divert 24,000 ACT from Pacific Coast Highway. Thus Pelican Hill Road is even more significant without the SJHTC than with, due to its regional service functions.

Although the 1982 LCP required only two lanes of Pelican Hill Road to be constructed initially, the County has determined that it is highly desirable to accelerate the expansion of Pelican Hill Road to four lanes initially in order to increase the regional traffic diversion capability of Pelican Hill Road. The regional traffic benefits resulting from the early construction of four lanes of Pelican Hill Road are substantial even though four lanes would not be required to service the proposed Irvine Coast LCP development in its early phases.

However, in the context of a requirement to build four rather than two lanes of Pelican Hill Road initially, the landowner is required to make circulation improvements far in advance of project-generated traffic needs while at the same time risking the possibility that regional traffic could utilize road capacity that should have been reserved for Irvine Coast LCP development in general and Coastal Act priority commercial recreation uses in particular. Accordingly, Policy 22 of Section E, Chapter 3 of the LCP, provides that the highway improvements and phasing required by the 1987 LCP have been determined to be of significant public benefit beyond normal project requirements as to meet the objectives of the County’s growth management policy.
The major public benefits flowing from the combination of early construction of Pelican Hill Road and overall net circulation system capacity will result from the implementation of LCP land uses. However, such benefits are contingent on assurances that LCP land uses will be implemented. Thus, the 1987 LCP Transportation policies differentiate between project and non-project generated traffic and accordingly, the adequacy of LCP circulation improvements is assessed with respect to project generated traffic. (1987 LCP, Chapter J, Section E, Policy E.)

5) Other Public Services

Other required public services are assured as described in p. I-1.8 of the 1987 LCP.

6) Cumulative Effects

Cumulative traffic effects have been addressed in the findings above under subsection "b) iii," Transportation. Cumulative habitat issues have been addressed in the prior sections titled "LAND RESOURCES" and "MARINE ENVIRONMENT." Cumulative visual issues are presented below under the subsection dealing with "Visual Resources."

2. Adequate Commercial and Recreational Services - Coastal Act Section 19252.

a. Commercial Facilities

The 1987 LCP provides for one neighborhood commercial shopping area to serve the needs of local residents so that traffic on coastal access roads, in particular Pacific Coast Highway, will be minimized as required by Coastal Act Section 19252 (2). Similarly, the destination resort and 75,000 sq. ft. of day-use commercial allowed in Planning Area 13 and the 25,000 square feet of day-use commercial allowed in Planning Area 14 include uses which will encourage day-use and overnight visitors to meet their needs within the LCP area rather than travel on Pacific Coast Highway to Newport Beach or Laguna Beach.

b. Recreational Needs

Because the destination resort in Planning Area 13 is designed to provide major on-site recreational amenities to offset its absence of an oceanfront location, the golf courses, swimming pools, retail commercial areas, spas, tennis courts and other amenities will be available to overnight visitors in addition to the recreational areas within the state park. Given the range of recreational amenities and the location of the accommodations in Planning
Areas 13A through 13F at a distance from the beach, it is unlikely that beach usage will be comparable to oceanfront hotels. However, even if there were extensive beach use by overnight guests at the resort, Coastal Act Sections 30222, 30223 and 30224 make clear that such visitors are entitled to make use of public recreation areas to the same extent as day users.

With respect to potential recreational use needs of the LCP residential areas, the 1987 LCP itself provides for significant recreational use facilities that more than offset any beach access needs of the new residents. First, the 1987 LCP open space dedication program will provide 2,666 acres of parkland linking with the Moro Canyon Area of Crystal Cove State Park and with the new regional park being dedicated in Laurel Canyon as part of the Laguna Canyon project. Second, Los Trancos Canyon, Buck Gully and Muddy Canyon will be dedicated as a local park providing considerable recreational use potential and further serving state park users by potentially connecting with the state park trail system. Third, active recreational needs will be met by the dedication and improvement of a 10-acre site on Coyote Canyon landfill or if infeasible, a combination of land and improvements totaling 10 acres will be dedicated within the plan development area. Thus, the various regional and local park dedications will total over 3400 acres of new parklands that both offset any recreational demands generated by the new residents of the Irvine Coast and enhance substantially the diversity of recreational experiences for all users of the Irvine Coast area.

3. Protection of Visual Resources - Coastal Act Section 30251
   a. Viewshed protection

The Coastal Act requires that new development be sited and designed in such a way as to protect views to and along the ocean and scenic coastal areas (Section 30251). The visually significant lands and primary public views in the Irvine Coast area are depicted on Exhibit C of the 1987 LCP. The policies and land uses of the LCP reviewed in the following subsections, in association with the State Parks purchase of Crystal Cove State Park and the Irvine Company donation of Moro Ridge, address "visual quality" in a comprehensive manner and protect the visual features of each of the major landforms shown on Exhibit C. Additionally, the creation of the golf course greenbelts enhances the visual qualities of the frontal slopes of Pelican Hill by providing year-round greenery and by providing a scenic foreground for the visitor-serving areas. A "Viewshed Analysis" is presented in Section 6 of the 1987 LCP Appendix and provides an assessment of how plan land uses carry out the provisions of Section 30251 of the Coastal Act.
b. **Views from Pacific Coast Highway toward the Ocean**

The original 1976 Irvine Coast LCP had proposed visitor-serving uses on the coastal shelf between Pacific Coast Highway and the ocean. In order to accommodate the objectives of the California Department of Parks and Recreation and in response to community concerns voiced during the hearing process on the 1976 LCP, the proposed overnight and day-use commercial recreation facilities were relocated inland to the Pelican Hill area (PA 12 A and B). As a consequence, Crystal Cove State Park now comprises the most extensive area of open coastal shelf visible from Pacific Coast Highway between Newport Beach and Camp Pendleton.

Additionally, in fulfillment of a Coastal Commission permit condition, the Irvine Company is funding a landscape program under State Parks' direction that will attempt to screen views of the State Park parking lots from PCH while still preserving views of the ocean and enhancing the major entrance areas into Crystal Cove State Park at Pelican Point and Reef Point.

c. **Views of and from the Moro Ridge Area of Crystal Cove State Park**

Following the State Parks' acquisition of the coastal shelf and Moro Canyon, The Irvine Company donated Moro Ridge to State Parks. This gift to the State of California preserved the dominant backdrop for inland views from Pacific Coast Highway and from the coastal shelf (see Exhibit 16 in the Executive Summary).

The preservation of the scenic qualities of Moro Ridge will be complemented by the preservation of the scenic ridges and canyons contained in the 2,666 acre Open Space Dedication Area. As a result of the preservation of the dedication area lands, dramatic downcoast views from Moro Ridge in the state park and from these future County parklands will be permanently assured and made available to all visitors to the coast. Exhibit 3 in the Viewshed Analysis (1987 LCP Appendix 6) portrays the visual significance of the open space dedication areas in relation to existing State Parks lands, particularly Moro Ridge.

d. **The Pelican Hill Frontal Slopes - Views Inland from Pacific Coast Highway and the Coastal Shelf**

The Viewshed Analysis set forth in Section 6 of the 1987 LCP Appendix portrays several aspects of the frontal slope viewshed paralleling Pacific Coast Highway. The most significant change in viewshed land uses in the proposed LCP, as contrasted with the 1982 LCP, is the creation of a destination resort at Pelican Hill which makes feasible the
commitment of 167 acres on the frontal slopes of Pelican Hill to a golf course greenbelt. With the introduction of the golf course greenbelt in the proposed LCP, residential development has been moved back primarily to the upper Pelican Hill area and thereby allowing for a number of plan features with major scenic quality benefits:

1) **Golf Course Greenbelt**

The golf courses on the frontal slopes of Pelican Hill will play a central role in scenic protection. They will create a greenbelt, mirroring the open space area of the coastal shelf in the state park. Equally significant, the golf courses allow the preservation of the visual character of the intermediate knolls on the frontal slopes of Pelican Hill (see Exhibit 5 in the Viewshed Analysis), the most visible landmark and dominant feature of the hillside from Pacific Coast Highway and the coastal shelf. Not only are these intermediate knolls visually significant in themselves, but they also screen substantially the visitor-serving areas located in Planning Areas 13C through 13F.

The golf courses also provide a scenic visual setting for coastal visitors in three other ways. First, the golf courses provide a greenbelt setting for the visitor-serving uses. Second, the golf courses provide a greenbelt setback area for commercial recreation areas in 13A-13F. Third, the golf courses will open views of the inland ridges between Cameo Highlands and Pelican Hill Road and will enhance the sense of arrival at the coast for the visitor emerging onto the coastal shelf at Corona del Mar or turning down Pelican Hill road in the direction of Newport Bay (see Pelican Hill Road EIR 46).

2) **Hotel Siting and Design**

Under the 1982 LUP, the minimum building setback from Pacific Coast Highway is 100 feet. Additionally in the 1983 LUP, all buildings will need only be set back 600 feet from Pacific Coast Highway. With the 1987 LUP, all buildings will be set back at least 100 feet from Pacific Coast Highway, and will be buffered by the golf course greenbelt. The proposed LCP further requires buildings at the maximum 105 ft height limit to be set back a minimum of 500 feet from Pacific Coast Highway. The differences in these two different plan setback requirements is set forth in a destination resort overview analysis, dated 7/22/87, at page 3 (see EMA Rep. - dated July 28, 1987).

3) **Height Zones**

The 1982 LUP provides four separate areas along Pacific Coast Highway, each of which could contain a 150 ft free-standing structure. In contrast, by limiting the
allowable site coverage of buildings over 55 feet to 1% of one planning area, the proposed 1987 LCP would permit only a maximum of two structures to reach the 105 foot limit in one height zone in Planning Area 13A with no structure over 65 feet in Planning Area 13B. As previously noted, structures in Planning Areas 13 C-F are effectively screened altogether, or noticeably softened by the visual presence of the intermediate knolls on the frontal slopes of Pelican Hill.

The significant changes in height and siting are complemented by specific LCP policies ensuring the terracing of buildings within the height zones to further blend the overall appearance of the resort into the frontal slope topography. (LCP Chapter 4, Section A.

4) **Landscape Screening**

To further reduce potential visual impacts, required landscape elements along Pacific Coast Highway will soften the presence of buildings as viewed from the coast highway and the state park. The important role played by landscaping in screening and softening views of and over visitor uses is depicted graphically in the computer generated Exhibits 12 and 13 in the Viewshed Analysis. Landscaping screening will also be complemented by interior landscaping (reflecting the LUP's 15% landscape area requirements) and the terracing requirement summarized above.

5) **Summary - the Frontal Slopes Viewshed**

The results of assessing a computer graphics portrayal of a prototype hotel plan for Planning Area 13A, as viewed from specific points along Pacific Coast Highway and from the state park trail, are set forth in Exhibits 8-13 in the Viewshed Analysis. Although the actual development plan may differ in its specific siting characteristics within the parameters defined in Chapter 4, Section A and Exhibit J of the 1987 LCP, the Viewshed Analysis exhibits show that ridgeline views will be protected from several important sightlines and will not be significantly interrupted from other sightlines as viewed toward Planning Area 13A.

e. **The Frontal Slopes of Wishbone Hill - Views from Coast Highway and the State Park**

1) **Wishbone Frontal Slopes Residential Areas - PA 13A-13**

As was provided for in the 1982 LUP, views of the frontal slopes of Wishbone Hill are respected by the low-density residential development requirements and limit of 85 units.
2) Wishbone Visitor-Serving Areas - PA 14A

The height and intensity limits provided for in the 1987 LCP, assure a low profile development. Additionally, the LCP contains a landscape screening requirement along the Muddy Canyon side of the planning area to assure that visitor parking areas at PA 14A will be screened from state park views.

3) Realignment of Sand Canyon Ave.

The realignment of Sand Canyon Avenue from the location in Muddy Canyon approved in the 1982 LUP to the area proposed in the 1987 LCP moves a major urban visual presence away from the inland portions of Crystal Cove State Park.

f. Views from Pelican Hill Road

Views from Pelican Hill Road vary dramatically as the roadway begins to descend from the ridge toward the coast. As shown in the Pelican Hill Road EIR 450, the plan land uses help emphasize the following scenic views from Pelican Hill Road: (1) views of Los Trancos Canyon as the traveler moves from Pelican Ridge toward the front of Pelican Hill; (2) views of the ocean just as Pelican Hill Road begins to descend; (3) views upcoast toward Newport Beach as the road descends; and (4) the sense of arrival first at the destination resort and then at the coast itself as Pelican Hill Road traverses down to its intersection with Pacific Coast Highway.

g. Views toward Planning Area 6 from Moro Canyon

Specific LCP policies assure the creation of a visual barrier between residential development in Planning Area 6 and views from the state park area below in the extension of Moro Canyon.

H. AFFORDABLE HOUSING PROVISIONS

The Coastal Commission 1982 LUP findings and certification included specific provisions to fulfill the requirements of Coastal Act Section 30213, as then in effect, regarding affordable housing in the coastal zone and, to carry out the Section 30213 requirements, further required an "Agreement for the Continued Affordability of Housing in the Irvine Coast Planning Unit of the County of Orange Local Coastal Program ("affordable housing agreement")."

On January 1, 1982, the Nello legislation, Senate Bill 626, became effective thereby removing the Coastal Commiss...a authority under § 30213 to require housing policies in local coastal programs and vested authority for housing policies in local government agencies. Thus, the Coastal Commission is precluded from defining requirements for affordable housing in local coastal programs.

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The proposed LCP amendment changes the affordable housing provisions to conform with the Mello Bill (Government Code 65593) and local provisions. Consistent with the Mello bill, the 1987 LCP deletes the housing provisions of the 1982 LUP that were the basis for the executed affordable housing agreement, rescinds any express or implied County commitment to that agreement and substitutes in its stead the County affordable housing program requirement (see 1987 LCP, Part II, Chapter 3, Section B.1.;) through concurrent County action.
Section V – MITIGATION MEASURES

I. CEQA MITIGATION MEASURES – RESPONSES TO COASTAL ACT POLICY STANDARDS

A. Summary of Mitigation Measures in Relation to the 1982 LUP.

The following analysis identifies the mitigation measures embodied in 1987 LCP provisions as set forth in the plan as submitted, and as subsequently modified during review of the proposed 1987 LCP by the Orange County Planning Commission and Board of Supervisors. As initially submitted to the Planning Commission, the proposed Irvine Coast LCP contained a number of plan provisions intended to address policy concerns previously identified and to further strengthen the plan’s responsiveness to Coastal Act priorities as contrasted with the 1982 LUP. Even though the 1982 LUP was determined by the California Coastal Commission to have fully met the requirements of the California Coastal Act and CEQA, the 1987 LCP is intended to provide additional mitigation for potential significant adverse environmental impacts. Above and beyond the significant plan modifications contained in the proposed 1987 LCP as submitted in March 1987 for Planning Commission review, the subsequent County review processes have resulted in further plan modifications and refinements which constitute mitigation in Coastal Act and CEQA terms. The following is a list of the major plan mitigations as contrasted with the approved 1982 LUP:

1. Contrast between the 1982 Irvine Coast LUP and the Proposed Plan as Introduced in March 1987

   a. Increase in open space from 6% to 76%.
   b. Increased public access - Los Trancos, Buck Gully, public park and trail systems.
   c. Major commitment to visitor-serving facilities.
   d. Creation of golf course greenbelt.
   e. Increased viewshed protection due to: (1) golf course greenbelt; (2) preservation of the Pelican Hill intermediate knolls landform; (3) increased building setbacks; and (4) reduction in the maximum building heights allowed.
   f. Conversion of office space to visitor-serving uses.
   g. Reduction in area devoted to residential use.
   h. Reduction in both peak traffic impacts and overall development impacts due to deletion of office uses, change in residential housing types and creation of destination resort.
   i. Increased habitat protection due to: (1) re-routing of Sand Canyon Avenue out of Muddy Canyon and onto Wishbone Ridge; (2) preservation of additional areas in Los Trancos Canyon previously approved for development; (3) tighter development envelopes on the ridges; (4) re-alignment of Pelican Hill Road away from the edges of Los Trancos Canyon; and (5) creation of new riparian habitat on frontal slopes of Pelican Hill.
Major changes in Irvine Coast LCP which reflect Public Concerns and Concerns during the County LCP Review Process.

a. Simplified dedication program with up-front offer and four dedication increments including early dedication of the first increment to facilitate public access to Laurel Canyon and coastal ridge.

b. Wilderness park designation for dedication area to protect natural resources.

c. Early construction of Pelican Hill Road at four lanes adding twice as much capacity as the project development requires.

d. Arterial road phasing program specifying all arterial phasing criteria in the LCP itself; transportation systems management policies added; construction access road required from inland area.

e. Resort intensities refined for: (1) total square footage allowed; (2) total meeting space allowed; and (3) total primary meeting space allowed.

f. Resort siting criteria refined: (1) area of maximum height reduced; (2) terracing criteria specified; and (3) landscape screening criteria specified.

g. Policies added to further limit Planning Area 1: total allowable square footage and to provide for landscape screening along the Muddy Canyon area bordering the State Park.

h. Addition of an active recreation park site over and above 1.15% acres of open space in Buck Gulley, Los Trancos Canyon, and Muddy Canyon to satisfy local park code requirements and community needs.

i. Established requirements for a Master Drainage and Runoff Management Plan.

j. Water quality monitoring of the golf course and new riparian area.

k. Sensitive habitat (SSHA) policies further refined.

l. New archaeological and paleontological policies.

m. New fuel modification policies.

n. Potential sites for neighborhood commercial specified along with definition of allowable square footage and a reduction from 15 to 10 acres.

O. Reduction of development area in PA 6, elimination of development in a portion of More sliver; redesignation of major portions of Muddy Canyon for recreation use - increasing open space in the plan to over 10%.

p. Visual buffer criteria defined for PA 6 Muddy Canyon areas.

q. Number and location of guest and caretaker units further refined.

r. Numerous refinements in zoning provisions.
Mitigation Measures - Coastal Act Policy Standards.

The central element in the mitigation program established in the 1982 LCP was the phased dedication of 2,630 acres of open space to offset development impacts that were not mitigated through specific mitigation measures. The 1982 LCP findings (see 1987 LCP, Appendix 1, pp. 4-5) outlined 9 major impacts that were to be mitigated through the Open Space Dedication Program. Impact #4 in those findings relating to the impacts of Sand Canyon Ave. on Muddy Canyon has been eliminated through the realignment of Sand Canyon Ave. onto Wishbone Hill. Impact #5 relating to the visual impacts of the hotel development has been reduced, if not entirely eliminated, through the use of the golf course greenbelt, protection of the intermediate knolls on the forelopes of Pelican Hill and specific siting and landscaping criteria in Chapter 4, Section A of the LCP (see discussion below in subsection 7). Impact #6 has been significantly reduced as a result of modified archaeology policies (see subsection 6 below). Impact #9 has been eliminated through the significant increase in visitor serving uses and the conversion of formerly private recreation areas in Los Trancos Canyon and Buck Gully to public recreation areas. Thus, although the Open Space Dedication Program, continues to mitigate development impacts otherwise un-mitigated, the 1987 LCP as proposed significantly mitigates development impacts that would have occurred had the 1982 LCP been implemented.

The following findings review the manner in which the proposed 1987 LCP mitigates potential development impacts both in relation to the potential impacts of land uses approved in the 1982 LCP and in relation to existing conditions. These findings summarize the mitigation measures as they apply to specific Coastal Act policy concerns. For ease of analysis, this review of mitigation measures parallels the ordering of the analysis contained in Section IV, "Consistency with the California Coastal Act of 1976," but is directed more specifically toward the CEQA concept of "mitigation" rather than the overall Coastal Act policy considerations reviewed in Section IV.

1. Public Access

The conversion of Los Trancos Canyon and Buck Gully from private recreation areas, as provided in the approved 1982 LCP, to public recreation areas will significantly increase public access to the coast and thereby further mitigate any potential impacts on public access caused by residents of or visitors to plan land uses. The ways in which trails from these new public recreation areas can potentially link up with existing trails and parking areas in Crystal Cove State Park are contained in the 1987 LCP Appendix 5.
2. Recreation:

a. Priority for Visitor-Serving Commercial Recreation and Upland Support Areas.

A much larger area in the proposed plan is devoted to visitor-serving uses than is the case in the approved 1982 LUP. To assure a balance of land uses, Coastal Act visitor-serving priorities have been further addressed through the provision of a destination resort, with two golf courses providing essential recreational amenities to offset the inland location of the resort. Not only do the golf courses help mitigate the visual impact of the resort (see Subsection 7 below) but they also provide significant recreational use opportunities for coastal visitors. Additionally, to mitigate the potential adverse impact of office uses allowed in the 1982 LUP, the existing uses have been deleted and have been replaced by additional visitor accommodations and related retail facilities.

b. Provision of Public Recreation Areas.

The proposed plan mitigates any recreational use impacts caused by plan area residents or visitors both by improving the open space dedication program set forth in the approved 1982 LUP and by providing for additional public recreational use areas as follows:

(1) The Open Space Dedication Program.

To help assure a more rapid and manageable open space dedication program and thereby offset both recreational and habitat impacts potentially caused by plan area residents and visitors, the open space dedication program has been simplified and the timing of the initial dedication accelerated. By simplifying the dedication program, the County will be provided with much more manageable dedication units in terms of size and in terms of numbers of units to be absorbed over time (i.e., the reduction of dedication units from over twenty to four large units allows the County to better plan for and accept the dedication areas as they are made available for acceptance). Additionally, the dedication program in the proposed 1987 LCP provides for the dedication of the first Management Unit prior to the occupancy of any development units, thereby assuring that potential recreational impacts caused by plan land uses will be mitigated before any impacts are generated.
Finally, the first Management Unit to be dedicated will assure a means of access to the Laurel Canyon park area (to be dedicated in the near future as part of the Laguna Canyon project) which will enhance recreational use of that area in conjunction with the dedication area.

(2) Los Trancos/Buck Gully/Muddy Canyon Local and Regional Park Area

To further assure that all recreational needs generated by plan area land uses are offset, the proposed plan provides for the dedication of over 1100 acres of public park lands in Los Trancos Canyon, Buck Gully and Muddy Canyon which under the approved 1982 LUP, had previously been designated as private recreational areas. This public dedication not only assures public operation and management of these areas but also provides the potential to connect these recreational areas to the State Park and in this way enhance public recreational use of both Los Trancos Canyon, Buck Gully, Muddy Canyon and the coastal shelf area of Crystal Cove State Park.

Active recreational needs will be provided by the dedication of a 10-acre improved local park on the Coyote Canyon landfill just outside the coastal boundary or by a combination of acreage and improvements equaling 10 acres on a site within the 1987 LCP development area.

(3) Mitigation of Potential Plan Impacts on Crystal Cove State Park

The proposed 1987 LCP provides for mitigation of potential impacts on the State Park in several ways. First, as reviewed in subsection "b" immediately above, the potential connection of Los Trancos Creek and Buck Gully trails to the State Park helps offset any use impacts on the State Park by plan area residents and visitors. Second, the proposed 1987 LCP re-aligns Sand Canyon Avenue away from the Muddy Canyon and Ridge area of the State Park with the following benefits:

(a) The realignment out of Muddy Canyon toward the center of Wishbone Hill, precludes the necessity for any physical alterations of parkland to accommodate road grading requirements (the sale to State Parks had reserved construction easements on parkland to accommodate this grading).
Finally, changes in land use designation and development criteria for Planning Area 6 immediately adjacent to the inland portions of the State Park have mitigated potential development impacts on park users. First, the portion of Planning Area 6 commonly known as the "Moro Sliver" has been reduced with the former development area added to the Open Space Dedication area, thereby mitigating development impacts on the adjoining areas of the State Park. Likewise, a significant portion of the seaward portion of Planning Area 6 bordering Muddy Canyon has been removed from a development designation and changed to an open space area to be dedicated to the County along with a new dedication of Muddy Canyon. As additional mitigation, specific viewshead development criteria have been included in the 1987 LCP in Chapter 4, Section 6 to provide special "edge" criteria for development potentially visible from the bottom of one of the side canyons of Moro Canyon.

As a further mitigation measure, specific landscape requirements have been established for the Muddy Canyon tourist commercial site (PA 14) to buffer parking areas visible to State Park users (Chapter 4, Section A of the LCP).

3. Marine Environment

To assure that sediment generation will be controlled and erosion minimized the proposed 1987 LCP policies require that direct and cumulative impact concerns be addressed by means of a Master Drainage and Runoff Management Plan to be submitted and approved early in the development process (see Part I, Chapter 3, Section B, and Part II, Chapter 3, Section B.11, of the 1987 LCP). In this way the cumulative effects of subsequent tract level development can be addressed and provided for with appropriate facilities. Additionally, the plan contains assurances that runoff through the State Parks area of the coastal shelf will be specifically addressed and that through early consultation the State Parks will have an opportunity to review any such runoff plans as part of the County review process (Chapter 4, Section B.11 of the LCP).

With regard to the potential for golf course impacts on the marine environment, Dr. Jard's report, titled "Potential Ecological Influences of the Irvine Coast Planned Community on the Adjacent Marine Environment," indicates that the primary mitigation for any potential impacts is to assure that runoff is not concentrated at any single point. Accordingly, the runoff plan provides for four separate discharge points from the golf course.
through State Parks lands. In addition, the 1987 LCP provides for the preparation and forwarding of monitoring reports of golf course runoff quality to the County and the Regional Water Quality Control Board for any corrective action that they might deem appropriate (LCP Chapter 3, Section E).

4. Impacts on Class "D" ESHA's on the Frontal Slopes of Pelican Hill.

Golf course grading and landscaping will alter several drainage channels on the frontal slopes of Pelican Hill that have been classified as "D" ESHA's under the approved 1982 LUP. These areas are considered to have little habitat value and, according to the study contained in Section 2 of the 1987 LCP Appendix, contain virtually no riparian habitat areas. Any potential habitat impacts will be offset through the implementation of a Riparian Habitat Creation Program that will result in the creation and maintenance of at least 4000 feet of riparian habitat in one drainage area where none presently exists.

5. Protection of Environmentally Sensitive Habitat

The habitat protection benefits of a large-scale, contiguous habitat area as contrasted with isolated habitat areas located within or in close proximity to development areas has been reviewed extensively in the Consistency Findings, Section IV. As a result of the implementation of the Open Space Dedication Program and plan design changes noted below, all the major riparian areas will be preserved and transferred to public ownership as the LCP is implemented (see 1987 LCP Exhibit G and Appendix 2). The preservation of 76% of the LCP plan area as open space under public management offsets any potential direct and cumulative effects of development that has been concentrated away from sensitive habitat areas on the ridges and the frontal slope areas.

To further assure that habitat impacts are mitigated, several provisions have been added to the policies governing "A" and "B" ESHA's above and beyond those required in the approved 1982 LUP. (1987 LCP Chapter 3, Section E.) Additionally, changes in land use and infrastructure siting have resulted in removing potential development impacts from a portion of Los Trancos Canyon that had been designated for residential development in the approved plan and from all of Muddy Canyon as the result of the re-alignment of Pelican Hill Road onto Wishbone Hill.
Potential impacts from development areas have been mitigated through the Erosion Policies (1987 LCP Chapter 3, Section 2), Sediment Policies (1987 LCP Chapter 3, Section J), Runoff Policies (1987 LCP Chapter 3, Section K), Grading Policies (1987 LCP Chapter 3, Section L) and the requirement for a Master Drainage and Runoff Management Plan (1987 LCP, Part II, Chapter 2, Section B, 11).

6. **Archaeological and Paleontological Resources**

Coastal Act Section 30244 provides that where development would adversely impact archaeological or paleontological resources as identified by the State Historic Preservation Officer, reasonable mitigation measures must be required.

The 1982 Coastal Commission LCP findings determined that the Plan provisions met the requirements of this section for protecting archaeological and paleontological resources. In particular, the dedication program was determined to mitigate and offset all otherwise unmitigated effects on coastal resources including the disturbance and elimination of archaeological sites in the development areas.

The First Amendment to the Irvine Coast Local Coastal Program expands and strengthens archaeological and paleontological protection and mitigation measures. First, the 1987 LCP requires archaeological and paleontological records search and survey procedures prior to certain approvals. Based on the records research and field survey, mitigation measures may be required depending on the recommendations of the report. Second, prior to the issuance of grading permits, archaeological subsurface testing and surface collection must be performed. Final mitigation recommendations will be developed based on this information. Third, archaeological and paleontological salvage may be recommended and undertaken prior to issuance of a grading permit. Fourth, archaeological and paleontological resource surveillance may be required prior to issuance of a grading permit. A County-certified specialist will be retained to establish procedures for resource surveillance and procedures for temporary halting or redirecting work where necessary. These policies and mitigation measures, in conjunction with the open space dedication program, ensure compliance with Coastal Act Section 30244.

7. **Mitigation of Visual Impacts**

The changes and refinements in the proposed 1987 LCP ensure that visual impacts will be mitigated.
Golf Course Greenbelt: The creation of a destination resort at Pelican Hill includes 367 acres on the frontal slopes devoted to a golf course greenbelt. The golf courses serve as a landscaping setback for the visitor serving areas. In conjunction with the natural buffer of the Pelican Hill lower knolls, the golf courses reduce the visual presence of the resort. Thus, visitor serving areas located behind the golf course will be substantially screened from view by the prominent landforms within the golf course (see Executive Summary, Exhibit 11).

Building Setback: Under the approved 1982 LUP, the minimum building setback from Pacific Coast Highway is 100 feet. Additionally, under the approved 1982 LUP, buildings reaching the maximum 150' height are required to be setback only 250' from Pacific Coast Highway. With the proposed 1987 LCP, all buildings will be setback at least 300' from Pacific Coast Highway and will be buffered by the golf course greenbelt. The proposed 1987 LCP also requires buildings of the maximum 150' to be setback a minimum of 550' from Pacific Coast Highway.

Landscaping: To further reduce potential visual impacts, required landscape elements along Pacific Coast Highway will soften the presence of the buildings as viewed from the highway and the state park. Preliminary studies (see Visual Analysis, Exhibit 11 in the LCP Appendix) show that 30' high trees effectively screen and soften views of most of the resort's structural elements, an effect further enhanced by interior landscaping and structural terracing.

Site Coverage: The approved 1982 LUP provides for four separate areas along Pacific Coast Highway, each of which could contain a 150' freestanding structure. By limiting the allowable site coverage of buildings over 85' to 2% of one planning area, the proposed 1987 LCP would permit only a maximum of two structures to reach the 105' limit in one height zone.

Residential: Under the proposed 1987 LCP, residential development has been pulled back from Pacific Coast Highway to the ridgelines and slopes of Pelican Hill and has been set back from the habitat areas of Los Trancos Canyon, Buck Gully and Muddy Canyon. Specific visual siting criteria has been defined for those portions of PA 5 bordering the Mero Canyon Trail area of Crystal Cove State Park to buffer the park viewed (1987 LCP Chapter 4, Sect. 28).
8. Transportation Mitigation Measures

Traffic improvements created as part of the 1987 LCP will provide sufficient capacity to serve traffic needs generated by planned development, as well as existing regional traffic needs. Mitigation measures carried out through the policy requirements of 1987 LCP Chapter 4, Section E ensure this result.

- Elimination of the commercial office uses allowed in the approved plan and creation of a destination resort reduce peak hour and overall traffic.

- Due to changes in the type of residential uses in combination with the office uses deleted from the 1982 LCP, the 1987 LCP represents an overall reduction in total project traffic of between 10-13%.

- The 1987 LCP circulation program provides for precise phasing requirements and circulation improvements that will result in the construction of arterial roadways significantly in excess of project generated traffic under any scenario at full buildout of 1987 LCP land use intensities (see "Resort Hotel Traffic Study" and "Irvine Coastal Area Traffic Analysis" in Sections 3 and 4 of the LCP Appendix).

- Traffic studies prepared in conjunction with the Irvine Coast LCP and Pelican Hill EIR 460 demonstrate that approximately twice as much traffic will be diverted from Pacific Coast Highway onto Pelican Hill Road as will be added to Pacific Coast Highway from 1987 LCP development uses. Consequently, a substantial net increase in traffic capacity and a significant incremental improvement in level of services on both roadway links and intersections in this area will result. This diversion of traffic from PCH is further enhanced by the requirement for the early construction of four lanes of Pelican Hill Road (as contrasted with two lanes early under the approved 1982 LCP).

- Pelican Hill Road provides three regional functions:
  1) the diversion of traffic off of Pacific Coast Highway flowing from south county residential areas to inland employment centers;
  2) the provision of an alternative access to the University of California - Irvine; and
  3) the provision of a direct coastal access route for recreational purposes inland from residential areas to Crystal Cove State Park and to new county coastal parks.
Section VI - ALTERNATIVES ANALYSIS

A. CEQA ALTERNATIVES ANALYSIS - RELATIONSHIP TO PLAN HISTORY

1. Evolution of the Irvine Coast LCP

Pursuant to the requirements of the California Coastal Act of 1976 and the California Environmental Quality Act, the proposed 1987 Irvine Coast LCP has been examined with respect to the potential impacts of the proposed land uses on existing conditions within the planning area both in Section IV, titled "Findings of Consistency with the California Coastal Act of 1976," and Section V entitled "LCP Mitigation Measures." This section of the Irvine Coast LCP findings will focus on compliance with CEQA requirements regarding analysis of alternatives.

In essence, the proposed Irvine Coast LCP is an alternative to the 1982 LUP approved and certified by the California Coastal Commission in January 1982. As such, the proposed 1987 LCP must be viewed in the context of the historical evolution of the Irvine Coast plan and prior analyses of plan alternatives. Attached to these findings as Attachment A-2 is a summary of the planning history for the Irvine Coast from the inception of the TICMAP planning process in December 1973 through the Coastal Commission hearing process in 1981 (approved 1982 LUP at pp. 1-7 through I-7). In order to assess the proposed 1987 LCP as a plan alternative, it is necessary first to review the evolution of the Irvine Coast plan in relation to prior CEQA and Coastal Act analyses.

a. Preparation and Review of the 1976 Irvine Coast LCP

At the time of the review of the 1976 Irvine Coast LCP by the Coastal Commission staff report identified several areas of policy concern and a set of plan alternatives that might in varying ways address these concerns along with a set of proposed mitigation measures (see Attachment A-3, pp. 10-14 Coastal Commission Staff Summary and Recommendation). Principal areas of concern included the need to assure the permanent protection of natural resource areas, transportation impacts and the location of commercial recreation uses. Two of the plan alternatives presented in the CEQA analysis of the 1976 LCP focussed on reducing overall development intensity through the use of estate lots and increasing public recreational use by means of a park acquisition. Subsequent to the South Coast Regional Commission action on the 1976 Irvine Coast...
Coast highway and the ocean) and an inland area comprising Moro Canyon were sold to the State of California. Additionally, The Irvine Company subsequently donated 500 acres on Moro Ridge to allow for a further expansion of the public park with concomitant increases in recreational use potential.

b. Preparation and Approval of the 1987 Irvine Coast LUP.

The decision by the landowner to sell the coastal shelf to State Parks necessitated fundamental changes in the 1978 LUP because that area had been designated for commercial recreation uses under the plan. Additionally, the landowner decided to propose a significant reduction in overall plan intensity to respond to transportation concerns identified during the hearing process before the South Coast Regional Commission. As a consequence, a significantly revised plan was prepared in close collaboration with County staff and reviewed preliminarily by the Coastal Commission in September 1980. The 1982 Irvine Coast LUP, as ultimately certified by the Coastal Commission in January 1982, essentially is a combination of Alternatives 2 and 3 set forth in the 1979 Coastal Commission staff report on the LUP with a relocation of commercial recreation uses to inland sites both in response to the park acquisition and public testimony and in response to Coastal Act priorities. The 1982 LUP ultimately approved by the Coastal Commission constituted a significant reduction in plan intensity, reducing the number of residential units from 12,000 to 2,000.

c. Preparation and Approval of the 1987 Irvine Coast LUP.

In order to enhance the visitor-serving uses proposed for the Irvine Coast and to improve on relationships between development areas and open space areas, the landowner initiated a proposed set of revisions to the 1982 LUP which were reviewed and refined by County staff and published for public review in March 1987. The main features of the proposed plan were highlighted in the Executive Summary for the Irvine Coast Proposed Land Use Plan Amendment dated March 1987. The proposed changes in the 1982 LUP included: (1) a major increase in emphasis on visitor-serving facilities in terms of recreational amenities and in terms of land area devoted to such uses; (2) significant increases in open space resource protection areas; and (3) significant increases in lands to be dedicated for public park purposes.
When viewed in relation to the plan alternatives identified in the Coastal Commission staff report on the 1976 Irvine Coast LCP, the 1987 Irvine Coast LCP combines the essential features of Alternatives 1 and 5 and further addresses the concern with the protection of resources areas discussed under Alternative 1. As the 1976 Coastal Commission staff report stated:

The Irvine Coast is located near major California tourist destinations. The Irvine property has a potential for visitor-serving commercial recreational development which exceeds that of the Santa Monica Mountains.

Another significant factor in the recreational potential of the Irvine property is the consolidated ownership of the lands. Unlike the Malibu/Santa Monica Mountains area, the Irvine property is not fragmented into multiple land ownerships or constrained by past development patterns. The possibility of carefully planned, staged development creates the same potential for diversified recreational development that was created in part by unified ownership of the land and water areas in Mission Bay in San Diego.

. . . Alternative 1 would open up areas providing unique experiences for recreational use that are committed to residential development in Alternative 1. In particular, a major commercial recreation complex could be developed on Pelican Hill, thereby making accessible to the public the spectacular views of Newport Bay and the Orange County coast available only from that area.

(Attachment A-3, 1979 Coastal staff report, at pp.11-12)

The proposed 1987 Irvine Coast LCP carries out the policy direction outlined above by shifting residential development approved for the frontal slopes of Pelican Hill up onto Pelican Ridge and replaces such non-priority uses with two golf courses and a major destination resort, visitor-serving complex oriented toward the golf courses visually and functionally. The functional and visual benefits of these major plan modifications are depicted in Exhibits 4 and 5, and 10 and 11 of the Executive Summary.

Other changes in the approved 1982 LCP also further Coastal Act objectives reviewed in the CEQA alternatives analysis of the 1976 Irvine Coast "... A combination of the 1979 park purchase, the Marm Ridge donation, the 1977 LCP proposed 2,666 acre Open Space Dedication Program and the 1,155 acre Los Trancas Canyon, Buck Ouly and Muddy Canyon local/regional park dedication will result in three major park areas:
Crystal Cove State Park - 2,807 acres
Irvine Coast Dedication Area/Laurel Canyon County Regional Park - 2,666 acres
Los Trancos, Buck Gully and Muddy Canyon County Local/Regional Park - 1,155 acres

These parks are significant recreational assets not only in themselves but also in relation to the regional open space that, under the stewardship of the County, has resulted in commitments of over 12,000 acres of open space for recreational and habitat protection uses (see Exhibit D in the 1987 LCP). The park use areas specified in the 1987 LCP are responsive to the concerns identified in Alternative 5 in the 1979 Coastal staff report identifying the need for recreational uses in "a rapidly urbanizing area sorely deficient in recreational facilities and open space." This statement in Alternative 5 preceded the implementation of the 12,000 acre County greenbelt program which is directly responsive both to the 1973 County open space report prepared by Kuebelbeck and Williams and to the concern identified in the 1979 Coastal staff report.

Additionally, the further concentration of residential development areas responds to the Coastal staff's concern that "low intensity development would not encourage the concentration of development in close proximity to the employment centers of Newport Center and the Orange County John Wayne Airport industrial park as envisioned by Public Resources Code Section 30180." As reviewed in the "Findings of Consistency with the California Coastal Act of 1976" in Section IV the residential areas in the 1987 LCP have been pulled back from areas adjacent to Pacific Coast Highway to the Pelican Hill ridge areas thereby concentrating development in areas in closer proximity to the airport employment areas and to Newport Center. The early construction of Pelican Hill Road will facilitate access to these employment areas for Irvine Coast LCP plan users and for downcoast residents traveling to these employment centers.

B. THE 1987 IRVINE COAST LCP AS THE CULMINATION OF THE PRIOR ALTERNATIVES REVIEWS

Over a period of thirteen years, major features of the Irvine Coast plan have evolved, culminating in the 1987 LCP presently under consideration. Although this plan evolution has been lengthy, it has been characterized by a steady and consistent refinement of plan components in response to the alternatives outlined in the 1979 Coastal staff report and subsequent public plan reviews rather than a divergent series of disjointed plan variations. In response to public concerns identified during the review of the 1976 LCP in 1979, the State Parks purchase was finalized and supplemented through the Mora Ridge donation. With this key recreational component of the plan fixed, the County and the landowner were then able to prepare a plan in response to
other Coastal Act priority uses, including the permanent protection of habitat areas and visitor-serving uses. The 1982 LCP relies on the concept of the phased dedication plan for open space areas contiguous with the inland portions of Crystal Cove State Park so that there would be a continuous area of open space/habitat lands rather than isolated fragments of habitat located within development areas. The 1982 LCP also relocated significant commercial recreation uses to areas inland of PCH in close proximity to the state park.

The 1987 Irvine Coast LCP has further strengthened visitor-serving uses on Pelican Hill consistent with the analysis in Alternative 3 of the 1979 Coastal staff report. The additional public recreation areas and other plan improvements contained in the 1987 LCP also further recommendations in the 1979 alternatives analysis as discussed above.

Thus, in a very consistent manner since the publication of the Coastal staff CEQA alternatives analysis in the 1979 Coastal Commission staff report, the Irvine Coast LCP land uses have been refined and fixed to reflect the public policy concerns expressed during the many plan hearings. The 1987 LCP is an alternative to an already approved 1982 LCP that further strengthens the plan's responsiveness to Coastal Act priorities in a manner fully consistent with prior CEQA reviews of the 1976 LCP, the 1982 LCP and regional traffic considerations both as reviewed in the 1987 LCP technical appendices and the Pelican Hill Road EIR. In that most plan amendments have been fixed over time, an analysis of hypothetical alternatives beyond those previously set forth during thirteen years of plan review, and steady plan refinement in response to these prior reviews, would not only be redundant but would be contrary to the concept of employing the alternatives analysis under CEQA to identify alternatives means of attaining the policy objectives of the relevant statutory standards for measuring plan consistency. Such is particularly the case where a plan is a voluntary attempt to improve on a plan already certified by the lead agency as in full conformity with its statutory standards. The primary focus of the 1987 LCP has been both to finalize plan land uses in response to early alternatives analyses/ (see above analysis) and to further mitigate any potential significant adverse environmental impacts of plan land uses as further examined in Section V, titled "LCP Mitigation Measures." Therefore, the proposed 1987 LCP must be viewed itself as a plan alternative consistent with and furthering the public policy considerations outlined in past and present CEQA reviews.

c. NO PROJECT ALTERNATIVE (NP)

The first no project alternative would leave the Irvine Coast in its current state with no development and no certified coastal plan. This alternative would not be consistent with the Coastal Act in that it would not fulfill the goals which the Coastal Commission found were met in its approval of the 1982 LCP.
No visitor serving uses would be provided, thereby precluding the opportunity for substantial public access to an enjoyment of a significant area of the California coast. Such a result contradicts Coastal Act policies calling for visitor serving uses to be accorded high priority on coastal lands. Additionally, no day use commercial recreation facilities to serve the state park users would be provided.

No dedication program or local park program would be implemented. The almost 4000 acres slated for these programs would remain in private ownership, forestalling the public use of these lands for recreation and conservation. Open space linkage between regional parks and Crystal Cove State Park would not occur.

Transportation and circulation improvements would not be developed. In particular, Pelican Hill Road would not be built. The substantial public benefits resulting from this road would be forfeited including, providing public access to coastal resources, and providing regional traffic capacity.

No affordable housing units would be constructed pursuant to local requirements.

D. NO PROJECT ALTERNATIVE (XX)

The second no project alternative would be to proceed with development as allowed in the approved 1982 LUP. This alternative has been rejected because it would not provide the public benefits and additional mitigation measures resulting from the proposed amendments. Specifically, it would not:
1. Increase open space from 6% to 76%;
2. Provide a trail and park system in Los Trancos, Buck Gully and Muddy Canyon;
3. Create a major destination resort;
4. Eliminate office uses;
5. Create a golf course greenbelt;
6. Reduce residential acreage;
7. Increase habitat protection;
8. Create new habitat;
9. Reduce overall and peak hour traffic;
10. Simplify the open space dedication program;
11. Include early dedication of first increment of open space to facilitate access to Laurel Canyon and coastal ridge;
12. Designate dedication areas for wilderness protection;
13. Require early construction of four lanes of Pelican Hill Road;
14. Include numerous transportation mitigations;
15. Define resort intensity limits;
16. Include water quality monitoring program;
17. Reduce PA 6 to allow for dedication of "Moru Silver;"
18. Redevelop major portions of Muddy Canyon for recreation use; and numerous other small refinements.
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SECTION VIII

Written Responses to Significant Environmental Points Raised During the Review Process (see attached document labeled Response to Comments, dated July, 1987).
ATTACHMENT A-1

OPEN SPACE COST/BENEFIT ANALYSIS

FOR

ORANGE COUNTY

Prepared For:

Orange County Board of Supervisors
Orange County Planning Commission
Orange County Planning Department
Citizens Advisory Committee on
Open Space and Conservation

May 25, 1973

Prepared By:

WILLIAMS-KUEBELECK & ASSOCIATES, INC.

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REDWOOD CITY, CALIFORNIA 94063
B. PLANNING HISTORY

In January 1976, the Irvine Company started "The Irvine Coastal Community Multi-Agency Planning Program (ICMAP)." Its purpose was to provide a forum for participation in the company's coastal planning activity by more than 70 interested organizations, among them State, Federal, and local government agencies and environmental groups. Under the ICMAP program, ten public meetings were held. During these meetings, participants articulated a number of issues of concern. The concerns focused largely on transportation and open space needs, development of the ridgelines, protection of the Laguna Greenbelt, access to the beach, annexation, spheres of influence, and housing considerations. As a result, a plan was submitted by the Irvine Company to the County of Orange in 1975. It was called the ICMAP plan.

After receiving the Irvine Company's submittal, the County Environmental Management Agency staff developed four additional land use and circulation alternatives. These alternatives reflected many concerns expressed during public hearings. They also incorporated proposals of the Coastal Zone Conservation Commission.

The major differences between the plan submitted by the Irvine Company and the alternatives developed by the County were the extent of urban uses and the amount of land to be set aside for public recreation and open space uses. Based upon the Planning Commission's recommendation, one of the County staff's alternatives was adopted by the Orange County Board of Supervisors on August 18, 1975.

The Coastal Act was not passed until December 1976, and the Irvine Coast Plan had to wait for the establishment of the new coastal commissions and procedures for the submission of mandated Local Coastal Programs.

In August 1978, and after preliminary reviews by the State and regional commissions, the County of Orange submitted an LCP (land use portion) for the Irvine Coast which was based on the approved General Plan amendments. In February 1979, the South Coast Regional Commission denied the proposed LCP and it is currently on appeal with the State Coastal Commission. Since that time, there have been marked changes which make the previous LCP outdated. The acquisition of Crystal Cove State Park in December 1979, by the State of California, the passage of the Orange Coast National Urban Park Bill by the House of Representatives in May 1980, a gift of approximately 500 acres along Mira Ridge by the Irvine Company to the State of California for park purposes, and a proposal by the landowner to reduce the number of residential units from approximately 17,000 to approximately 2,500, together with an approximately 2,650-acre open space dedication, provide the opportunity for an entirely new and dramatic planning concept for the Irvine Coast.

Based on these events, the Orange County Board of Supervisors, by Minute Order of June 4, 1980, directed the Environmental Management Agency, in cooperation with the Irvine Company, to prepare a new Local Coastal Program for Irvine Coast, including necessary General Plan amendments, zoning ordinance, and appropriate environmental documentation for consideration by the Board in December, 1982.

In the course of carrying out this directive, a Concept Plan was prepared for consideration by the Orange County Planning Commission, Board of Supervisors, and the State Coastal Commission. The Concept Plan provided a concise statement of the principal elements of an LCP, describing the general type, location, and amount of
land uses, the arteriary highway system, and the interrelationship between the various land uses, and new space commitments by the landowner. On August 11, 1980, the Orange County Board of Supervisors concurred with a Concept Plan for the Irvine Coast and authorized its transmittal to the State Coastal Commission.

The State Coastal Commission considered the Concept Plan on August 19, 1980. The Commission as a whole took no action on the Plan, but individual commissioners indicated support for the basic concept.

E. PUBLIC ACQUISITION PROGRAMS

Five separate acquisition programs currently affect the Irvine Coast. These are illustrated in Exhibit 1-4 and described as follows:

State Park. The cornerstone of the public acquisition program is Crystal Cove State Park, an area of 1,898 acres acquired from The Irvine Company in December 1979. The park includes all but 30 acres of the land between Pacific Coast Highway and the ocean, as well as land in and around Moro Canyon. The location of the park and the commitment of the Department of Parks and Recreation are such that future expansion of State management to surrounding lands is appropriate and feasible.

Moro Ridge Gift. The Irvine Company has donated 500 acres of Moro Ridge as a gift to the Department of Parks and Recreation. This ridge gives the park most of the Moro Canyon watershed and provides additional opportunities for inland access to the park.

Moro Ridge Gift. The Irvine Company has agreed to purchase 393 acres adjacent to upper Moro Canyon. The Irvine Company has agreed to a fixed price for this area until September 1981.

National Park. The Orange County National Urban Park Bill proposes the creation of a 12,900-acre park in the general location of the Laguna Greenbelt. Within the Irvine Coast, 931 acres in Muddy Canyon and on the frontal slopes of Wishbone Hill are proposed for federal purchase. Proposed Sand Canyon Avenue forms the southwestern boundary of the Federal park, with the exception of the frontal slopes of Wishbone Hill. The proposed San Joaquin Hills Transportation Corridor forms the northeastern boundary.

F. AREA DESCRIPTION

The Irvine Coast Planning Unit contains 9,400 acres and is located along the southern coast of Orange County between Newport Beach and Laguna Beach. The Irvine Coast generally extends from the ocean to the ridge of the San Joaquin Hills. Geographically and topographically, the coastal area of the Irvine Ranch contains five distinct areas: the shoreline, the coastal shelf, gently sloping coastal ridges, picturesque canyons, and prominent ridgelines.
<table>
<thead>
<tr>
<th>Time Period</th>
<th>Events Description</th>
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<tr>
<td>December 1973 - July 1975</td>
<td>10 TICMAP Meetings</td>
</tr>
<tr>
<td>July 1975 - August 1975</td>
<td>24 General Plan Amendment Hearings</td>
</tr>
<tr>
<td>March 1978 - April 1978</td>
<td>4 Public Hearings on LCP</td>
</tr>
<tr>
<td>May 1978 - June 1978</td>
<td>2 Preliminary Reviews by State and Regional Commissions</td>
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<tr>
<td>January 1979 - February 1979</td>
<td>5 Regional Commission LCP Hearings</td>
</tr>
<tr>
<td>August 1980 - September 1980</td>
<td>2 County Hearings; 2 Public Field Trips; 2 Coastal Commission Hearings on the Concept Plan</td>
</tr>
<tr>
<td>September 1980 - December 1980</td>
<td>4 LCP and General Plan Amendment Hearings</td>
</tr>
<tr>
<td>November 1980 - March 1981</td>
<td>4 LCP and Zone Change Hearings</td>
</tr>
<tr>
<td>March 1981 - May 1981</td>
<td>3 LCP Amendment Hearings</td>
</tr>
<tr>
<td>June 1981 - July 1981</td>
<td>3 Coastal Commission Hearings</td>
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The planning process for the Irvine Coast has had a long history. A detailed chronology of the most recent public participation program which resulted in this particular land use plan and implementation program is presented in Exhibit I-2A.
<table>
<thead>
<tr>
<th>Document</th>
<th>Review Body</th>
<th>Date</th>
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<td>Draft EIR Distributed</td>
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<td>October 7, 1995</td>
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<td>Newport Beach Planning Commission</td>
<td>October 29, 1995</td>
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<td>November 13, 1995</td>
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<td>Planning Commission</td>
<td>December 10, 1995</td>
<td>Public Hearing</td>
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<td>Coastal Commission</td>
<td>June 18, 1981</td>
<td>Public Hearing</td>
<td>Coastal Commission, Department of Fish and Game, Friends of Irvine Coast, SPCN, Laguna Greenbelt, County of Orange, The Irvine Company, community groups, and private citizens</td>
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<tr>
<td></td>
<td></td>
<td>July 18, 1981</td>
<td>Workshop</td>
<td>County of Orange, The Irvine Company, SPCN, Laguna Greenbelt, community groups, and private citizens</td>
</tr>
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</table>
B. MAJOR ALTERNATIVES TO THE PLAN/CEQA (EQUIVALENCY) REQUIREMENT

In order to fulfill the requirements of the California Environmental Quality Act (CEQA) and the Coastal Act, the Coastal Commission is required to examine the implications of alternatives to the plan. The following is a discussion of the major alternatives.

Because the County reviewed several development alternatives at the time of the adoption of the Irvine Coast General Plan, the following discussion will not attempt to examine variations of the high intensity alternative. Rather, the following discussion is directed toward a review of major types of alternatives in terms of overall land use and intensity (e.g., recreation use as an alternative to residential development).

ALTERNATIVE 1: Maximum Development Alternative

This alternative basically consists of the plan as proposed, including extensive/intensive urban development in Area A, and "Reserve" areas for later possible phased development or possible acquisition and/or dedication. Other high-intensity alternatives were considered by the County and the Irvine Company as the Irvine coastal area planning process evolved. The currently proposed plan is the product of lengthy analysis and extensive work by the County; this plan, if modified to meet Coastal Act requirements, would be the optimal high-intensity plan for the area, should it be determined that a high-intensity urban alternative is appropriate.

Most of the high-intensity urban development would be located near employment centers. The plan could be modified to allow for maximum feasible public transit and maximum open space, thereby addressing recreation and air quality protection concerns, as well as access and habitat protection issues. However, this alternative has significant disadvantages due to the magnitude and intensity of the urban development proposed. The natural habitat value of Buck Gully would essentially be lost. Surface runoff would increase significantly and extensive grading and fill would have substantial adverse impacts. Negative impacts would occur if Sand Canyon Road is constructed as proposed and the ridge between Mesa and Emerald Canyons is developed in residential use. The plan's designation of "Reserve" areas, as proposed, will only postpone development, and will not preserve resource areas permanently. The outstanding natural visual quality of the area would be permanently degraded, especially in the urbanized areas.

Considerable open space area would be lost, especially in the coastal shelf. This alternative also makes no provision for guaranteed "affordable" housing. Proposed resort areas west of Highway 1 and in the Lower Wishbones area would intrude into extremely sensitive scenic areas. Proposed roads could create competition on Pacific Coast Highway if interchanges are not adequately designed. This alternative may result in significant air quality degradation in an already degraded area. These impacts are potentially quite significant. However, if the issues discussed in this report, and referred to in the July 6, 1976 letter from Director Bodovitz to Director Osborne of Orange County (See Attachment 1) were resolved, a modified plan could provide for extensive development in close proximity to major employment centers combined with protection of significant resource areas.
developed on Pelican Hill, thereby making accessible to the public the spectacular views of Newport Bay and the Orange County coast available only from that area. Lower intensity recreational uses such as equestrian/hiking trail systems could also be integrated into a commercial recreational system linking the ridges with the coastal shelf. Since commercial recreation would be less land intensive than residential development, fewer direct impacts on resource areas would occur; indirect impacts of residential development resulting from the intrusion of people and domestic animals into habitat areas would be reduced, if not eliminated. Traffic impacts could also be reduced, or at least limited to traffic serving priority uses under the Coastal Act. The disadvantages of Alternative 2 are essentially the same as those described under Alternative 2 dealing with the permanent management of the resource protection areas, the requirements of Section 30250 and the loss of low and moderate income housing opportunities.

ALTERNATIVE 4: Maintain the Area in Agricultural Use

This alternative would basically keep the area as a ranch with grazing and some crops (e.g., grapes). It would maintain the visual attributes of the area, and most natural habitats would be protected. Air quality and traffic impacts would be avoided; the beneficial role of the ranch in mitigating, instead of causing, air pollution problems would be maintained. However, with this alternative, the public would lose potential recreational benefits. The already overgrazed areas of the ranch could be further degraded, with significant adverse impacts on improperly managed habitat areas. Additionally, there is serious question about the economic feasibility of maintaining the area in primarily agricultural use.

ALTERNATIVE 5: Public Park Purchase of the Entire Area, or a Significant Portion of the Area

This alternative is currently under study by the U.S. Department of the Interior. It would have the major advantage of maintaining visual quality and natural habitat values of the area. Most traffic and air quality impacts associated with urban development would be avoided. This alternative would create a major recreational asset to a rapidly urbanizing area sorely deficient in recreational facilities and open space. Such a major park would be a significant addition to the regional and state-wide public open space recreation system.

C. DISCUSSION OF MAJOR CONCERNS WITH THE COUNTY PLAN

This report expresses strong agreement with the basic development pattern and land use designations set forth in the land use plan. Concurrency in the outlines of the County Plan can be attributed to the considerable efforts by the County and cooperation in the early stages of the plan was formulated. Proposed for change, in general, are not focused on the amount or location of proposed developments.

The only areas where changes are recommended in the County’s development designations are: (1) redesignation of Mora Ridge from residential to commercial recreational use in order to provide uses more compatible with habitat protection (Section 30240 of the Act) and to provide recreational access to areas that will implement beach recreational use (Section 30773); and (2) redesignation of a small area at the mouth of Los Rios Canyon from Tourist Recreation Commercial to Conservation in order to protect the resources of the canyon (Section 30740 of the Act). The staff report does contain conditions recommending modifications in use designations.
ALTERNATIVE 7: Future Zoning Combined with Park Acquisition

This alternative would provide for development of the entire Irvine Coastal property as 20- to 40-acre "ranches" in conjunction with public acquisition of some park land. The development contemplated by this alternative would be similar in scope to the Hollister Ranch development in Santa Barbara County.

In terms of resource protection this alternative would maintain the visual and natural habitat values of the area since such a form of development involves minimal landform alteration. Because this alternative could be conditioned on limited maintenance of the natural areas by the homeowners association, habitat management costs would be significantly lower, if not minimal when compared with the Orange County LCP Alternative 1, due to the absence of people generated impacts. This alternative would eliminate the potential for adverse traffic impacts on coastal access from traffic generated by the local residential and commercial development inherent in Alternative 1. The traffic impact on public use of Pacific Coast Highway from the potential 2,900 residential units under Alternative 2 would be inconsequential in comparison with Alternative 1, even if no roads connecting with inland areas are constructed.

The disadvantages of this alternative include the likelihood that permanent preservation through public management of much of the habitat and potential recreation areas, shown as 5.4 and 7.41 in County Plan, could not be attained in contrast with the phased dedication program recommended by staff for Alternative 1. In addition, the intensity development would not encourage the concentration of development in close proximity to the employment centers of Newport Center and the Orange County Airport Industrial Park as envisioned by Public Resources Code Section 10250. Additionally, the low intensity alternative would probably preclude the implementation of an affordable housing program in the area.

ALTERNATIVE 8: Commercial Recreational Development of the Entire Area

The Irvine Coast is located near major California tourist destinations. The Irvine property has a potential for visitation-serving commercial recreational development which exceeds that of the Santa Monica Mountains.

Another significant factor in the recreational potential of the Irvine property is the consolidated ownership of the lands. Unlike the Malibu/Santa Monica Mountain area, the Irvine property is not fragmented into multiple land ownerships or constrained by past development patterns. The possibility of carefully planned, staged development creates the rare potential for diversified recreational development that was created in part by unified ownership of the land and water areas in Mission Bay in San Diego.

Intensive of recreational use could be varied according to resource protection and access constraints and in a manner which would allow a multiplicity of recreational experiences. By providing a much larger scale of commercial development than is proposed by Alternative 1, Alternative 8 has a greater potential for providing recreational opportunities for low and moderate income persons. Additionally, Alternative 8 would open up areas providing unique experiences for recreational use that are committed to residential development in Alternative 1. In particular, a major commercial recreation complex could be
EXHIBIT D

OWNER'S OBLIGATIONS: PUBLIC BENEFITS
IRVINE COAST DEVELOPMENT AGREEMENT

EXHIBIT D

BENEFITS TO COUNTY AND ITS RESIDENTS

1. BENEFITS SECURED AS CONDITIONS OF APPROVAL OF THE DEVELOPMENT AGREEMENT.

This Exhibit D sets forth public benefits to be received by COUNTY and its residents as conditions to the approval of the Agreement ("Agreement") to which this Exhibit D is attached including, without limitation, the undertakings with respect to the provision of public facilities described below.

A. Sheriff Substation.

The Implementation Agreement shall provide that within twelve (12) months from the date of written notice by COUNTY to OWNER that COUNTY desires construction of such facility to commence, OWNER shall make the financial contributions required pursuant to Paragraph 1.A.1. below toward the construction of the sheriff facility described below (the "Sheriff Substation").

1. Description of Facility.

The term "Sheriff Substation" shall include: the land; building or buildings; parking areas; driveways; sidewalks; walls and fences; landscaping; water, sewer, gas and electricity pipelines, transmission lines and facilities; and other ancillary and incidental buildings, fixtures, structures and improvements necessary to provide sheriff and related services to the then present and future residents, populations and public of and within the Property and the area of benefit for such Sheriff Substation, which area of benefit will be determined at a later date ("Sheriff Substation Area of Benefit"); provided, however, that said term shall not include equipment and furnishings. The standards utilized in making the foregoing determinations as to the size, quality and nature of the facilities required shall be the customs, practices and standards in effect on the Effective Date, as determined by COUNTY.

2. OWNER’s Obligation.

Subject to the Maximum Amount set forth below.
OWNER shall bear and pay its "Pro-rata" Share of the costs of the Sheriff Substation determined in accordance with COUNTY Ordinance Number 1370. For purposes of this Section and Section 3.8.b.(1)(C) of the Agreement, OWNER's Pro-rata Share of the costs of the Sheriff Substation shall equal the lesser of (1) OWNER's Pro-rata Share of the actual costs of the Sheriff Substation or (ii) OWNER's Pro-rata Share (expressed as a percentage) multiplied by $6,382,750, as such number is adjusted annually after the Effective Date for inflation utilizing the most recent quarterly report of the Real Estate Research Council of Southern California's Office Building Construction Cost Index (the "Index"). In addition to its Pro-rata Share, OWNER shall also bear and pay an additional portion of said costs, as partial consideration for this Agreement, which are necessary to cover the remainder of the costs of said facility; provided, however, that in no event shall the aggregate of said Pro-rata Share and said additional portion of such costs exceed $343,875 (subject to adjustment annually for inflation utilizing the Index) ("Maximum Amount"). Such additional portion in excess of OWNER's Pro-rata Share shall be subject to contribution and reimbursement as provided below.

Based upon uncertainty currently existing regarding the actual size of the sheriff facility required, a high Maximum Amount has been established.

3. Contribution and Reimbursement to the Costs of the Facility.

As a condition precedent to OWNER's obligations pursuant to this Paragraph I.A.3., COUNTY shall use its best efforts to cause all other developers of undeveloped lands within the unincorporated portion of the COUNTY lying within the Sheriff Substation Area of Benefit to contribute to the costs of the Sheriff Substation and to:

(1) require that all future development within the unincorporated area of the COUNTY lying within the Sheriff Substation Area of Benefit pay its Pro-rata Share of the costs of said facility;

(2) cause compensation to be paid to COUNTY during the term of this Agreement for sheriff services provided to the unincorporated area within the Sheriff Substation Area of Benefit in an amount attributable to the value of the use of said facility in connection with the provision of such services; and

(iii) require that any developer of lands within the Sheriff Substation Area of Benefit entering into a development agreement with COUNTY, pay an additional sum to
COUNTY, which additional sum bears the same ratio to the Pro-rata Share of each developer as the additional sum required to be paid by OWNER (including amounts to be advanced subject to reimbursement as provided below) bears to OWNER's Pro-rata Share of the costs of said facility.

In the event the cost of the Sheriff Substation exceeds $6,382,750, any amounts collected by COUNTY which were not taken into account in computing OWNER's contribution shall first be used to fund the excess cost. After the excess cost is completely funded, any such remaining fees shall be paid by COUNTY to OWNER and other contributors under development agreements or other contributors of more than their Pro-rata Share in proportion to their individual Pro-rata Shares as reimbursement for, and to the extent of, the amounts, if any, paid by them in excess of their respective Pro-rata Shares but only to the extent, however, that OWNER has not previously been reimbursed by COUNTY or a CFD.

B. Library.

Within twelve (12) months of written notice by COUNTY, but not prior to recordation of the first development tract map, OWNER shall pay to COUNTY $422,500. Such funds will be used for the enhancement or construction of library facilities which will serve the Project and adjacent areas. COUNTY shall use such funds only for such purposes (including but not limited to provision for administration and overhead), and may provide all or a portion of such funds to another public agency to be used for such purposes.

C. Fire Facility.

Prior to the recordation of the first development subdivision map covering lands inland of Pacific Coast Highway which results in the creation of one or more building sites, COUNTY and OWNER shall enter into an Implementation Agreement, in COUNTY's customary form, to provide for the construction of the hereinafter described Fire Facility. The Fire Station shall be operational on July 1, 1990, or prior to the issuance of the 500th certificate of occupancy or prior to the occupancy of the first hotel, whichever occurs first.

If it is apparent the 500th certificate of occupancy or occupancy of the first hotel will be more than 180 days after the July 1, 1990 date the COUNTY agrees to a fire station construction schedule which will provide an operational facility prior to the issuance of the 500th certificate of occupancy, or prior to occupancy of the first hotel, whichever occurs first.
1. **Description of Facility.**

The term "Fire Facility" shall be a facility to provide fire protection services to the Property and the area described in COUNTY's Development Fee Program for Fire Stations and Branch Libraries dated December, 1987, for Fire Station 52 ("Fire Facility Area of Benefit") and shall include: the land; building or buildings; parking areas; driveways; sidewalks; walls and fences; landscaping; water, sewer, gas and electricity pipelines; transmission lines and facilities; and other ancillary and incidental buildings, fixtures, structures, equipment and improvements necessary to provide fire and related services to the then present and future residents, populations and public of and within the Property and the Fire Facility Area of Benefit. The standards utilized in making the foregoing determinations as to the size, quality and nature of the facilities and equipment required shall be the custom, practices and standards of COUNTY in effect on the Effective Date.

Plans and specifications shall be prepared by OWNER in accordance with the requirements promulgated by COUNTY and set forth in said written notice from COUNTY to OWNER described above and in consultation with COUNTY General Services Agency and Fire Chief. OWNER shall expeditiously commence, prosecute and complete the construction thereof; provided, however, that the commencement of construction of said facility shall be subject to the prior written approval of said plans and specifications by COUNTY General Services Agency and Engineer Division.

2. **OWNER'S Obligation.**

OWNER shall bear and pay its Pro-rata Share of the costs of the Fire Facility determined in accordance with COUNTY Ordinance Number 1570. For purposes of this Section and Section 3.6.2.(C) of the Agreement, OWNER's Pro-rata Share of the costs of the Fire Facility, as owner of the Property, shall equal 33% of the actual costs of the Fire Facility. In addition to its Pro-rata Share, OWNER shall also bear and pay an additional portion of said costs, as partial consideration for this Agreement, which is necessary to cover the remainder of the costs of said facility ("Maximum Amount"). Said Additional portion of the costs in excess of OWNER's Pro-rata Share shall be subject to contribution and reimbursement as provided below.
3. **Contribution and Reimbursement to the Costs of the Facility.**

As a condition precedent to OWNER's obligations pursuant to this Subsection I.C., COUNTY shall use its best efforts to cause all other developers of undeveloped lands within the unincorporated portion of the County within the Fire Facility Area of Benefit (which may include OWNER) to contribute to the costs of the Fire Facility in accordance with COUNTY Ordinance Number 3570 and to:

a. require that all future development within the unincorporated area of the County lying within the Fire Facility Area of Benefit to pay its Pro-rata Share of the costs of said facility; and

b. require that any developer of lands within the Fire Facility Area of Benefit entering into a development agreement with COUNTY pay an additional sum to COUNTY, which additional sum bears the same ratio to said Pro-rata Share of such developer as the additional sum required to be paid by OWNER (including amounts to be advanced subject to reimbursement as provided below) bears to OWNER's Pro-rata Share of the costs of said facility.

Any amounts collected by COUNTY which were not taken into account in computing OWNER's contribution shall be paid by COUNTY to OWNER and other contributors under development agreements in proportion to their individual Pro-rata Shares as reimbursement for, and to the extent of, the amounts, if any, paid to them in excess of their respective Pro-rata Shares but only to the extent, however, that OWNER has not been previously reimbursed by COUNTY, a CFO, a special assessment district, or similar entity.

D. **Standby Commitment for 1990 Action Plan for South County Road Improvements.**

In the event COUNTY adopts a fee program to complete the roadway improvements pursuant to and in accordance with the Minute Order of the Board of Supervisors adopted on December 15, 1987, for South County Roadway Improvements (the '1990 Action Plan') OWNER shall pay its Pro-rata share of the costs of the 1990 Action Plan as and when building permits are
issued; provided, however, that OWNER's maximum contribution under any such program shall not exceed $1,200 per equivalent dwelling unit, and provided further that said contribution (fees) shall be expended on roadway improvements identified in the 1990 Action Plan.

E. Participation in Traffic Signal Fee Program.

In the event COUNTY adopts a Traffic Signal Fee Program which includes the Property in the area of benefit to pay for the design and installation of traffic signals, OWNER shall participate in the payment of such fees, on a Pro-rata basis as determined in accordance with COUNTY Ordinance Number 3570 and based upon the benefits thereof to the Property or portions thereof which remain subject to this Agreement, concurrently with the issuance of building permits; provided, however, that OWNER's maximum contribution under any such program shall not exceed $75 per equivalent dwelling unit. OWNER shall receive a credit against the first fees due under any such program for the cost of the design and installation of the signal on Pacific Coast Highway at Los Trancos to serve the existing and future state park facilities and for other off-site signals installed by OWNER or at its cost, provided that such installation, payment and credit is approved in advance in writing by the Director of the Environmental Management Agency for COUNTY.

F. Security for Performance of Work.

The obligations of OWNER under any Implementation Agreement to complete any facility shall be secured by a surety bond, irrevocable letter of credit, cash, negotiable bonds or other security, or combination of security, acceptable to COUNTY, in a sufficient sum (not to exceed the Maximum Amount in connection therewith) to assure completion and the faithful performance of OWNER's obligations under this section. The amount of such security shall be reduced by the availability of CFO, special assessment district, or similar entity, bond proceeds available to satisfy the obligations of OWNER under this section.

G. Satisfaction of Obligations.

Performance by OWNER of its obligations set forth above will fully satisfy all of the obligations of OWNER and its successors and assigns to COUNTY with respect to the Property relating to the construction, dedication, equipping and furnishing of sheriff, library or fire
facilities or to participate in any fee programs of COUNTY in connection therewith, subject to and except as provided in Sections 3.8.2(c) and 4.1 of the Agreement.

H. Child Care.

OWNER agrees to participate in the establishment and funding of an entity for the provision of child-care facilities by entering into an agreement with COUNTY, within ninety (90) days of the Effective Date, to provide a fee of $20.00 per applicable dwelling unit to be paid to COUNTY or such entity for the establishment of a child-care facility.

I. San Joaquin Hills Transportation Corridor (SJHTC).

1. Right-Of-Way Dedication. OWNER shall record an irrevocable Offer of Dedication of the ultimate MPAH width right-of-way for the San Joaquin Hills Transportation Corridor between future Sand Canyon Avenue and MacArthur Boulevard within ninety days (90) of the Effective Date of this Agreement. (The offer shall provide for the dedication of sufficient right-of-way owned by the Company determined by COUNTY to fully satisfy the needs therefor and to fully comply with applicable Regulations (including full compliance with the California Environmental Quality Act ("CEQA") and the National Environmental Policy Act of 1969 ("NEPA"). The right of COUNTY or the San Joaquin Hills Transportation Corridor Agency ("TCA") by COUNTY's designation, to accept OWNER's Offer of Dedication shall be subject to securing the required approvals in accordance with applicable Regulations (including full compliance with CEQA and, if applicable, NEPA) and, the first to occur of the following: (a) recordation of the first development tract map; or (b) approval by COUNTY or TCA of plans, specifications and estimates for the construction of the SJHTC between Sand Canyon and MacArthur Boulevard. Said Offer of Dedication shall provide that the lands shall be used only for transportation purposes and, on an interim basis, open space purposes.

If OWNER is unable to convey title by the date on which COUNTY has the right to and accepts OWNER's Offer of Dedication, through no fault of OWNER, said date may be extended as agreed by OWNER and Director of EMA of COUNTY. Notwithstanding the provisions of this Agreement, OWNER shall receive from COUNTY fee credits in satisfaction of its
existing obligations to pay fees under the SJHTC Fee Program for the conveyance of the dedication. The amount of such credits shall be determined in accordance with the provisions of the SJHTC Fee Program. COUNTY acknowledges that OWNER would not have entered into this Agreement but for the fact that the dedications to the SJHTC by OWNER as required by this Agreement are agreed to be in excess of what would otherwise be OWNER's obligations pursuant to the SJHTC Program.

2. SJHTC Fee Program. Project development and construction funding for the SJHTC provided by OWNER pursuant to agreement with the Transportation Corridor Agency (TCA) (including the value of dedicated right-of-way in excess of 120 feet in width, and the creditable value of Pelican Hill Road improvements within the SJHTC right-of-way, all as approved by the "TCA") shall be counted as a credit toward fees to be paid under the SJHTC Fee Program. Any remaining fees owed under that Program shall be secured by financial instruments (or other agreements provided the COUNTY or TCA in accordance with OWNER's agreement to provide reasonable assurances of its performance) upon recodification of first tract map and payable upon demand by TCA.

Building permits for which corridor fees are paid in advance pursuant to the financial instruments or other agreements shall not be required to pay for any fee increases made after the funds are advanced.

J. Dedication of Open Space.

OWNER shall proceed to record the Offer of Dedication for the 2,666 acre dedication area, as provided in, in accordance with and subject to the provisions of Chapter 3 of the 1988 Local Coastal Program.

K. Enhanced Circulation Improvements Phasing Plan.

The roadway phasing program specifically provided in the 1988 LCP, Chapter 1, Section E, will be enhanced by acceleration of the construction schedule and/or additional road improvements as follows:
1. **San Joaquin Hills Road.** San Joaquin Hills Road will be improved an additional two (2) lanes, a length of one and one-half miles.

2. **Pacific Coast Highway.** The north-bound travel lane of Pacific Coast Highway will be constructed as one project and in advance of the phasing defined in LCP Exhibit Q.

3. **Pelican Hill Road.** Pelican Hill Road will be constructed to ultimate width (six lanes) from Pacific Coast Highway to San Joaquin Hills Road prior to the use and occupancy of the Pelican Hill Frontal Slope Development (PA13A, PA13B).

II. **PREVIOUSLY EXACTED BENEFITS:**

The previously exacted public benefits to be received by COUNTY and its residents as a result of the Project are described in more detail in the 1988 Local Coastal Program, Part I, Chapter 2, entitled "Coastal Act Consistency and Overall Findings and Conclusions," Chapter 3, entitled "Resource Conservation and Management Policies," and Chapter 4, entitled "Development Policies." Such benefits include, without limitation:

A. Early dedication of 2,666 acres of open space, with an accelerated and simplified incremental acceptance schedule;

B. Dedication of over 1,100 acres of additional open space in Buck Gully, Los Trancos Canyon and Muddy Canyon;

C. Dedication of San Joaquin Hills Transportation Corridor right-of-way;

D. Early construction of four lanes of Pelican Hill Road from Pacific Coast Highway to MacArthur Boulevard;

E. Extension of two (2) lanes of San Joaquin Hills Road from its eastern terminus to the new Pelican Hill Road;

F. Widening of Pacific Coast Highway along the frontage of the development areas;

G. Phased completion of all internal road improvements; and
H. Strengthened emphasis on visitor-serving facilities, including the provision of a destination resort.

The following is a description of the significance and extent of these public benefits:

1. Transportation Improvements.

   a. Pelican Hill Road.

   The COUNTY desires to encourage the earliest possible construction of Pelican Hill Road because, in the time period prior to the construction of the SJHTC, Pelican Hill Road is the only regional transportation facility capable of contributing to the achievement of certain regional traffic objectives established by the COUNTY. Under the 1988 Local Coastal Program, Pelican Hill Road will be constructed at four lanes from Pacific Coast Highway to MacArthur instead of the two lanes provided for under the 1982 Land Use Plan. The COUNTY will thus achieve this benefit in advance of both the Project needs and the time at which it would have been achieved under the 1982 Land Use Plan.

   The early construction of Pelican Hill Road will provide the following significant public benefits:

   (i) Relieves congestion on and allows for a significant diversion of traffic from Pacific Coast Highway and sections of MacArthur Boulevard by providing a bypass route around Corona del Mar in Newport Beach, with the attendant commute and recreational access benefits discussed in EIR 460 and noted in the Irvine Coast Area Traffic Analysis. The analysis indicates that approximately twice as much traffic could be diverted from Pacific Coast Highway in Newport Beach onto Pelican Hill Road as may be added to Pacific Coast Highway as a result of the Project. This diversion of traffic will provide a substantial benefit for Corona del Mar residents and businesses and
will substantially benefit other
users of Pacific Coast Highway
living elsewhere in the region.

(ii) Improves access from inland areas to
visitor-serving and public
recreation facilities such as
Crystal Cove State Park.

(iii) Establishes a route compatible with
existing and ultimate regional
circulation needs in accordance with
the MPAH and all adopted plans of
the City, COUNTY and State agencies
which have jurisdiction or interest
in the area.

(iv) Enables a highway design compatible
with the terrain.

(v) Establishes a major new access to
the University of California at
Irvine campus, which is expected to
experience significant future
growth.

(vi) Creates a regional air quality
benefit by reducing driving
distances for users of the new
roadway, thereby increasing the
overall system efficiency.

(vii) Contributes to implementation of
Development Plan land uses and
corresponding benefits.


This roadway phasing program is intended
to assure both that Project generated
circulation needs will be met and that
additional capacity to serve local and
regional transportation needs will be provided
above and beyond the Project's needs. As is
specifically provided in the 1989 Local
Coastal Program, Chapter 3, Section E,
Transportation Policy 22:

"The highway improvements and phasing as
defined in this Section E and on Exhibit Q,
which are required by this LCP, have been
determined to be of significance beyond normal
project requirements so as to meet the objectives of the COUNTY's Growth Management Program. Consistent with this LCF, highway improvements and implementation of the Growth Management Program identified above will be incorporated into subsequent agreements, if any, between the landowner and the COUNTY."

This Agreement is intended to carry out the policy direction set forth in the Development Plan in relation to the objectives of the COUNTY's Growth Management Program.

c. Pacific Coast Highway.

Pacific Coast Highway will be improved to five lanes from Corona del Mar to Muddy Canyon, a length of about two and one-half miles. It will be widened by one north-bound travel lane with appropriate transitions along Planning Areas 3A, 3B, 10A, and 14. Additionally, PCH will be widened along Planning Area 10A to create a transition from three lanes north-bound to the two existing lanes. Along Planning Area 9, it will be widened by one south-bound lane with appropriate transitions.

2. Habitat Area Protection.

The Development Plan provides for the transfer of ownership to the COUNTY of major riparian areas on the Property. In addition to the 2,666 acre open space dedication area, these areas include the approximately 1,100 acre of large scale canyon habitats in Buck Gully, Los Trancos Canyon and Muddy Canyon. Residential areas have been pulled back from the frontal slopes of Pelican Hill and along the ridges to further protect the coastal viewshed and to increase setbacks from Los Trancos Canyon and Buck Gully habitat areas. Specific habitat protection benefits resulting from this residential clustering and from road re-alignments include:

a. The realignment of Sand Canyon Avenue out of Muddy Canyon.

b. The realignment of Pelican Hill Road away from the mouth of Los Trancos Canyon.
c. The conversion of portions of Planning Area 6 from development to open space in areas adjoining Micro Canyon and Muddy Canyon.

d. The reduction of development areas bordering Los Trancos Canyon.

3. **Local Parks.**

Active recreational needs will be met by the dedication of a ten-acre site located at the Coyote Canyon Landfill with improvements to be provided through assessment district financing. If that site is determined to be infeasible, a combination of land and improvements to equal ten acres will be identified on a site within the boundaries of the Irvine Coast Planned Community. The precise location of the site will be determined, subject to the approval of the Director of Parks and Recreation prior to the recordation of the first development tract map within the Irvine Coast Planned Community.

The first increment of local park requirement shall be met through dedication of public special use open space. The second phase shall include the improved public local park. This credit can be used to satisfy the local park code requirements for an appropriate number of dwelling units.

4. **Major Public Benefits In Excess Of Those Provided For In Prior Plans.**

The Property has been the subject of cooperative planning efforts by the OWNER, the COUNTY, environmental groups and other interested parties for a number of years. The Development Plan contains significant modifications to the earlier approved 1982 Land Use Plan. The modifications were made by the OWNER with the cooperation of the Coastal Commission staff and local environmental groups. They are contained in an amended Land Use Plan which is included in the 1988 Local Coastal Program. The COUNTY has found that the modifications achieve significant public benefits and further both COUNTY and Coastal Policy Act Objectives. The significant public benefits in the 1988 Local Coastal Program above and beyond those in the 1982 Land Use Plan are summarized below.
a. **Enhanced Open Space Dedication Program.**

The significant benefits over the Open Space program approved in the 1982 Local Coastal Program include:

(i) The 1988 Local Coastal Program will provide an additional approximately 1,100 acres of public open space (for a total of approximately 5,500 acres of contiguous open space area), increasing total planned open space from 61% under the 1982 Local Coastal Program to 76% under the 1988 Local Coastal Program. Approximately 1,100 acres of new special use park lands, comprised primarily of parklands in Los Trancos Canyon, Buck Gully, and Muddy Canyon, which were designated as private recreation areas under the 1982 Land Use Plan, and 16 acres of land near Laurel Canyon previously designated for development will be added to the approximate 2,650 acres of public recreation area required under the 1982 Land Use Plan. Dedicating this land as special use park recreation areas provides opportunities to link them with Crystal Cove State Park trails. Muddy Canyon, which would have been significantly altered under the 1982 Land Use Plan, will also be preserved.

(ii) The 1988 Local Coastal Program contains an offer of dedication for the entire approximately 2,666 acre dedication area to be recorded prior to initial development grading (other than grading for Pelican Hill Road). The Offer may be accepted in four phases, constituting four large management units, as contrasted with the twenty or more management units/phased dedications and complex access and utility easement reservations provided for in the 1982 Land Use Plan.
(iii) The 1988 Local Coastal Program provides for acceptance of the remaining phases of the dedication program to occur in clearly defined increments in advance of completion of the Project and has been simplified to facilitate COUNTY management.

(iv) The 1988 Local Coastal Program provides for completion of all phases of the open space dedication program after fifteen years (as contrasted with twenty-seven years under the 1982 Land Use Plan) even if the Project is not completed within that time so long as the Project has not been delayed in obtaining entitlements.

(v) The 1988 Local Coastal Program enables significant early public access both to the coastal ridges and to the Laurel Canyon dedication. This early public access results from the triggering of the first phase acceptance at initial development grading (other than grading for Pelican Hill Road).

b. Significant Visitor-Serving Facilities.

One of the focal points of the 1988 Local Coastal Program is a series of land use plan modifications intended to foster the development of a future destination resort providing a variety of public benefits. The frontal slopes of Pelican Hill have been redesigned to permit the development of two 18-hole golf courses in an area that was designated for residential development under the 1982 Land Use Plan. Related commercial uses and extensive recreational amenities have been added for use in conjunction with a broad array of overnight accommodations. Office uses allowed under the 1982 Land Use Plan have been deleted. This increased emphasis on visitor-serving facilities carries out strong Coastal Act priority policies for the provision of day use and overnight facilities to accommodate coastal visitors who do not
live in close proximity to the ocean. The golf course greenbelt is an integral part of the destination resort. In addition to the increase in open space, the COUNTY will also benefit from the additional overnight accommodations and day-use retail uses provided for in the 1983 Local Coastal Program.

c. Traffic Implications of Change in Land Uses.

(i) The 1988 Local Coastal Program represents a decrease in average daily trips from that which would result from the 1982 Land Use Plan.

(ii) The 1988 Local Coastal Program represents a significant decrease in peak hour traffic allowed in the 1982 Land Use Plan, primarily due to the deletion of commercial office uses.

(iii) The emphasis in the 1988 Local Coastal Program on a destination resort further decreases both peak hour and overall traffic intensity.

d. Protection of Coastal Viewshed.

The reduction in building heights from that permitted in the 1982 Land Use Plan and the addition of the two golf courses will create a greenbelt along Pacific Coast Highway, thereby contributing to a landscaped foreground for the visitor serving areas.

III. MISCELLANEOUS PROVISIONS.

A. The terms used in this Exhibit shall be defined as provided in the Development Agreement to which this Exhibit is attached.