

January 24, 2010

To: Lake County Supervisors Farrington, Rushing, Smith, Brown and Comstock  
To: Lake County Community Development Director, Rick Coel  
To: Lake County Senior Planner, Emily Minton

Re: Cristallago Project

Attn: Board Chairman Anthony Farrington:

Thank you for the opportunity to address areas of concern regarding the proposed Cristallago development.

We agree with many of the Sierra Club's assessments regarding the inadequacy of the EIR on several environmental impacts - traffic, aesthetics, conformity to the general plan, biological, etc. and thus will not repeat what they have already stated. We also sent in comment letters; while our questions were addressed, we feel in some cases the question was not directly answered.

Our comments apply to aesthetics, exclusivity, economic benefit and financial solvency:

Aesthetics:

- The current general plan contains policies that will eventually limit impacts to scenic viewsheds caused by ridgeline and hilltop development and grading, and require these structures to be subject to design review. Additionally, the current general plan contains a policy that would locate trails along ridgelines. Highway 29 is currently Scenic Highway Eligible. According to the Cristallago EIR (Page IV.B-14), "Most of the ridges of the proposed site will be developed ... impacts ... noticeable and prominent in the scenic vista would be significant."
- The EIR finds the project would have a "significant and unavoidable" adverse effect, with no mitigation measures available. One mitigation measure would be to relocate the dwellings from Hwy 29, and not allow ridgetop building. This was addressed only in conjunction with the alternative of reducing the size of the project, and not in relocating the buildings.
- The applicant presented an "artist's rendition" of what the development would look like at night. While outdoor lighting might be low-level, this does not depict what it would look like when all homes had indoor lights on.
- Lastly, there has been no discussion on what the development would look like from other portions of the lake. On a trip to the top of Mt Konocti last year, we noted that the Cristallago area could be seen from the top. It also can be seen from the Northshore on Hwy 20 in Lucerne.

Exclusivity:

Throughout the draft EIR, there are numerous references to amenities for the benefit of residents. It appears - but is not totally clear - that the Lake County public is excluded from access to many of the amenities that the project touts as being beneficial. We have repeatedly requested clarification on exactly what amenities would be available to the Lake County public. Would they have access to parks, trails and open space in this gated community, and how? We have not received direct answers.

Economic Benefits:

While the EIR is not meant to address economic or financial issues, Appendix H of the EIR contains an economic analysis, and Exhibit F in the current staff report contains a 10/18/09 response from the applicant detailing a Reduced Density Analysis.

- Appendix H of the EIR, Table A-3 lists the project as containing 576 households at an average house price of \$625,000 and 42 custom houses with an average house price of \$800,000. Each household's income would be \$150,000 and \$192,000 respectively, with an estimated 27% annual retail spending rate of \$40,000 and \$52,000. The developer gave the same figures to the Planning Commission in a

2009 presentation.

- In the 10/18/09 Reduced Density Analysis, the applicant lists 650 homes with an average price of \$440,000. The “new” scenario of housing sales would then reduce the amount of residential property tax revenue previously estimated by about 27%. Additionally, the projected annual income for each household - as well as total retail spending per household - would be reduced about 30% from the analysis figures. We also question why - if the development/amenity package costs are factored into the land purchase costs - the 200 houses would cost twice as much to build as the 650 homes.
- The service dollars spent by the County for this development, would not decrease, putting the revenue and spent dollars very close, per Table 13.
- While the applicant asks the Board to reject all three proposed alternatives, they only include an assessment of 200 homes, not the 325 alternatives. They claim the 200 home alternative is unfeasible, though there are other Jack Nicklaus golf courses in Northern California with much smaller associated communities. Old Greenwood, located in Truckee, consists of a golf course with 99 homes. And Mayacama Golf Club in Windsor is a unique private resort featuring a Jack Nicklaus Signature golf course, 31 single-family residences, 50 luxury accommodation units.
- The Economic Analysis relies on three 2005 and 2006 reports prepared for the developer on residential, golf course and resort development in Lake County - which in today’s market are probably totally unrealistic.
- We are also concerned that there has been no mention of any hospitality business interested in partnering on this project - particularly since the applicant’s own Economic Analysis questions the viability of the resort component. (Pg 1 - “the proposed development, particularly the high-end resort, represents new, untested product types for Lake County” with a subnote 1, “In fact, the 2005 market analysis ... recommended a much smaller resort component.”
- Lastly, the Economic Analysis also depends on integration with the Marina site (pg 1, “Furthermore, in both studies, the Marina site was considered an integral part of the resort programming” yet the Marina portion has now been removed.

#### Financial Solvency:

Ignoring all the other issues, the financial solvency of the developer is in question. The marina property is in bankruptcy proceedings - but not before a “water rights” easement was brokered. We understand the county is still owed back taxes. The housing market is at a standstill, and the golf industry has plummeted.

We are not anti-growth - in fact, we have worked diligently to help the county develop environmentally-oriented tourism for the past two years. But, we have major concerns about the size of this particular project and the financial ability of this particular developer. We also believe the economic benefits are grossly overstated.

If the Board of Supervisors decide they wish to move forward with this project, we hope that the Supervisors will insist that it be consistent with the Lake County General Plan and the adopted Lakeport Area Plan. We could support the “Bauer Alternative” which has a higher ratio of resort, and less homes, would be more in keeping with the General Plan and have less environmental impact.

We are seeing increased interest in ecologically-oriented tourism such as birdwatching, hiking, paddling. The acquisition and opening of Mt Konocti to the public is a huge asset which will only enhance this growth. Lake County is a jewel; we should not give it away.

Sincerely,  
Holly Harris/Chuck Lamb  
Clearlake Oaks