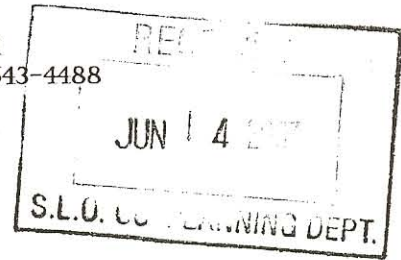


SANTA MARGARITA RANCH, LLC

750 PISMO STREET  
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PHONE: (805) 543-4477 \* FAX: (805) 543-4488



June 5, 2007

Ellen Carroll  
Environmental Coordinator  
San Luis Obispo County  
Planning and Building Department  
County Government Center  
San Luis Obispo, Ca. 93408

**HAND DELIVERED**

RE: Recirculation D.E.I.R. for Tract 2586 and Future Project(s)

Dear Ms. Carroll:

We received a copy of Rincon's letter dated May 15, 2007 regarding their rationale for requiring a recirculation of the E.I.R. We, as the applicants, understand, perhaps better than anyone else, that it is in our best interests to have a complete E.I.R., which fully and fairly analyzes all of the environmental issues relevant to our Project and therefore, we are, of course, in absolute agreement with Rincon's conclusion that recirculation of the D.E.I.R. is required. What concerns us, as expressed to you in our recent meeting, is the hostility to the applicant, the Project or both that continues to be evidenced by the tone of the May 15 letter, which was clearly intended to position the Applicant as if it opposed recirculation of the E.I.R. The Applicant, during the comment period, submitted thousands of pages of supplementary materials with its comments, specifically because it understands the importance of analysis and public review of all relevant information and because we believe the original draft was far less comprehensive and/or accurate than what is necessary to meet CEQA standards.

We continue to be concerned that after the Applicant has been charged approximately \$696,873 for the preparation of the D.E.I.R., that the consultant didn't seem to be aware of even the rudimentary facts regarding the Ranch until submission of our additional comments and materials.

For example, the existing cross Ranch roads are referenced in the May 15 Rincon letter as a "new issue". These roads are existing and provide access to over twenty (20) existing parcels and are actively used for Ranch operations. Rincon either missed or ignored these existing access and farming roads and did not consider their continued use now or as they may serve future uses. These should certainly not be interpreted as "new" issues.

More than 20 existing parcels lie along the western boundary of the Ranch and in combination with the Ranch's other existing parcels, more than 60 homes could be constructed on these existing parcels without further land use entitlements. This residential construction would traverse the Ranch "as-is." We believe this is a material aspect of the current "as is condition", and thus should be considered as the "no project" residential baseline in the the "Alternatives" section of the E.I.R.

With regard to our road design submittal, we believe the low volumes of traffic and looped access warrant the request for the County's 18' minimum width. This is hardly an issue of significance. The mitigated design layout was prepared response to issues identified the D.E.I.R. The revised design layout took into consideration the County's Standards as well as relevant site specific conditions identified in the D.E.I.R. These refinements involve less than 4 % of the proposed residential layout. The majority of the issues and /or items we commented on were either omissions, errors, or incorrect assumptions. Many of these issues could have been avoided had the consultant referred to the design standards that were submitted as part of the original application.

The additional technical studies submitted by the Ranch were not, as Rincon is attempting to characterize, "new information." Rather, the Ranch's attempt at clarifying works previously done by others and left out or ignored by the D.E.I.R. The applicant believed re-submittal of the volumes of work originally submitted along with studies by qualified consultants were needed to rectify numerous misstatements and inaccurate conclusions in the D.E.I.R.. Our earlier submittal covered these and other items, but we felt this clarification was important given the perspective of the Rincon May 15 letter.

Best regards,

*Santa Margarita, LLC ownership(s)*  
Santa Margarita Ranch, LLC Ownership(s)

Cc: Rincon  
Vic Holanda, County of San Luis Obispo Planning Director  
Pacific Improvement, LLC  
Major Domo, LLC  
William S. Walter, Esq.  
Paul G. Metchik, Esq.