

PUBLIC UTILITIES COMMISSION  
505 Van Ness Avenue  
San Francisco CA 94102-3298



**Pacific Gas & Electric Company**  
**ELC (Corp ID 39)**  
**Status of Advice Letter 4330G/5991E**  
**As of April 15, 2021**

Subject: Amendment to a Reciprocal Agreement for Merced Regional Service Center Request for Approval Under Section 851 and General Order 173

Division Assigned: Energy

Date Filed: 12-02-2020

Date to Calendar: 12-04-2020

Authorizing Documents: None

<b>Disposition:</b>	<b>Accepted</b>
<b>Effective Date:</b>	<b>04-15-2021</b>

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

AL Certificate Contact Information:

Annie Ho

(415) 973-8794

[PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**PUBLIC UTILITIES COMMISSION**  
505 Van Ness Avenue  
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to  
**[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)**



December 2, 2020

**Advice 4330-G/5991-E**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Amendment to a Reciprocal Agreement for Merced Regional Service Center – Request for Approval Under Section 851 and General Order 173**

**Purpose**

Pacific Gas and Electric Company (PG&E or the Company) requests Public Utilities Commission (Commission) approval under Public Utilities Code Section 851 and General Order 173 of an amendment to a reciprocal use agreement between PG&E and Lyons Investments, Lyons Cattle (Lyons) which will allow Lyons the ability to legally drain its retention overflow into a shared drainage pipeline which will be located on PG&E property.

PG&E has determined that an amendment to the reciprocal easement agreement (**Attachment 1**) does not interfere with PG&E's operations or PG&E's ability to provide safe and reliable utility service to its customers. In addition, this reciprocal easement will not be adverse to the public interest. The Amendment to Reciprocal Easement Agreement has not yet been executed, as it is conditioned on Commission approval under Section 851. Furthermore, Section G of the Amendment to Reciprocal Easement Agreement references a temporary license agreement for the construction company to enter the property and install pipeline pursuant to the Amendment to Reciprocal Easement Agreement. The dates for this license have not been entered into Section G, as the start date for that construction is dependent on the Commission approval date for this advice letter.

**Background**

PG&E owns land, buildings, and other facilities in connection with the provision of electric and natural gas services to its customers throughout Northern and Central California. In the provision of these services, PG&E relies on a portfolio of fee properties, rights-of-way, and facilities to support its electric and gas activities.

Relevant to this advice letter, PG&E owns the "Merced Regional Service Center" (APN 061-033-027) and "Wilson Substation" (APN 061-033-021) parcels. PG&E purchased the Merced Regional Service Center parcel in 2017 and commenced construction of the

Merced Regional Service Center in 2018. The Wilson Substation property has been owned by PG&E since the early 1900s and contains an active substation, but the substation does not fully encompass the entire site/parcel.

PG&E purchased the Merced Regional Service Center site from the Lyons family in 2017 in order to construct the Merced Regional Service Center. At the time of the purchase, the parties negotiated a "Reciprocal Easement Agreement" (**Attachment 2**) between the new PG&E property and the Lyons property.

The Lyons still own the parcel to the north of the PG&E Merced Regional Service Center. As part of the City of Merced Project/Site Approvals of the PG&E Merced Regional Service Center, the PG&E property requires a retention/drainage system tied to the Merced Irrigation District (MID) irrigation system. The Lyons' property directly to the north of PG&E's Merced Regional Service Center is required to tie into this drainage system as well.

Both the Lyons and PG&E have the obligation to install retention basins (rainstorm retention) on their respective properties. Overflow from these retention basins would drain into the drainage pipeline that is the subject of this advice letter, which would then drain into the existing MID system. The drainage pipeline is a shared line that is 24 inches in diameter and 870 linear feet in length. This amendment to the existing reciprocal use agreement will allow for the extension of the existing drainage pipeline benefitting both PG&E's Merced Regional Service Center parcel and the adjacent Lyon's parcel (APN 061-033-024) and connection to the existing MID infrastructure along Childs Avenue (see exhibit in **Attachment 3**).

PG&E has reviewed the terms and conditions of this reciprocal easement and has determined that the easement is in the public interest. This is because adequate drainage is a requirement for final approval by the City of Merced of the Merced Regional Service Center project and the amendment to the easement satisfies the operational compliance requirements for the Merced Regional Service Center without sacrifice to PG&E's provision of safe and reliable utility service to its customers.

For all the above reasons, the Commission should approve this Section 851 request to grant the reciprocal easement.

In accordance with General Order 173, Rule 4, PG&E provides the following information related to the proposed transaction:

**(a) Identity and Addresses of All Parties to the Proposed Transaction:**

Pacific Gas and Electric Company  
Steven Frank  
Law Department  
P.O. Box 7442  
San Francisco, CA 94120  
Telephone: (415) 973-6976  
Facsimile: (415) 973-5520  
Email: steven.frank@pge.com

Lyons Investments, Lyons Cattle  
Lyons Land and Cattle, Inc.  
10555 Maze Boulevard  
Modesto, CA 95358  
Attn: William J. Lyons, Jr., Secretary  
Telephone: (209) 522-1762  
Email: maperanch@aol.com

**(b) Complete Description of the Property Including Present Location, Condition and Use:**

The property currently is used by PG&E as Merced Regional Service Center (APN 061-003-027) and Wilson Substation (APN 061-033-021). The parcels are partially improved land. The portion being discussed is currently unimproved and encumbered by irrigation easements.

The Wilson Substation parcel (APN: 061-033-021) is legally described as follows:

*The land referred to herein below is situated in the City of Merced, County of Merced, State of California and is described as follows:*

*Beginning at a point in the westerly boundary line of Caumyrna Drive in the southwest quarter of Section 26, Township 7 south, Range 14 east, Mount Diablo Base and Meridian, in the City of Merced, County of Merced, State of California, according to the official plat thereof, said point of beginning being distant on a course south 89° 32' west, 20.0 feet from a point, which said last mentioned point is distant south 0° 34' west 973.0 feet from the northeast corner of said southwest quarter of said section 26; thence from said point of beginning running south 0° 34' west, a distance of 1649.0 feet along said westerly boundary line of Caumyrna Drive to a point in the northerly boundary line of Childs Avenue; thence from said last mentioned point running south 89° 32' west, a distance of 700.0 feet along said northerly boundary line of Childs Avenue, to a point; thence running north 0° 34' east, a distance of 1649.0 feet to a point; thence from said last mentioned point running north 89° 32' east, a distance of 700.0 feet to the point or place of beginning.*

**(c) Intended Use of the Property:**

CPUC approval of the amendment to the reciprocal easement agreement (**Attachment 1**) will allow PG&E and Lyons to complete the storm drain system required for the newly constructed PG&E Merced Regional Service Center and Lyons property, connecting to the MID infrastructure as mandated.

Lyons needs the ability to legally drain their retention overflow into the shared drainage line.

**(d) Complete Description of Financial Terms of the Proposed Transaction:**

Not applicable.

**(e) Description of How Financial Proceeds of the Transaction Will Be Distributed:**

Not applicable.

**(f) Statement on the Impact of the Transaction on Rate Base and Any Effect on the Ability of the Utility to Serve Customers and the Public:**

There is no impact to PG&E's rate base nor will granting the amendment to the reciprocal easement affect PG&E's ability to provide reliable service to its customers.

**(g) The Original Cost, Present Book Value, and Present Fair Market Value for Sales of Real Property and Depreciable Assets, and a Detailed Description of How the Fair Market Value Was Determined (e.g., Appraisal):**

Not applicable.

**(h) The Fair Market Rental Value for Leases of Real Property, and a Detailed Description of How the Fair Market Rental Value Was Determined:**

Not applicable.

**(i) The Fair Market Value of the Easement or Right-of-Way, and a Detailed Description of How the Fair Market Value Was Determined:**

Not applicable.

**(j) A Complete Description of any Recent Past (Within the Prior Two Years) or Anticipated Future Transactions that May Appear To Be Related to the Present Transaction:**

Not applicable.

**(k) Sufficient Information and Documentation (Including Environmental Information) to Show that All of Eligibility Criteria Set Forth in Rule 3 of General Order 173 are Satisfied:**

PG&E has provided information in this Advice Letter to satisfy the eligibility criteria under General Order 173 in that:

- The activity proposed in the transaction will not require environmental review by the CPUC as a Lead Agency;
- The transaction will not have an adverse effect on the public interest or on the ability of PG&E to provide safe and reliable service to its customers at reasonable rates;
- The transaction will not materially impact the rate base of PG&E; and
- The transaction does not warrant a more comprehensive review that would be provided through a formal Section 851 application.

**(l) Additional Information to Assist in the Review of the Advice Letter:**

This Advice Letter includes all pertinent information available relative to this advice letter filing.

**(m) Environmental Information**

Pursuant to General Order 173, the Advice Letter program applies to proposed transactions that will not require environmental review by the CPUC as a lead agency under the California Environmental Quality Act ("CEQA") either because: (a) a statutory or categorical exemption applies (the applicant must provide a Notice of Exemption from the Lead Agency or explain why an exemption applies), or (b) because the transaction is not a project under CEQA (the applicant must explain the reasons why it believes that the transaction is not a project), or (c) because another public agency, acting as the Lead Agency under CEQA, has completed environmental review of the project, and the Commission is required to perform environmental review of the project only as a Responsible Agency under CEQA.

The transaction is not a "project" under CEQA because:

The sole purpose of this transaction is to amend an existing reciprocal use agreement that will legally allow the Lyons to drain its retention overflow into a shared drainage pipeline. The transaction does not constitute an activity that (1) requires a discretionary action by a governmental agency and (2) will either have a direct or reasonably foreseeable indirect impact on the environment. Therefore, the transaction is not a "project" as defined by CEQA.

The PG&E Merced Regional Service Center, including the construction of the subject drainage pipeline, was approved by City of Merced under Site Plan Review Resolution # 418 (**Attachment 4**). The City adopted a Negative Declaration pursuant to CEQA (**Attachment 5**, Exhibit F) which incorporates by reference the Merced Vision 2030 General Plan, the General Plan Program EIR (SCH# 2008071069), and Resolution #2011-63. A Notice of Determination for the Negative Declaration was filed with the County of Merced on May 1, 2018 (**Attachment 6**, Exhibit G). The City did

not identify any potentially significant or significant environmental impacts related to the construction of the Merced Regional Service Center and no mitigation measures were identified.

### **Tribal Lands Policy**

On December 5, 2019, the Commission adopted a policy titled, "Investor-Owned Utility Real Property – Land Disposition - First Right of Refusal for Disposition of Real Property Within the Ancestral Territories of California Native American Tribes" (Policy). The Policy directs investor-owned utilities to (1) notify the appropriate local Native American Tribes of any proposed dispositions of utility-owned real property that are subject to Section 851 and (2) to allow 90 days for the Tribes to respond as to their interest in purchasing the subject real property.

PG&E's rights under the existing easement are limited to those described in the easement. Because this advice letter concerns an amendment to an existing easement, there are no applicable Native American Tribes to whom PG&E would serve this advice letter.

### **Protests**

**\*\*\*Due to the COVID-19 pandemic and the shelter at home orders, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to EDTariffUnit@cpuc.ca.gov and PGETariffs@pge.com\*\*\***

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than December 22, 2020 which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:



Erik Jacobson  
Director, Regulatory Relations  
c/o Megan Lawson  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-3582  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

### **Effective Date**

Pursuant to the review process outlined in General Order 173, PG&E requests that this Tier 2 advice letter become effective on January 1, 2021, which is 30 days from the date of submittal.

### **Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and/or via U.S. mail to parties shown on the attached list. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs>.

\_\_\_\_\_/S/

Erik Jacobson  
Director, Regulatory Relations

Attachment 1: Amendment to Reciprocal Easement Agreement  
Attachment 2: Reciprocal Easement Agreement  
Attachment 3: Pipeline Overview  
Attachment 4: Site Plan Review Resolution # 418 Approval

Attachment 5: Site Plan Review Resolution # 418, Negative Declaration, Exhibit F

Attachment 6: Site Plan Review Resolution # 418, Notice of Determination, Exhibit G

\*\*\*\*\* **SERVICE LIST for Advice 4330-G/5991-E** \*\*\*\*\*  
**APPENDIX A**

Jonathan Reiger  
Legal Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 355-5596  
jzr@cpuc.ca.gov

Mary Jo Borak  
Energy Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703-1333  
bor@cpuc.ca.gov

Robert (Mark) Pocta  
Public Advocates Office  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703- 2871  
robert.pocta@cpuc.ca.gov

Andrew Barnsdale  
Energy Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703-3221  
bca@cpuc.ca.gov

\*\*\*\*\* AGENCIES \*\*\*\*\*

City Clerk's Office  
678 West 18th St., 1st Floor  
Merced, CA 95340  
cityclerk@cityofmerced.org

\*\*\*\*\* 3<sup>rd</sup> Parties \*\*\*\*\*

Lyons Land and Cattle, Inc.  
10555 Maze Boulevard  
Modesto, CA 95358  
Attn: William J. Lyons, Jr., Secretary  
maperanch@aol.com



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39 M)

Utility type:

☒ ELC ☒ GAS ☐ WATER  
☐ PLC ☐ HEAT

Contact Person: Annie Ho

Phone #: (415) 973-8794

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: AMHP@pge.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 4330-G/5991-E

Tier Designation: 2

Subject of AL: Amendment to a Reciprocal Agreement for Merced Regional Service Center – Request for Approval Under Section 851 and General Order 173

Keywords (choose from CPUC listing): Compliance, Section 851

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☒ No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? ☐ Yes ☒ No

Requested effective date: 1/1/21

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Erik Jacobson, c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility Name: Pacific Gas and Electric Company  
Address: 77 Beale Street, Mail Code B13U  
City: San Francisco, CA 94177  
State: California Zip: 94177  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: District of Columbia Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Clear Form

## **Attachment 1**

### **Amendment to Reciprocal Easement Agreement**

Recording Requested By And  
When Recorded, Return To:

LYONS INVESTMENTS, L.P.  
10555 Maze Blvd.  
Modesto, CA 95358

APNs 061-033-021, 061-033-027 and 061-033-024

SPACE ABOVE THIS LINE FOR RECORDER'S USE

The undersigned declares:

DOCUMENTARY TRANSFER \$-0-  
(Revenue and Taxation Code 11911(a))

X  NO CONSIDERATION PAID  
\_\_\_ COMPUTED ON FULL VALUE OF PROPERTY CONVEYED, OR  
\_\_\_ COMPUTED ON FULL VALUE LESS LIENS & ENCUMBRANCES  
REMAINING THEREON AT TIME OF SALE.

**AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT  
(24-Inch and 18-Inch Pipelines)**

This Amendment (this "**Amendment**"), dated for reference purposes as of \_\_\_\_\_, 20\_\_, is executed by LYONS INVESTMENTS, L.P., a California limited partnership ("**Lyons Investments**"), LYONS LAND AND CATTLE COMPANY, INC., a California corporation ("**Lyons Cattle**"), and PACIFIC GAS AND ELECTRIC, a California corporation ("**PG&E**").

**RECITALS:**

A. Lyons Investments, Lyons Cattle, and PG&E are parties to that certain Reciprocal Easement Agreement (24-Inch and 18-Inch Pipelines) dated December 21, 2017 and recorded on December 28, 2017 in the Official Records of Merced County as Document No. 2017044302 (the "**Agreement**"). The undefined capitalized terms used herein shall have the same meanings as in the Agreement.

B. The Agreement describes, among other things, the parties' respective rights, duties and obligations concerning the 24-Inch Pipeline installed by Lyons Cattle in the Pipelines Easement Area on the PG&E Parcel (APN 061-033-027), as depicted on Exhibit A attached hereto. (The 24-Inch Pipeline is labeled "Existing 24" Pipeline" on Exhibit A.)

C. The Agreement also describes the planned location of Pipelines extending between properties owned by the parties and the Fairfield Lateral E, and PG&E's desire to modify the location of the Pipelines.

D. As part of such relocation of the Pipelines, the parties now intend that Lyons Cattle connect the additional 24-inch pipeline ("**Extended 24-Inch Pipeline**") to the 24-Inch Pipeline to extend the pipeline southward in a Merced Irrigation District right-of-way ("**MID R.O.W.**") running immediately east of the western property line of Substation Parcel 2 (APN 061-033-021), where the Extended 24-Inch Pipeline will be connected to a proposed 27-inch pipeline running east and west immediately north of the southern property line of Substation Parcel 2 ("**27-Inch Pipeline**"), which will connect to the Fairfield Lateral E, as depicted on Exhibit A.

E. The 24-Inch Pipeline and Extended 24-Inch Pipeline will provide (i) drainage of storm water and conveyance of irrigation water from the PG&E Parcel and the Investments Parcel (APN 061-033-024) to the 27-Inch Pipeline that connects to the Fairfield Lateral E, and (ii) conveyance of irrigation water to and from the Investments Parcel and lands south of East Childs Avenue.

F. Lyons Cattle hired A. Teichert & Son, Inc. dba Teichert Construction ("**Teichert**") to install the 24-Inch Pipeline, Extended 24-Inch Pipeline, and 27-Inch Pipeline in compliance with the terms of the Agreement, that certain Pipeline Reimbursement Agreement (27-Inch Pipeline) dated December 21, 2017 executed by the parties herein ("**27-Inch Pipeline Agreement**"), and that certain Merced Irrigation District/University Industrial Park Childs/Tower Rd. Pipeline/Phase 2 Improvement Plan dated November 19, 2018 drawn by O'Dell Engineering Company ("**Revised Plan**").

G. Teichert and PG&E entered into that certain License Agreement for Short-Term Use executed by PG&E on \_\_\_\_\_ and executed by Teichert on \_\_\_\_\_



("License Agreement"), which describes the terms and conditions under which Teichert may enter onto the MID R.O.W. on Substation 2 to install the 24-Inch Pipeline, the Extended 24-Inch Pipeline, and the 27-Inch Pipeline, as depicted in the Revised Plan.

H. Upon Teichert's completion of the installation of the Extended 24-Inch Pipeline in compliance with the Agreement, as amended herein, the Revised Plan, the License Agreement, and all Applicable Laws, PG&E will Maintain the Extended 24-Inch Pipeline in accordance with the Agreement, as modified herein.

I. The parties hereby confirm that the Lot Line Adjustment contemplated in Recital C of the Agreement did occur. Accordingly, Lyons Investments' Share of Maintenance costs is 39.16% and PG&E's Share of Maintenance costs is 60.84% for the 24-Inch Pipeline and the 27-Inch Pipeline, subject to adjustment as provided in the Agreement. The parties have agreed, however, that PG&E shall pay all the Maintenance costs for the Extended 24-Inch Pipeline.

J. The parties now desire to amend the Agreement, as more particularly set forth herein.

## **AGREEMENT**

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

1. Recitals. The parties are entering into this Amendment based on the understandings set forth above in the Recitals, which Recitals are incorporated into this Amendment by this reference.

2. Inclusion of Extended 24-Inch Pipeline. Except as expressly provided herein, whenever the term "24-Inch Pipeline" is used in the Agreement, it shall be deemed to include the Extended 24-Inch Pipeline.

3. Delivery and Acceptance of Extended 24-Inch Pipeline. Lyons Cattle shall cause Teichert to commence and diligently work toward completion of the installation of the Extended 24-Inch Pipeline in compliance with the Agreement, as amended herein, the Revised Plan, the License Agreement and all Applicable Laws, including obtaining a notice of completion if required by the City of Merced ("**Completion**"). Upon such Completion, Lyons Cattle shall deliver to PG&E and PG&E shall accept possession of the Extended 24-Inch Pipeline, and neither Lyons Cattle nor Lyons Investments thereafter shall have any further interest in the Extended 24-Inch Pipeline, except as expressly provided in the Agreement, as amended herein. The parties acknowledge and agree that although Lyons Cattle is responsible for causing Teichert to complete installation of the Extended 24-Inch Pipeline as provided herein, ownership of the Extended 24-Inch Pipeline is at all times vested in PG&E.

4. Easement for Use of Extended 24-Inch Pipeline. Section 4(a) of the Agreement shall not apply to the Extended 24-Inch Pipeline. Instead, the following language shall be added as Section 4(e) of the Agreement:

**"(e) Extended 24-Inch Pipeline.** As of the Completion, PG&E grants to Lyons Investments a non-exclusive easement for the Extended 24-Inch Pipeline,

appurtenant to the Investments Parcel and for the use and benefit of the Investments Parcel, to convey storm water and irrigation water (but not waste or sewer water, fire suppression water, water for domestic uses or any water other than storm water and irrigation water) through the Extended 24-Inch Pipeline ("**Extended 24-Inch Pipeline Easement**"). The Extended 24-Inch Pipeline Easement shall not include the right of access onto the Substation 2 Parcel or the right or obligation to Maintain the Extended 24-Inch Pipeline."

Section 4(a) of the Agreement shall not apply to the Extended 24-Inch Pipeline Easement, but all other references in the Agreement to the 24-Inch Pipeline shall be deemed to mean and include the Extended 24-Inch Pipeline.

5. Maintenance. Upon PG&E's acceptance of possession of the Extended 24-Inch Pipeline, PG&E shall fully Maintain the Extended 24-Inch Pipeline, as more particularly described in the Agreement. Lyons Cattle and Lyons Investments shall have no obligation to Maintain the Extended 24-Inch Pipeline, and no self-help remedy to enter Substation Parcel 2 to Maintain the Extended 24-Inch Pipeline. PG&E shall pay all Maintenance costs, as more particularly described in the Agreement, for the Extended 24-Inch Pipeline, without contribution by Lyons Cattle or Lyons Investments.

6. Reaffirmation. The terms of this Amendment will govern and control over any conflicting provisions in the Agreement. Except in the case of such conflicts and as expressly amended by this Amendment, the terms and provisions of the Agreement remain unchanged and in full force and effect.

7. Counterparts. This Amendment may be executed in one or more counterparts. All counterparts so executed will constitute one contract, binding on all parties, even though all parties are not signatory to the same counterpart.

IN WITNESS WHEREOF, each party hereto has caused this Amendment to be executed by its signature or the signature of its duly authorized representative as of the day and year set forth below its signature.

LYONS INVESTMENTS, L.P.,  
a California limited partnership

By: Lyons Investments Management, LLC,  
a California limited liability company,  
General Partner

By: \_\_\_\_\_  
William J. Lyons, Jr., CEO

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Edward M. Lyons, Member

Date: \_\_\_\_\_

LYONS LAND AND CATTLE, INC.,  
a California corporation

By: \_\_\_\_\_  
M. Lynne Bogetti, President

Date: \_\_\_\_\_

By: \_\_\_\_\_  
William J. Lyons, Jr., Secretary

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Edward M. Lyons, Treasurer

Date: \_\_\_\_\_

PACIFIC, GAS AND ELECTRIC COMPANY,  
a California corporation

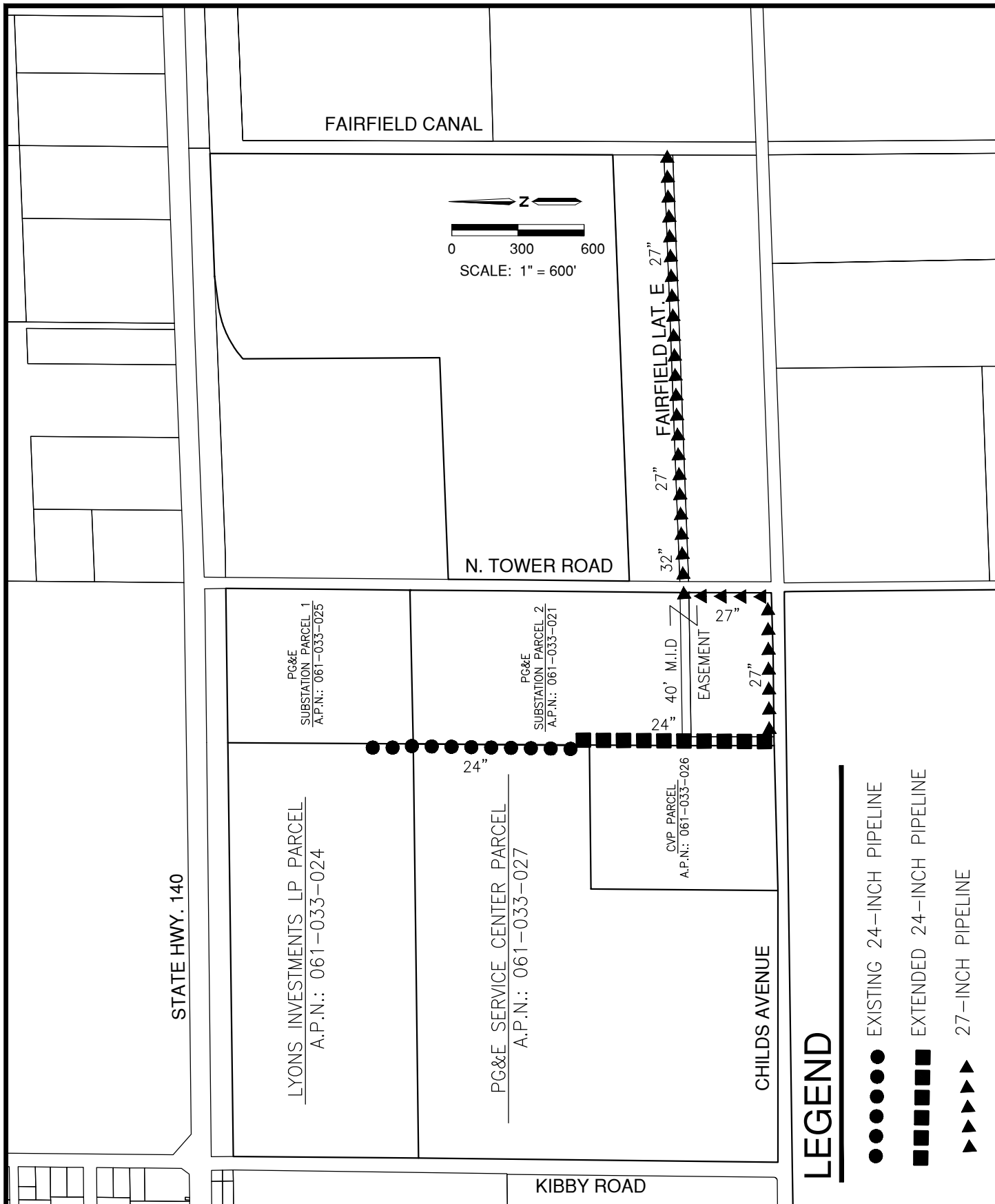
By: \_\_\_\_\_  
\_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_







## LEGEND

- EXISTING 24-INCH PIPELINE
- EXENDED 24-INCH PIPELINE
- ▲▲▲▲ 27-INCH PIPELINE



1165 Scenic Drive, Suite A, Modesto, CA 95350  
odellengineering.com

## EXHIBIT A

DESCRIPTION: PIPELINE EXHIBIT

SCALE:	1"=600'	DATE:	DEC 06, 2019
JOB NO.:	34450		
FILE:	EXH-2019-10-15-PIPELINE EXHIBIT-34450.DWG		

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of  
1

## **Attachment 2**

### **Reciprocal Easement Agreement**



RECORDING REQUESTED BY  
FIDELITY NATIONAL TITLE

Recording Requested By And  
When Recorded, Return To:

LYONS INVESTMENTS, L.P.  
10555 Maze Blvd.  
Modesto, CA 95358

Electronically Recorded in Official Records, MERCED COUNTY

**BARBARA J LEVEY**  
Merced County Clerk – Recorder

249 Chicago Title Company - Merced

12/28/2017

02:27 PM

re18

Doc#: **2017044302**



\* \$ R 0 0 0 0 1 7 9 9 2 3 \$ \*

Titles: 1 Pages: 34

Fees 114.00

Taxes 0.00

Housing Fee 0.00

PAID 114.00

APNs 061-033-023 and 061-033-024

SPACE ABOVE THIS LINE FOR RECORDER'S USE

The undersigned declares:

DOCUMENTARY TRANSFER \$-0-  
(Revenue and Taxation Code 11911(a))

  X   NO CONSIDERATION PAID  
      COMPUTED ON FULL VALUE OF PROPERTY CONVEYED, OR  
      COMPUTED ON FULL VALUE LESS LIENS & ENCUMBRANCES  
      REMAINING THEREON AT TIME OF SALE.

RECIPROCAL EASEMENT AGREEMENT

**RECIPROCAL EASEMENT AGREEMENT  
(24-Inch and 18-Inch Pipelines)**

THIS RECIPROCAL EASEMENT AGREEMENT (this "**Agreement**"), dated for reference purposes as of December 21, 2017, is executed by LYONS INVESTMENTS, L.P., a California limited partnership ("**Lyons Investments**"), LYONS LAND AND CATTLE COMPANY, INC., a California corporation ("**Lyons Cattle**"), and PACIFIC GAS AND ELECTRIC, a California corporation ("**PG&E**").

**RECITALS:**

A. Lyons Investments is the owner of that certain 36.17 acres of real property situated in the County of Merced, State of California, known as Assessor's Parcel Number 061-033-024, which is described in Exhibit A-1 attached hereto and depicted in Exhibit D attached hereto ("**Investments Parcel**").

B. Lyons Cattle is the owner of that certain 58.19 acres of real property adjacent to the Investments Parcel situated in the County of Merced, State of California, known as Assessor's Parcel Number 061-033-023, which is described in Exhibit A-2 attached hereto and depicted in Exhibit D attached hereto ("**Cattle Parcel**"). The Investments Parcel and Cattle Parcel are collectively referred to herein as the "**Property**".

C. Lyons Cattle and PG&E have entered into a purchase and sale agreement dated October 30, 2017 (the "**Purchase Agreement**") under which Lyons Cattle will sell and PG&E will purchase approximately 56.19 acres ("**PG&E Parcel**") of the Cattle Parcel, as described in Exhibit B attached hereto and depicted in Exhibit D, upon (i) the recording of a lot line adjustment ("**Lot Line Adjustment**") that will reduce the Cattle Parcel by approximately two (2) acres, and (ii) the closing of escrow for such purchase and sale.

D. PG&E has the right under the Purchase Agreement to close its purchase of the PG&E Parcel despite the lot line adjustment described above not being completed as of such closing. If PG&E exercises this right, and the PG&E Parcel remains 58.19 acres at closing, this Agreement nevertheless shall remain in full force and effect, except that the PG&E Parcel shall be all the acreage of the Cattle Parcel unless and until such time as the lot line adjustment is completed.

E. PG&E is the owner of that certain 18.40 acres of real property adjacent to the Investments Parcel situated in the County of Merced, State of California, known as Assessor's Parcel Number 061-033-025, which is described in Exhibit C-1 and depicted in Exhibit D attached hereto ("**Substation Parcel 1**").

F. PG&E is the owner of that certain 26.50 acres of real property adjacent to the Cattle Parcel situated in the County of Merced, State of California, known as Assessor's Parcel Number 061-033-021, which is described in Exhibit C-2 and depicted in Exhibit D attached hereto ("**Substation Parcel 2**"). Substation Parcel 1 and Substation Parcel 2 are collectively referred to herein as the "**Substation Parcels**". The PG&E Parcel and the Substation Parcels are collectively referred to herein as the "**PG&E Property**".

G. A forty (40)-foot wide "avenue" (the "**Avenue**") is shown on the Map of Grimes' Subdivision No. 1 recorded as Instrument No. 2459 in Volume 9, Page 19 in the Official Records of Merced County on April 5, 1927. Based on advice from Chicago Title Company, the

City and the parties' engineers, the parties believe that the Avenue is an unused, undeveloped public road running adjacent to, and just west of, the eastern boundaries of the Investments Parcel and Cattle Parcel. Lyons Investments and Lyons Cattle each have submitted an Abandonment Application to the City under which the City, upon its approval of the Abandonment Application, shall abandon any rights it has in the Avenue ("**Abandonment**"). PG&E approves the Abandonment Application submitted by Lyons Investments and Lyons Cattle.

H. The Easements (defined below) set forth herein are necessary to provide for the conveyance of storm water and irrigation water to and from the Investments Parcel and the PG&E Parcel and facilities of MID, and a domestic water line and telecommunications line from the PG&E Parcel to the Substation Parcels.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as provided below.

### **AGREEMENT:**

1. **Effective Date of Agreement.** This Agreement is executed in anticipation of the Lot Line Adjustment and conveyance of the PG&E Parcel by Lyons Cattle to PG&E. This Agreement shall be recorded and effective immediately following the conveyance of the PG&E Parcel to PG&E ("**Effective Date**").

2. **Definitions.** The definitions in this section shall apply to this Agreement.

(a) **Applicable Laws.** The term "**Applicable Laws**" means all federal, state and local laws, common law, statutes, acts, ordinances, rules, regulations, permits, licenses and requirements of all governmental authorities (including any agency, authority, board, branch, division, department or similar unit of any federal, state, county, city, district or other governmental entity having jurisdiction over the Property) that now or hereafter may be applicable to the Property, including, but not limited to, MID (as defined below).

(b) **City.** The term "**City**" means the City of Merced.

(c) **CPUC.** The term "**CPUC**" means the California Public Utilities Commission.

(d) **Easements.** The term "**Easements**" means the Pipelines Easement, as described in Section 4 of this Agreement, and any future easements that may be granted hereunder.

(e) **Emergency.** The term "**Emergency**" means any circumstance posing an immediate threat of injury to persons or damage to property or material interruption of operations on a Parcel.

(f) **Lyons Investments' Share.** The term "**Lyons Investments' Share**" means 39.16%. Lyons Investments' Share was calculated by dividing the square footage, after the Lot Line Adjustment, of the Investments Parcel by the sum of the square footages of the Investments Parcel and the PG&E Parcel, and multiplying the quotient by 100. Lyons Investments' Share shall be subject to adjustment, as provided in Section 14. If the lot line adjustment referenced in Recital C shall not occur, then Lyons Investments' Share shall be 38.33%.

(g) **Maintain, Maintained or Maintenance.** The terms "**Maintain, Maintained or Maintenance**" mean to survey and excavate for, construct, install, operate, inspect, test, protect, maintain, repair, replace, remove and upgrade the Pipelines, and the PG&E Drainage Line, together with the related improvements and facilities within the Pipelines Easement Area as provided herein.

(h) **MID.** The term "**MID**" means the Merced Irrigation District.

(i) **Owner.** The term "**Owner**" means the Owner from time to time of the fee estate in the Investments Parcel, the PG&E Parcel, or any other portion of the Property.

(j) **Parcel or Parcels.** The term "**Parcel**" or "**Parcels**" means the Investments Parcel, the Cattle Parcel, the PG&E Parcel and any other legal parcels of land established in the future within the Property.

(k) **PG&E Domestic Water Line.** The term "**PG&E Domestic Water Line**" means a pipeline to be constructed in the future (and any modifications to or replacements thereof) providing domestic water running from the PG&E Parcel to the Substation Parcels and the valves, fixtures, and other improvements related to said water line, as the same may exist from time to time. The approximate location of the PG&E Domestic Water Line is depicted in Exhibit F attached hereto.

(l) **Intentionally omitted.**

(m) **PG&E Drainage Line.** The term "**PG&E Drainage Line**" means a drainage pipeline to be constructed in the future (and any modifications to or replacements thereof) running from a retention pond to be located on the PG&E Parcel to that portion of the 24-Inch Pipeline located on the PG&E Parcel, and the valves, junction boxes, fixtures, and other improvements related to said drainage line, as the same may exist from time to time.

(n) **PG&E Telecommunications Line.** The term "**PG&E Telecommunications Line**" means any cabling, line or other conduit by which information is transmitted, which may be constructed in the future (and any modifications to or replacements thereof) running from the PG&E Parcel to the Substation Parcels. The anticipated approximate location of the PG&E Telecommunications Line is depicted in Exhibit F attached hereto.

(o) **PG&E's Share.** The term "**PG&E's Share**" means 60.84%. PG&E's Share was calculated by dividing the square footage, after the Lot Line Adjustment, of the PG&E Parcel by the sum of the square footages of the Investments Parcel and the PG&E Parcel, and multiplying the quotient by 100. PG&E's Share shall be subject to adjustment, as provided in Section 6(a)(ii) and Section 14. If the lot line adjustment referenced in Recital C shall not occur, then the acreage of the PG&E Parcel shall be 58.19, and PG&E Share shall be 61.67%.

(p) **Pipelines.** The term "**Pipelines**" means the pipelines in the Pipelines Easement Area, namely a 24-inch pipeline ("**24-Inch Pipeline**") to be installed by Lyons Cattle and an 18-inch pipeline ("**18-Inch Pipeline**") to be installed by Lyons Investments, and the pumps, valves, junction boxes, fixtures, meters, utilities and other improvements related to said pipelines. Both the 24-Inch Pipeline and the 18-Inch Pipeline also exist on the Investments Parcel, and are to be separately Maintained by Lyons Investments, at its sole expense, as provided in Section 7(a) below.

(q) **Pipelines Easement Area.** The term "**Pipelines Easement Area**" means the twenty-five (25) foot wide area running north and south immediately west of the eastern property line of the PG&E Parcel encumbered by the Pipelines Easement, as depicted on Exhibit D and described on Exhibit E.

(r) **Pipelines Easement.** The term "**Pipelines Easement**" is defined in Section 4(a) below.

(s) **Roadway.** The term "Roadway" means a path or paths for vehicles and pedestrians located with the Pipelines Easement Area. The Roadway shall remain in its current condition or, subject to the mutual agreement of PG&E and Lyons Investments, can be improved by either party with gravel or other surfacing materials, except for asphalt or concrete.

### **3. Purposes of Declaration.**

(a) **Purposes.** The purposes of this Agreement are to:

(i) Grant and convey the Pipelines Easement and the right of PG&E to connect and use the 24-Inch Pipeline;

(ii) Provide for the Maintenance of the Easements and the Pipelines as provided herein; and

(iii) Establish the Easements, covenants, rights, duties, benefits and burdens set forth in this Agreement as covenants running with the land under California Civil Code Section 1468 and equitable servitudes under common law that benefit and bind the Parcels and each Owner and successor Owner thereto.

### **4. Easements.**

(a) **Pipelines Easement.** As of the Effective Date, PG&E grants to Lyons Investments a non-exclusive easement for the Pipelines and the Roadway (the "**Pipelines Easement**"), appurtenant to the Investments Parcel, over, across, on, under and through the Pipelines Easement Area for the use and benefit of the Investments Parcel, as provided herein. The Pipelines Easement may be used by Lyons Investment for the Maintenance of the 18-Inch Pipeline and for the conveyance of storm water and irrigation water over, across, upon, under and through both the 24-Inch Pipeline and 18-Inch Pipeline in the Pipelines Easement Area, including, without limitation, the right to Maintain the improvements and facilities relating to the 18-Inch Pipeline, together with the right of access across the Pipelines Easement Area for personnel, vehicles and equipment necessary to achieve such uses and purposes. All such uses shall be in compliance with Applicable Laws. The Pipelines Easement does not include the right to convey waste or sewer water, fire suppression water, water for domestic uses or any water other than storm water and irrigation water. Lyons Cattle and Lyons Investments accept the Pipelines Easement Area in its existing physical condition, without representation or warranty of any kind by PG&E.

(b) **PG&E Right to Use 24-Inch Pipeline, Domestic Water Line, and Telecommunications Line.** As of the Effective Date, Lyons Cattle and Lyons Investments grant to PG&E the right to connect the PG&E Drainage Line to the 24-Inch Pipeline within the Pipelines Easement Area and to use the 24-Inch Pipeline for the conveyance of storm water and irrigation water from the PG&E Parcel, subject to MID approval. PG&E's right to use the

24-Inch Pipeline does not include the right to convey waste or sewer water, or any water other than storm water and irrigation water. In addition, Lyons Cattle and Lyons Investments acknowledge and agree that PG&E has the perpetual right to install and Maintain the PG&E Domestic Water Line and the PG&E Telecommunications Line across the Pipelines Easement Area from the PG&E Parcel to Substation Parcel 2. PG&E's Maintenance of the PG&E Drainage Line, PG&E Domestic Water Line, and the PG&E Telecommunications Line may not interfere with or restrict use of the 24-Inch Pipeline or 18-Inch Pipeline without Lyons Investments' prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(c) **General Easement Rights.** The Easements described herein shall be subject to, and construed in accordance with, the following provisions, except as otherwise expressly provided for elsewhere in this Agreement: (i) the Easements are appurtenant to the Parcels and any transfer of a Parcel automatically transfers the Easements appurtenant thereto regardless of whether the Easement is described in the instrument of transfer; (ii) the Easements are in perpetuity unless otherwise terminated by operation of law or by unanimous written approval of the Owners reflected in a document recorded in the official records of the County of Merced; (iii) the Easements and this Agreement may be modified only upon the written consent of all of the Owners of the Parcels; (iv) all uses of the Easements shall comply with the covenants, rights, duties and restrictions set forth in this Agreement and with all Applicable Laws; (v) the Easements granted or reserved hereunder exist by virtue of this Agreement, without the necessity of confirmation by any other documents; (vi) no partition, transfer or assignment of the Easements or the rights under this Agreement is allowed, except as otherwise provided herein; (vii) the Easements established, reserved or granted under this Agreement shall not restrict Lyons Investments or PG&E from granting other easements or interests, provided that the other easements or interests do not unreasonably interfere with the easement rights granted herein; and (viii) no permanent buildings, structures or fences shall be constructed or maintained on, across, over or through the Pipelines Easement Area if such building, structures or fences would interfere with or adversely affect the Pipelines Easement rights granted herein.

(d) **Additional Pipelines.** PG&E and Lyons Investments each agrees to consider in good faith any future request by the other party to install additional pipelines in the Pipeline Easement Area, provided that in no event shall a party be required to approve any proposed additional pipeline that would interfere with its rights granted herein or impose any financial or other obligation on such party. If any proposed additional pipeline is acceptable to a party, such party shall reasonably cooperate, at no out-of-pocket expense, with the other party's efforts to obtain necessary approvals for such additional pipeline from governmental agencies, including the City, MID and the CPUC.

## **5. Construction of Pipelines.**

### **(a) PG&E's Prior Review and Approval.**

(i) **18-Inch Pipeline.** Lyons Investments, at its sole expense, has completed the installation of the 18-Inch Pipeline in the Pipelines Easement Area prior to the date hereof. Prior to commencement of installation of the 18-Inch Pipeline, Lyons Investments submitted plans and specifications to PG&E for the 18-Inch Pipeline, and PG&E approved the same. Lyons Investments warrants to PG&E that in the course of installing the 18-Inch Pipeline, to the best of Lyons Investments' knowledge, no material changes were made from the plans and specifications previously approved by PG&E.

(ii) **24-Inch Pipeline.** Lyons Cattle has removed the existing 24-Inch pipeline and intends to commence installation of the new 24-Inch Pipeline after PG&E and Lyons Cattle agree upon the location of the 24-Inch Pipeline. Prior to Lyons Cattle installing any part of the 24-Inch Pipeline on the PG&E Parcel, Lyons Cattle shall submit to PG&E (1) detailed plans and specifications for the 24-Inch Pipeline, (2) summaries of at least three (3) competitive bids for the 24-Inch Pipeline, and (3) the recommendations of Lyons Cattle's engineers with respect to the bids (collectively, the "**Plans and Bids**"). PG&E shall approve or disapprove the Plans and Bids within fifteen (15) days after receipt of the same. If PG&E disapproves of the Plans and Bids, and Lyons Cattle does not obtain PG&E's approval within ten (10) days after Lyons Cattle's receipt of PG&E's objections, the parties shall mediate, and if necessary, litigate their disagreement under the terms of Section 15 below. The plans and specifications, as approved by PG&E and by MID, if required, are referred to herein as the "**Approved Plans**". Lyons Cattle shall not commence construction of the 24-Inch Pipeline without the approval of PG&E to the Plans and Bids, but any delay in obtaining PG&E's approval beyond fifteen (15) days after Lyons Cattle's initial submittal of the Plans and Bids to PG&E shall extend the Pipeline Completion Deadline (as defined in Section 5(b) below) on a day for day basis. In addition to providing notice as required in Section 16 below, all notices to PG&E pursuant to this Section 5(a)(ii) shall be sent on the same day via email to Tom Crowley at [tfc8@pge.com](mailto:tfc8@pge.com) and to Robert Hoskins at [RobertH@roebbelen.com](mailto:RobertH@roebbelen.com), or to such other email addresses as PG&E may from time to time designate by notice given in accordance with Section 16.

(iii) The parties acknowledge that it is desirable to locate a portion of the 24-Inch Pipeline on Substation Parcel 2, which requires prior approval by the CPUC. PG&E agrees to diligently pursue such approval by the CPUC, and acknowledges that the obligation of Lyons Cattle to construct the 24-Inch Pipeline on Substation Parcel 2 is conditioned upon obtaining such approval. PG&E makes no representations or warranties regarding the likelihood of, or timing of, such CPUC approval. PG&E acknowledges, however, that the failure to obtain or delays in obtaining such approval may constitute a PG&E Delay as set forth in Section 5(b) below, and that PG&E is responsible for increased costs incurred due to the failure to obtain such approval and/or changes in the Approved Plans required by the CPUC as set forth in Section 6(a)(ii) below.

(iv) **Modifications to Approved Plans.** PG&E shall have the right to approve, in the manner set forth below, any material modifications to the Approved Plans not required by MID, the City or the CPUC. Lyons Cattle shall give PG&E written notice of any proposed material modifications to the Approved Plans ("**Material Modification Notice**"). The Material Modification Notice shall include, without limitation, (1) plans and specifications or a detailed description of the proposed material modification, (2) a reasonable estimate of any increase or decrease in costs resulting from the proposed material modification, and (3) a reasonable estimate of any delay resulting from the proposed material modification. The parties agree that for purposes of this Section 5(a)(iv), any proposed modification not required by MID, the City or the CPUC that would increase overall cumulative costs by more than five percent (5%) or delay completion of construction of the 24-Inch Pipeline by more than ten (10) days shall be deemed material and require PG&E's approval. PG&E shall approve or disapprove the proposed material modifications in writing within ten (10) business days after receipt of the Material Modification Notice from Lyons Cattle. If PG&E does not approve or disapprove the proposed material modifications in writing within ten (10) business days after receipt of the Material Modification Notice, Lyons Cattle may deliver to PG&E a second notice, which second notice shall include a copy of the original Material Modification Notice and contain the following statement in bold-faced and all capital letters: "**IF PG&E FAILS TO OBJECT TO THE MATERIAL MODIFICATIONS IN THE ATTACHED NOTICE WITHIN FIVE (5) BUSINESS**

**DAYS AFTER RECEIPT OF THIS NOTICE, PG&E SHALL BE DEEMED TO HAVE APPROVED SAID MODIFICATIONS."** If PG&E fails to object to the proposed material modifications within five (5) business days after receipt of such second notice, PG&E shall be deemed to have approved the proposed material modifications. If PG&E timely disapproves of the proposed material modifications in writing, and Lyons Cattle does not obtain PG&E's approval of the proposed material modifications within ten (10) days after Lyons Cattle's receipt of PG&E's objections, the parties shall mediate, and if necessary litigate, their disagreement under the terms of Section 15 below. Notwithstanding the foregoing, modifications in the scope of work required by MID, the City or the CPUC shall not require the approval of PG&E, although Lyons Cattle shall promptly provide notice to PG&E of any such modifications required by MID, the City or the CPUC. Lyons Cattle's completion of the installation of the 24-Inch Pipeline, despite PG&E's disapproval of any increased costs specified in a Material Modification Notice, shall not waive Lyons Cattle's right to seek payment from PG&E of PG&E's Share of the Actual Reimbursement Costs (as defined in Section 6(a)(i) below), including any increased costs, after completion of the installation. In addition, PG&E shall have the right to give Lyons Cattle written instructions to proceed with the work that Lyons Cattle asserts is causing the increase in costs despite PG&E's objection thereto. In such case, Lyons Cattle shall proceed with said work, and the parties shall thereafter mediate, and if necessary litigate, their disagreement under the terms of Section 15 below, but such proceedings shall not delay construction of the 24-Inch Pipeline. In addition to providing notice as required in Section 16 below, all notices to PG&E pursuant to this Section 5(a)(iv) shall be sent on the same day via email to Tom Crowley at [tfc8@pge.com](mailto:tfc8@pge.com) and to Robert Hoskins at [RobertH@roebbelen.com](mailto:RobertH@roebbelen.com), or to such other email addresses as PG&E may from time to time designate by notice given in accordance with Section 16.

(b) **Construction of Pipelines.** After approval of the applicable plans and specifications by PG&E and issuance of all necessary permits and the Abandonment, Lyons Investments and Lyons Cattle, as the case may be, shall enter into a license agreement with PG&E mutually agreeable to the parties, and thereafter diligently construct and install the Pipelines in a good and workmanlike manner, free of defects, and in compliance with all Applicable Laws and, except in an Emergency, in compliance with the Approved Plans. In an Emergency, Lyons Cattle shall consult with PG&E as soon as possible, but may use its commercially reasonable judgment to vary from the Approved Plans to prevent damage to property or injury to persons or interruption of operations on a Parcel caused or threatened by the Emergency. If no prior consultation is possible, Lyons Cattle shall notify PG&E of the action taken as soon as practicable. Lyons Cattle shall have the discretion to choose a qualified contractor that Lyons Cattle reasonably believes can install the 24-Inch Pipeline in accordance with the terms of this Agreement, even if the contractor does not submit the lowest bid, provided that if Lyons Cattle does not select the contractor who submitted the lowest bid, Lyons shall promptly advise PG&E of its reasons for selecting another contractor. Before commencing construction of the 24-Inch Pipeline, Lyons Cattle shall obtain all permits or other approvals as may be necessary for such construction. In addition, prior to commencing construction of the 24-Inch Pipeline, Lyons Cattle shall provide PG&E with true and complete copies of the engineering and construction contracts for the 24-Inch Pipeline. PGE shall be an express third-party beneficiary of said contracts, and said contracts shall contain standard one-year express warranties against defects and shall not shorten the statute of limitations for bringing a claim for latent defects. Lyons Cattle shall complete installation of the 24-Inch Pipeline and all related improvements on or before December 31, 2018 ("**Pipeline Completion Deadline**"), so that the 24-Inch Pipeline is operational and sufficient for purposes of PG&E obtaining a certificate of occupancy for improvements to be constructed on the PG&E Parcel. Notwithstanding the foregoing, the Pipeline Completion Deadline shall be extended by the length of any delay in installation of the 24-Inch Pipeline caused by (i) the failure to obtain CPUC approval to construct



a portion of the 24-Inch Pipeline on Substation Parcel 2 on or before June 30, 2018, (ii) issuance of any PG&E license to Lyons Cattle for the construction of the 24-Inch Pipeline on Substation Parcel 2 (if the 24-Inch Pipeline is located on Substation Parcel 2), (iii) recordation of documents evidencing the Abandonment and issuance of permission from the City to Lyons Cattle to install the 24-Inch Pipeline in any property, roadway or easement of the City, if applicable, (iv) the acts or omissions of PG&E or its employees, agents, representatives or contractors (delays pursuant to subsections (ii) or (iv) shall be referred to herein as "**PG&E Delay**"), (v) issuance of MID's approval of plans and specifications for the 24-Inch Pipeline, (vi) completion of the 27-inch pipeline (to which the 24-Inch Pipeline is to connect) by factors beyond Lyons Cattle's reasonable control, or (vii) incidents of force majeure, including an act of God, war, earthquake, fire, flood, civil commotion, interruption or delay in suppliers' ability to provide materials, or any other cause beyond the control of Lyons Cattle. Notwithstanding the preceding sentence, no PG&E Delay shall be deemed to have occurred unless Lyons Cattle gives PG&E written notice specifying the claimed grounds of such PG&E Delay, and PG&E shall fail to correct or cure the same within one (1) business day after PG&E's receipt of written notice thereof from Lyons Cattle. In addition to providing notice as required in Section 16 below, all notices to PG&E pursuant to this Section 5(b) shall be sent on the same day via email to Tom Crowley at [tfc8@pge.com](mailto:tfc8@pge.com) and to Robert Hoskins at [RobertH@roebbelen.com](mailto:RobertH@roebbelen.com), or to such other email addresses as PG&E may from time to time designate by notice given in accordance with Section 16. In addition, no force majeure delay shall be deemed to have occurred unless Lyons Cattle gives PG&E written notice of any claimed force majeure event within five (5) business days after Lyons Cattle becomes aware of such event. Lyons Cattle and PG&E shall exercise diligent efforts to mitigate the delays caused by any approval by the City, the CPUC or MID, any PG&E Delay or any force majeure event and shall keep the other party reasonably apprised of efforts to mitigate delays and the impact of any PG&E Delay and force majeure delay on the Pipeline Completion Deadline.

(c) **Self-Help Remedy.** Lyons Cattle acknowledges that if the 24-Inch Pipeline is not operational and sufficient for purposes of PG&E obtaining a certificate of occupancy for improvements constructed on the PG&E Parcel on or before the 24-Inch Pipeline Completion Deadline, PG&E may suffer damages, including, but not limited to, increased construction costs and costs resulting from delays in relocating employees from other facilities. Accordingly, if at any time PG&E reasonably determines that Lyons Cattle will not complete the 24-Inch Pipeline on or before the 24-Inch Pipeline Completion Deadline for any reason, then PG&E, upon at least fifteen (15) days' written notice to Lyons Cattle, and Lyons Cattle's failure to diligently prosecute the installation of the 24-Inch Pipeline to completion after receipt of said notice, shall have the right to complete the 24-Inch Pipeline and all related improvements necessary for PG&E to obtain a certificate of occupancy for the improvements constructed on the PG&E Parcel. Within ten (10) days after request, Lyons Cattle shall provide true and complete copies of all plans, specifications, permits, and contracts necessary for PG&E to complete the 24-Inch Pipeline as provided above, and shall otherwise reasonably cooperate with PG&E to enable PG&E to complete the 24-Inch Pipeline. Without limiting the generality of the preceding sentence, within ten (10) days after request, Lyons Cattle shall assign to PG&E all of its right, title and interest under such plans, specifications, permits, and contracts. If PG&E exercises its rights pursuant to this Section 5(c), PG&E shall have the right to offset the reasonable costs of completing the 24-Inch Pipeline against the amount otherwise payable by PG&E to Lyons Cattle pursuant to Sections 6(a)(i) and 6(a)(ii) below. If the costs incurred by PG&E exceed the amount payable by PG&E to Lyons Cattle pursuant to Sections 6(a)(i) and 6(a)(ii) below, then Lyons Cattle shall reimburse PG&E for such costs within thirty (30) days after demand accompanied by reasonably detailed substantiation of such costs. If PG&E reasonably determines that the 24-Inch Pipeline will not be operational and sufficient for purposes of PG&E

obtaining a certificate of occupancy for improvements constructed on the PG&E Parcel on or before the Pipeline Completion Deadline, PG&E's sole remedy is the self-help remedy described in this Section 5(c). Provided that Lyons Cattle has worked diligently to obtain required approvals and install the 24-Inch Pipeline in accordance with this Agreement, PG&E may not bring any legal action against Lyons Cattle (except to enforce PG&E's self-help remedy herein) for alleged damages arising out of the 24-Inch Pipeline not being operational and sufficient on or before the Pipeline Completion Deadline.

(d) **Lyons Investments' Prior Review and Approval.** Prior to PG&E (i) connecting the PG&E Drainage Line to the 24-Inch Pipeline, or (ii) performing any Maintenance of the PG&E Drainage Line or 24-Inch Pipeline within the Pipelines Easement Area, or on Substation Parcel 2 (if the 24-Inch Pipeline is located on Substation Parcel 2), or (iii) installing or performing any Maintenance of the PG&E Domestic Water Line or the PG&E Telecommunications Line within the Pipelines Easement Area, except in an Emergency, PG&E shall submit plans and specifications relating to such work to Lyons Investments for its review and approval, which approval shall not be unreasonably withheld, conditioned, or delayed. In addition, Lyons Investments shall have the right to review and approve any material modification to plans and specifications previously approved by Lyons Investments, which approval shall not be unreasonably withheld, conditioned or delayed. Within twenty (20) days of Lyons Investments' receipt of such plans and specifications (or within ten (10) days of Lyons Investments' receipt of clarifications of plans and specifications previously submitted to Lyons Investments or plans and specifications for any subsequent material modifications), Lyons Investments shall notify PG&E of its approval, objections or requests for further clarification or material modification. Should Lyons Investments fail to respond within twenty (20) days of receipt of such plans and specifications (or within ten (10) days of Lyons Investments' receipt of clarifications of plans and specifications previously submitted to Lyons Investments or plans and specifications for any subsequent material modifications), Lyons Investments shall be deemed to have approved same. In an Emergency, PG&E shall consult with Lyons Investments as soon as possible, but may use its commercially reasonable judgment to prevent damage to property or injury to persons or interruption of PG&E's operations caused or threatened by the Emergency. If no prior consultation is possible, PG&E shall notify Lyons Investments of the action taken as soon as practicable.

(e) **Limitation of Liability.** PG&E agrees that Lyons Cattle and its officers, shareholders, partners, employees, agents, successors and assigns shall have no liability for any defects in the design or construction of the 24-Inch Pipeline, provided that said parties shall not have acted in a grossly negligent manner. For purpose of clarity, the parties confirm that the engineers and contractors performing work hereunder on behalf of Lyons Cattle shall not be deemed to be agents of Lyons Cattle for purposes of this Section 5(e).

## **6. Construction Costs.**

### **(a) Shared Cost of Construction of 24-Inch Pipeline.**

(i) **Reimbursement by PG&E.** The construction costs incurred by Lyons Cattle in constructing the 24-Inch Pipeline, including labor and materials, are referred to herein as the "**Hard Reimbursement Costs.**" In addition to Hard Reimbursement Costs, Lyons Cattle has incurred or will incur "soft" costs, including but not limited to, costs for design, engineering, soil engineering, surveying, fencing, retaining walls, permits, bond fees, preparation of exhibits to agreements contemplated herein, and government fees to install the 24-Inch Pipeline (collectively, "**Soft Reimbursement Costs**"). Lyons Cattle shall keep PG&E reasonably

apprised of the Soft Reimbursement Costs incurred by Lyons Cattle in connection with the 24-Inch Pipeline, including providing a monthly accounting, in reasonable detail. The actual reasonable out-of-pocket Hard Reimbursement Costs, together with the actual reasonable out-of-pocket Soft Reimbursement Costs incurred by Lyons Cattle in connection with the 24-Inch Pipeline are collectively referred to herein as the "**Actual Reimbursement Costs**." In no event shall Lyons Cattle or any of its affiliated parties be entitled to any management or similar fee in connection with the design or construction of the 24-Inch Pipeline (although the parties recognize that the contractor will be including normal and customary general contractor fees in its billed costs). After Lyons Cattle has completed installation of the 24-Inch Pipeline Lyons Cattle shall deliver to PG&E the following: (1) final "as built" plans and specifications for the 24-Inch Pipeline; (2) paid invoices or other satisfactory evidence of labor and material costs incurred by Lyons Cattle to construct the 24-Inch Pipeline, including the costs of any change orders, and final, unconditional lien releases from all contractors and material suppliers; (3) final sign-off on the job card for the 24-Inch Pipeline by the City, if required by the City; and (4) true and complete copies of all warranties relating to the 24-Inch Pipeline (collectively, the "**Lyons Construction Documentation**"). Within thirty (30) days after PG&E's receipt of the Lyons Construction Documentation, PG&E shall notify Lyons Cattle of any objections it has concerning the Lyons Construction Documentation. If PG&E does not timely notify Lyons Cattle in writing of any such objections, PG&E shall pay PG&E's Share of the Actual Reimbursement Costs, as evidenced by the Lyons Construction Documentation, within forty-five (45) days after its first receipt of the Lyons Construction Documentation. If PG&E timely notifies Lyons Cattle in writing of any objections, Lyons Cattle shall respond to PG&E's objections by delivering a written explanation or adjustment of the Actual Reimbursement Costs within fifteen (15) days after its receipt of PG&E's objections ("**Lyons Response**"). Within fifteen (15) days after its receipt of the Lyons Response, PG&E shall notify Lyons Cattle in writing of any further objections. If PG&E indicates in writing that it has remaining objections, it shall nevertheless pay the portion of the Actual Reimbursement Costs to which PG&E has not objected within forty-five (45) days of its receipt of the Lyons Response. If PG&E has no further objections, it shall pay PG&E's Share of the Actual Reimbursement Costs within forty-five (45) days after its receipt of the Lyons Response. If PG&E timely notifies Lyons Cattle in writing of any further objections, or if PG&E pays PG&E's Share of the Actual Reimbursement Costs, but subsequently disputes the amount paid within one hundred twenty (120) days thereafter, the parties shall resolve their disagreement under the terms of Section 15 below. In addition to the rights set forth above, upon reasonable prior notice, Lyons Cattle shall make available for PG&E's inspection, all books and records relating to construction of the 24-Inch Pipeline.

(ii) **Increased Costs Due to Relocation.** Notwithstanding Section 6(a)(i) above, if (A) the portion of the 24-Inch Pipeline extending southward to the juncture of a 27-inch pipeline extending eastward to the Fairfield Lateral cannot be located on Substation Parcel 2, or (B) the CPUC requires any change in the Approved Plans, including the materials or location of the 24-Inch Pipeline or related infrastructure, any increased costs incurred by Lyons Cattle due to the inability to install the 24-Inch Pipeline on Substation Parcel 2 or any increased costs due to changes in the Approved Plans required by the CPUC ("**Relocation Cost Increase**") shall be paid solely by PG&E. Such Relocation Cost Increase may include, but not be limited to, increased engineering fees, costs for labor and materials, additional permitting fees and other related costs reasonably incurred by Lyons Cattle due to the relocation of the 24-Inch Pipeline. Lyons Cattle shall give PG&E written notice, together with reasonable backup documentation, of the estimated Relocation Cost Increase ("**Relocation Cost Increase Notice**"). PG&E shall approve or disapprove the Relocation Cost Increase in writing within ten (10) business days after receipt of the Relocation Cost Increase Notice from Lyons Cattle. If PG&E does not approve or disapprove the Relocation Cost Increase in writing within ten (10) business days

after receipt of the Relocation Cost Increase Notice, Lyons Cattle may deliver to PG&E a second notice, which second notice shall include a copy of the original Relocation Cost Increase Notice and shall contain the following statement in bold-faced and all capital letters: **"IF PG&E FAILS TO OBJECT TO THE RELOCATION COST INCREASE IN THE ATTACHED NOTICE WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT OF THIS NOTICE, PG&E SHALL BE DEEMED TO HAVE APPROVED SAID INCREASE."** If PG&E fails to object to the Relocation Cost Increase within five (5) business days after receipt of such second notice, PG&E shall be deemed to have approved the Relocation Cost Increase. If PG&E timely disapproves of the Relocation Cost Increase in writing, and Lyons Cattle does not obtain PG&E's approval of the Relocation Cost Increase within ten (10) days after Lyons Cattle's receipt of PG&E's objections, the parties shall mediate, and if necessary litigate, their disagreement under the terms of Section 15 below. Lyons Cattle's completion of the installation of the 24-Inch Pipeline, despite PG&E's disapproval of the Relocation Cost Increase, shall not waive Lyons Cattle's right to seek payment from PG&E of the Relocation Cost Increase after completion of the installation. In addition, PG&E shall have the right to give Lyons Cattle written instructions to proceed with the work that Lyons Cattle asserts is causing the Relocation Cost Increase despite PG&E's objection thereto. In such case, Lyons Cattle shall proceed with said work, and the parties shall thereafter mediate, and if necessary litigate, their disagreement under the terms of Section 15 below, but such proceedings shall not delay construction of the 24-Inch Pipeline. Any increase in the amount of the Relocation Cost Increase due to modifications in the scope of work or 24-Inch Pipeline construction required by MID, the City or the CPUC shall not require the approval of PG&E, although Lyons Cattle shall promptly provide notice to PG&E of any increases in the Relocation Cost Increase due to the requirements of MID, the City or the CPUC. Any other increase in the amount of the Relocation Cost Increase not required by MID, the City or the CPUC shall require PG&E's approval, which shall be subject to the same terms in Section 6(a)(i) applicable to PG&E's approval of the initial Relocation Cost Increase. After allocating the Relocation Cost Increase to PG&E as provided in this Section 6(a)(ii), the remaining balance of the Actual Reimbursement Costs shall be shared among the parties as provided above in Section 6(a)(i). If the relocation of the 24-Inch Pipeline, as provided herein, results in a cost savings to Lyons Cattle, the Actual Reimbursement Costs shall be reduced accordingly. In addition to providing notice as required in Section 16 below, all notices to PG&E pursuant to this Section 6(a)(ii) shall be sent on the same day via email to Tom Crowley at [tf8@pge.com](mailto:tf8@pge.com) and to Robert Hoskins at [RobertH@roebbelen.com](mailto:RobertH@roebbelen.com), or to such other email addresses as PG&E may from time to time designate by notice given in accordance with Section 16.

(b) **Construction Costs Without Reimbursement.** PG&E shall not be obligated to reimburse Lyons Cattle for costs associated with the installation of any pipelines other than the 24-Inch Pipeline, including any costs associated with the installation of the 18-Inch Pipeline, which shall be paid solely by Lyons Investments. PG&E shall install the PG&E Drainage Line and the PG&E Domestic Water Line at its sole cost and expense, without reimbursement by Lyons Cattle or Lyons Investments.

## **7. Use and Maintenance.**

(a) **General Maintenance Responsibilities.** Lyons Investments, at its expense, shall at all times Maintain those portions of the 24-Inch Pipeline and the 18-Inch Pipeline located on the Investments Parcel, and that portion of the 18-Inch Pipeline located in the Pipelines Easement Area (subject to its right to discontinue use of the 18-Inch Pipeline as provided below), in good condition and repair and in accordance with all Applicable Laws. PG&E, at its expense, shall at all times Maintain the 24-Inch Pipeline and the Roadway (subject to

reimbursement as provided below), the PG&E Drainage Line, and the PG&E Domestic Water Line in the Pipelines Easement Area and on Substation Parcel 2 (if the 24-Inch Pipeline is located on Substation Parcel 2) in good condition and repair and in accordance with all Applicable Laws. Notwithstanding the preceding sentence, if any warranty shall be in effect respecting Maintenance of the 24-Inch Pipeline or the Roadway, Lyons Cattle agrees, at PG&E's election, either (i) to reasonably cooperate with PG&E's efforts to enforce any applicable warranties or (ii) to enforce such warranties against the applicable contractors or engineers. Lyons Investments and PG&E agree to share the attorneys' fees and costs incurred in connection with enforcing any warranties in accordance with their respective Shares. The party owing reimbursement of such attorneys' fees and costs shall pay the amount due to the other party within thirty (30) days after demand accompanied by reasonable supporting documentation. If PG&E performs Maintenance on the 24-Inch Pipeline and/or the Roadway in the Pipelines Easement Area, or on Substation Parcel 2 (if the 24-Inch Pipeline is located on Substation Parcel 2), Lyons Investments shall reimburse PG&E for Lyons Investments' Share (subject to the terms below) of PG&E's reasonable costs of such Maintenance within thirty (30) days of Lyons Investments' receipt of PG&E's bill for same, accompanied by reasonably detailed substantiation of such costs. Nothing contained in this Agreement shall be interpreted to require Lyons Investments to Maintain the 18-Inch Pipeline if instead Lyons Investments discontinues use of the 18-Inch Pipeline and caps it off on the Investments Parcel.

(b) **Right to Cure Maintenance Defaults.** If PG&E fails to Maintain the 24-Inch Pipeline and/or the Roadway in the Pipelines Easement Area or on Substation Parcel 2 (if the 24-Inch Pipeline is located on Substation Parcel 2), or if Lyons Investments fails to Maintain the 18-Inch Pipeline in the Pipelines Easement Area (but subject to its right to discontinue use of the 18-Inch Pipeline as provided below), the other Owner ("**Repairing Owner**") may perform such Maintenance upon terms set forth above. The Repairing Owner shall provide the other Owner with at least ten (10) business days' prior written notice of such Maintenance (except in the event of an Emergency, in which case such notice as is reasonable under the circumstances shall be provided). Said notice shall describe the purpose of the Maintenance, the persons performing the Maintenance, including the names of any contractors performing Maintenance, the date on which the Maintenance will commence, and the estimated duration of such Maintenance. If the other Owner receiving such notice from the Repairing Owner fails to commence Maintenance within said ten (10) business day period (and thereafter diligently prosecute the Maintenance to completion), the Repairing Owner may commence such Maintenance. All Maintenance work, once commenced, shall be diligently pursued until completion and all labor and material costs shall be paid in a timely and proper manner. The other Owner shall reimburse the Repairing Owner for all reasonable expenses incurred by the Repairing Owner pursuant to this Section 7(b) within thirty (30) days after demand accompanied by reasonable supporting documentation.

(c) **Equitable Adjustment to Cost Allocation.** Notwithstanding anything to the contrary herein, the allocation of the cost of Maintenance shall be equitably adjusted in the following situations:

(i) **Damage to Easements and Improvements.** In the event that any damage to, or destruction of, any of the Parcels or improvements thereon is caused by the willful misconduct or negligent act or omission of any Owner or its employees, agents or contractors acting within the scope of their employment, agency or duties, all reasonable costs and expenses incurred in connection with repairing such damage or destruction (to the extent not compensated by insurance proceeds) shall be the sole responsibility of such Owner.

(ii) **Expenses Incurred in Gaining Owner Compliance.** In the event that costs or expenses are incurred to perform Maintenance that an Owner responsible for the work has failed to undertake or complete in a timely fashion pursuant to Section 7(b) above; or in the event that costs or expenses are incurred to bring a Defaulting Owner and/or its Parcel into compliance with any provision of this Agreement, whether pursuant to Section 8 below or otherwise, the amount incurred shall be the sole responsibility of the Owner failing to perform its Maintenance obligations or the Defaulting Owner, as the case may be.

**8. Right to Cure Non-Maintenance Defaults.** Any Owner (the "**Non-Defaulting Owner**") may give another Owner (the "**Defaulting Owner**") written notice ("**Default Notice**") of the necessity to perform any obligation required to be performed by the Defaulting Owner under this Agreement, other than Maintenance obligations, which shall be governed by Section 7(b) above. The Defaulting Owner shall cure the default identified in the Default Notice within thirty (30) days after receipt of the Default Notice (or in the case of an Emergency, as soon as possible under the circumstances); provided, however, that if the nature of the default reasonably requires more than thirty (30) days to cure, then the Defaulting Owner shall not be in default (and the Non-Defaulting Owner shall have no right to take any action to cure the default) if the Defaulting Owner commences cure of the default identified in the Default Notice within such thirty (30) day period and thereafter diligently prosecutes the same to completion. If the Defaulting Owner shall fail to perform its obligations in the time required, then the Non-Defaulting Owner shall have the right, but not the obligation, to cure the default identified in the Default Notice. If a Non-Defaulting Owner takes action pursuant to this Section 8, the Defaulting Owner shall reimburse the Non-Defaulting Owner for all reasonable expenses incurred by the Non-Defaulting Owner in connection with such action within thirty (30) days after demand accompanied by reasonable supporting documentation.

**9. Use Restrictions.** Owners of Parcels encumbered by the Easements shall not take or permit any actions that would adversely affect the Easements located on their respective Parcels or the uses thereof. Without limiting the generality of the foregoing, no improvement, excavation, or work that in any way alters or affects the Easements or their uses shall be made or done, except in accordance with this Agreement. In addition, Owners and their respective employees, agents and contractors shall not park vehicles or place or store their personal property within the Pipelines Easement Area if such actions would interfere with the Pipelines Easement. Further, no buildings or structures of any kind shall be allowed within the Pipelines Easement Area, except facilities or improvements consistent with the Pipelines Easement and the provisions established herein.

**10. Entry Onto PG&E Parcel and Substation Parcel 2.** Entry by Lyons Cattle or Lyons Investments onto the PG&E Parcel and Substation Parcel 2 (if the 24-Inch Pipeline is located on Substation Parcel 2) shall be pursuant to the terms and conditions of a license agreement mutually agreeable to the parties, except any entry onto the PG&E Parcel by Lyons Investments pursuant to Section 7(b) or Section 8 shall not require prior issuance of a license from PG&E; provided that Lyons Investments shall use commercially reasonable efforts to coordinate with PG&E any entry by Lyons Investments or its contractors onto the PG&E Parcel and to minimize any interference with PG&E's use of the PG&E Parcel. In addition, Lyons Investments and any contractors entering the PG&E Parcel pursuant to Section 7(b) or Section 8 shall have in effect commercially reasonable commercial general liability insurance (on an occurrence basis).

**11. Rights Reserved by PG&E.** Notwithstanding anything to the contrary contained in this Agreement, Lyons Cattle and Lyons Investments expressly acknowledge and agree that PG&E reserves the right (a) to construct and Maintain the PG&E Domestic Water Line over, across,

on, under and through a portion of the Pipelines Easement Area, (b) to install and Maintain the PG&E Telecommunications Line over, across, on, under and through a portion of the Pipelines Easement Area, and (c) to construct and Maintain a driveway or other access from the PG&E Parcel to the Substation Parcels over, across, on, under and through a portion of the Pipelines Easement Area, together with the right of access for personnel, vehicles and equipment necessary to achieve such uses and purposes, provided that such actions by PG&E shall not unreasonably interfere with or adversely affect the Pipelines Easement. Without limiting the generality of the foregoing, PG&E may construct fences, gates, walls or other barriers around, in or on the Pipelines Easement Area, provided that PG&E furnishes Lyons Investments with a key or code for access and such barriers do not unreasonably interfere with Lyons Investments' exercise of its rights hereunder. Any entry by Lyons Investments onto the PG&E Parcel or Substation Parcel 2 (if the 24-Inch Pipeline is located on Substation Parcel 2) shall be in accordance with Section 10 above.

**12. Attorneys' Fees.** If any Owner shall bring an action to enforce its rights under this Agreement, or relating to the interpretation hereof, whether for declaratory or other relief, the prevailing Owner or Owners in any such action shall be entitled to recover reasonable attorneys' fees and all costs, expenses and disbursements that the prevailing party incurred in connection with such proceeding and any appeal thereof (including, but not limited to, the reasonable costs of discovery, investigation, preparation for trial, professional or expert consultation and testimony). A party shall be deemed to have prevailed in any such action (without limiting the generality of the foregoing) if such action is dismissed upon the payment by the other party of the sums allegedly due or the performance of obligations allegedly not complied with, or if such party obtains substantially the relief sought by it in the action, irrespective of whether such action is prosecuted to judgment. The costs to which the prevailing party is entitled shall include all costs that are allowable under any applicable statute, including Code of Civil Procedure Sections 1032 and 1033.5, as well as non-statutory costs, including costs of investigation, copying costs, electronic discovery costs, electronic research costs, telephone charges, mailing and delivery charges, information technology support charges, consultant and expert witness fees and costs, travel expenses, court reporter fees, transcripts of court proceedings not ordered by the court, mediator fees and attorneys' fees incurred in discovery, contempt proceedings, and bankruptcy, insolvency, liquidation and reorganization proceedings. The non-prevailing party shall also pay the attorneys' fees and costs incurred by the prevailing party in any post-judgment proceedings to collect and enforce the judgment. For purposes hereof, the weighted labor rates of PG&E's in-house attorneys who perform services in connection with any such action are recoverable. Any such fees and costs incurred prior to judgment, award, or decree may be included in any judgment, award or decree entered in such proceeding in favor of the prevailing party. Any such fees, costs and expenses incurred by the prevailing party in enforcing a judgment, award or decree in its favor shall be recoverable separately from and in addition to any other amount included in such judgment, award or decree. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

**13. Recordation, Covenants Running With the Land and Equitable Servitudes.** This Agreement shall be recorded in the Official Records of Merced County, California. The Easements, covenants, rights, duties, benefits and burdens described herein shall constitute covenants running with the land pursuant to California Civil Code section 1468 and equitable servitudes that benefit and bind the Parcels and each Owner and successive Owner thereof. Without limiting the generality of the foregoing, the Pipelines Easement shall be a benefit to the Investments Parcels and shall be a burden on the PG&E's Parcel, and PG&E's right to connect

to and use the 24-Inch Pipeline shall be a benefit to the PG&E Parcel and shall be a burden on the Investments Parcel. The Easements shall not be extinguished by the doctrine of merger.

**14. Rights of Third Parties.** Lyons Investments and PG&E may agree to allow owners of other parcels in the vicinity of the Property to use the 24-Inch Pipeline for the conveyance of storm water and irrigation water, but only upon terms and conditions acceptable to both parties. In such case, such third parties shall have the right to use the 24-Inch Pipeline for such conveyance, provided such uses do not interfere with or adversely affect the Easement rights granted under this Agreement. The granting of the right to use the 24-Inch Pipeline to third parties shall be evidenced by a recorded document. If owners of other parcels in the vicinity of the Property are permitted to use the 24-Inch Pipeline, then PG&E's Share and Lyons Investments' Share shall be recalculated by dividing the square footage of the PG&E Parcel and Investments Parcel by the square footage of all of the property benefitting from use of the 24-Inch Pipeline, and multiplying each such quotient by 100, provided that in no event shall PG&E's Share or Lyons Investments' Share exceed the percentages set forth in Sections 2(e) and 2(m). In such event, PG&E and Lyons Investments shall be entitled to a refund of the construction costs paid by PG&E and Lyons Investments, based upon PG&E's Share and Lyons Investments' Share, as revised. Such refund shall be paid by Lyons Cattle or Lyons Investments to PG&E or by PG&E to Lyons Cattle within thirty (30) days after Lyons Cattle or Lyons Investments receives payment or PG&E receives payment by such third party for its proportionate share of such construction costs. After such inclusion of a third party in the construction costs for the 24-Inch Pipeline, any future Maintenance costs for the 24-Inch Pipeline shall be proportionately shared by PG&E, Lyons Investments and such third party.

**15. Dispute Resolution Procedures.**

(a) **Cooperation.** The parties shall endeavor to resolve all matters and disputes through mutual cooperation.

(b) **Mediation of Disputes; Negotiation; Mediation.** Except as provided in this Section 15(b), the parties agree to first negotiate and then mediate with respect to any claim or dispute arising out of or relating to this Agreement, before resorting to court action. Any party may initiate settlement negotiations by providing written notice to the other parties, setting forth the subject of the claim or dispute. The parties agree to cooperate in scheduling negotiations and to participate in the settlement negotiations in good faith. If the parties fail to settle such claim or dispute within thirty (30) days after the date of mailing of the notice initiating settlement negotiations or within such additional time period as the parties may agree in writing, the parties agree to submit the matter to JAMS for mediation within thirty (30) days thereafter. Any party may commence mediation by providing to JAMS and the other parties a written request for mediation, setting forth the subject of the claim or dispute and the relief requested (the "**Mediation Notice**"). Except as provided herein or by written agreement of the parties, the mediation shall be conducted in Modesto pursuant to the JAMS rules. The parties will cooperate in selecting a mediator from the JAMS panel of neutrals, and in scheduling the mediation proceedings. If the parties do not select a mediator within thirty (30) days of the Mediation Notice, the parties agree that a party may request that JAMS in San Francisco, California, facilitate the choice of mediator by applying the "strike and rank" process used for appointment of arbitrators in arbitration proceedings, or to appoint a mediator, if necessary, and the parties agree to the appointment of such mediator as so selected. The parties agree to participate in the mediation in good faith, and to share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, its employees, agents, experts and attorneys, and by the mediator and any other



JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If JAMS should no longer exist at the time the claim or dispute arises, the matter shall be submitted to its successor entity, or if there is no such successor entity, to the American Arbitration Association or other similar organization mutually agreed upon by the parties, and except as provided herein or by mutual agreement of the parties, the mediation rules of such successor or alternate organization shall apply. Except as may be expressly set forth in any written settlement agreement, should the matter be settled by negotiation or mediation before commencing court action, each party shall pay its own attorneys' fees and costs. Except as provided below, no party may commence an action arising out of or relating to this Agreement until expiration of the negotiation period and completion of the initial mediation session in accordance with this Section. If a party commences an action with respect to a claim or dispute covered by this Section without first attempting to resolve the matter through negotiation and mediation, or refuses to negotiate or mediate after a request has been made, then that party shall not be entitled to recover attorneys' fees and costs, even if such fees and costs would otherwise be available to that party in such action. A party may seek equitable or provisional relief to preserve the status quo before participating in the negotiation and mediation proceedings required pursuant to this Section. In addition, matters that are within the jurisdiction of probate, small claims, or bankruptcy court are excluded from mandatory negotiation and mediation hereunder. The provisions of this Section may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all fees and costs, including reasonable attorneys' fees, to be paid by the party or parties against which enforcement is ordered. The covenants of the parties contained in this Section shall survive the termination of this Agreement.

**16. Notices.** All notices or other communications required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier, such as FedEx or UPS, with charges prepaid for next business day delivery, addressed to the Owners as follows:

If to Lyons Cattle: Lyons Land and Cattle, Inc.  
10555 Maze Boulevard  
Modesto, CA 95358  
Attn: William J. Lyons, Jr., Secretary

With a concurrent copy to:

AIM Property Management  
1212 K Street  
Modesto, CA 95354  
Attn: Mark Purdom

And:

Michael A. Rein, Esq.  
Rein & Rein  
520 13th Street  
Modesto, CA 95354

If to Lyons  
Investments:

c/o Lyons Investment Management, LLC  
10555 Maze Boulevard  
Modesto, CA 95358  
Attn: William J. Lyons, Jr., CEO

With concurrent copies to:

AIM Property Management  
1212 K Street  
Modesto, CA 95354  
Attn: Mark Purdom

And:

Michael A. Rein, Esq.  
Rein & Rein  
520 13<sup>th</sup> Street  
Modesto, CA 95354

If to PG&E:

If by certified mail, return receipt requested:

Corporate Real Estate Transactions Department  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code N15G  
San Francisco, CA 94177

With a concurrent copy to:

Law Department  
Pacific Gas and Electric Company  
P.O. Box 7442  
San Francisco, CA 94120  
Attn: Managing Counsel,  
Commercial and Environmental Group (Corporate Real  
Estate)

If by personal delivery or overnight courier:

Corporate Real Estate Transactions Department  
Pacific Gas and Electric Company  
245 Market Street, Room 1550  
San Francisco, CA 94105

With a concurrent copy to:

Law Department  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B30A  
San Francisco, CA 94105  
Attn: Managing Counsel,  
Commercial and Environmental Group (Corporate Real  
Estate)

The date of any notice or communication shall be the date of receipt, provided that rejection or other refusal to accept delivery or the inability to deliver because of a change in address of which no notice was given shall be deemed to constitute receipt of the notice, demand, request or communication sent. Any Owner may change its address for notice by giving notice to the other Owner(s) in accordance with this Section 16.

**17. 1992 Easement.** This Agreement amends and supplements the grant and reservation of easements contained in that certain Grant Deed and Grant and Reservation of Easements recorded in the Official Records of Merced County, California on August 5, 1992 at Book 3022 Page 601, (the "**1992 Easement**"). To the extent this Agreement and the 1992 Easement are inconsistent, this Agreement shall govern.

**18. General Provisions.**

(a) **No Mechanics' Liens.** Each Owner shall keep the Parcels of other Owners free and clear of all mechanics', material suppliers' or similar liens in connection with any activities undertaken by such Owner pursuant to this Agreement. If any lien is filed against the Parcel of another Owner, the Owner responsible for such lien shall remove the same within thirty (30) days after demand, by payment of the claim or recordation of a lien release bond pursuant to California Civil Code Section 8424 or any successor statute.

(b) **Interpretation.** All of the covenants, conditions, and restrictions of this Agreement shall be construed together to promote and effectuate the full use of the Easements as contemplated in this Agreement. This Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. Unless the context clearly requires otherwise: (i) the plural and singular shall each be deemed to include the other; (ii) the masculine, feminine, and neuter genders shall each be deemed to include the others; (iii) "shall," "will," or "agrees" are mandatory, and "may" is permissive; (iv) "or" is not exclusive; (v) "include," "includes," and "including" are not intended to be restrictive, and lists following such words shall not be interpreted to be exhaustive or limited to items of the same type as those enumerated; and (vi) "days" means calendar days, except if the last day for performance occurs on a Saturday, Sunday, or any legal holiday, then the next succeeding business day shall be the last day for performance.

(c) **Provisions Severable.** Notwithstanding the provisions of subsection 18(b) above, if any provision of this Agreement shall be held to be unenforceable or invalid for any reason, it shall be adjusted rather than voided, if possible, to achieve the intent of the parties to the extent possible. In any event, the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(d) **Captions.** All captions or titles used in this Agreement are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.

(e) **Waivers.** Failure to enforce any provision hereof shall not constitute a waiver of the rights to enforce that provision in a subsequent application or any other provision hereof, and no waiver shall be valid unless in writing and executed by the waiving Owner. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

(f) **Entire Agreement.** The 1992 Easement, together with this Agreement and the Exhibits attached hereto, contain the entire agreement among the parties as to the subject matter hereof. The terms of this Agreement may not be modified or amended, except by a writing executed by all then current Owners.

(g) **No Dedication; No Obligations to Third Parties.** Nothing contained in this Agreement shall be deemed to be a gift or dedication of land or rights to the general public. Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon other parties, nor obligate any of the Owners to any person or entity other than the Owners hereto.

(h) **No Partnership.** The parties do not intend to form a partnership herein, and no party may bind the other party to a third party. Lyons Cattle and Lyons Investments are separate and distinct entities and shall not be jointly or severally liable for the other's obligations and liabilities herein.

(i) **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

(j) **Applicable Law.** This Agreement shall be governed by and construed in accordance with California law.

(k) **Time is of Essence.** Time is of the essence in this Agreement and every provision herein.

(l) **Further Cooperation.** The Owners agree to prepare and execute the necessary documents and to perform those other things reasonably required to effect the intent of this Agreement.

(m) **Exhibits.** The following exhibits are attached hereto and are deemed to be incorporated herein by reference.

Exhibit A-1 – Investments Parcel Legal Description

Exhibit A-2 – Cattle Parcel Legal Description

Exhibit B – PG&E Parcel Legal Description

Exhibit C-1 – Substation Parcel 1 Legal Description

Exhibit C-2 – Substation Parcel 2 Legal Description

Exhibit D – Depiction of Parcels and Pipeline Easement Area

Exhibit E – Legal Description of Pipelines Easement Area

Exhibit F – Approximate Location of PG&E Domestic Water Line and PG&E Telecommunications Line

(n) **No Offsets.** Lyons Investments and Lyons Cattle acknowledge that PG&E is executing this Agreement in its capacity as the owner of the PG&E Parcel, and not in its capacity as a public utility company or provider of electricity and natural gas. Notwithstanding anything to the contrary contained herein, no act or omission of PG&E or its employees, agents or contractors as a provider of electricity and natural gas shall abrogate, diminish, or otherwise affect the respective rights, obligations and liabilities of PG&E and Lyons Investments and Lyons Cattle under this Agreement. Further, Lyons Investments and Lyons Cattle covenants not to raise as a defense to its obligations under this Agreement, or assert as a counterclaim or cross-claim in any litigation or arbitration between PG&E and Lyons Investments and Lyons Cattle relating to this Agreement, any claim, loss, damage, cause of action, liability, cost or expense (including, but not limited to, attorneys' fees) arising from or in connection with PG&E's provision of (or failure to provide) electricity and natural gas.

(o) **Enforcement.** Each party hereunder shall have the right to enforce by proceedings at law or in equity, all restrictions and covenants now or hereafter imposed by the provisions of this Agreement or any amendment thereto, including the right to prevent the violation of any such restrictions and covenants, and injunctive relief to recover damages and other amounts due in connection with such violation.

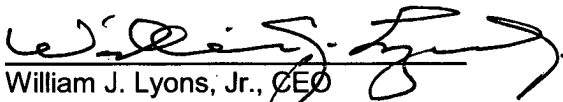
(p) **Cumulative Remedies.** All rights, options and remedies of each Owner under this Agreement are cumulative and not one of them shall be exclusive of any other. Each Owner shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief that may be provided by law or in equity, whether or not stated in this Agreement.

*(signatures are on the following page)*

IN WITNESS WHEREOF, the parties have executed this Agreement on the respective dates below their signatures, to be effective as of the Effective Date.

LYONS INVESTMENTS, L.P.,  
a California limited partnership

By: Lyons Investments Management, LLC,  
a California limited liability company,  
General Partner

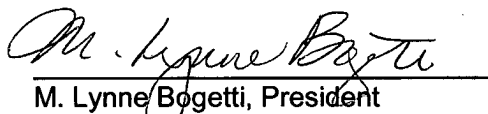
By:   
William J. Lyons, Jr., CEO

Date: 12-27-17

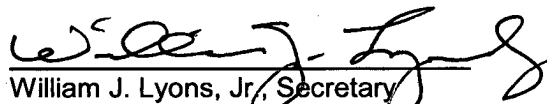
By:   
Edward M. Lyons, Member

Date: 12-27-17

LYONS LAND AND CATTLE, INC.,  
a California corporation

By:   
M. Lynne Bogetti, President

Date: 12-27-2017

By:   
William J. Lyons, Jr., Secretary

Date: 12-27-17

By:   
Edward M. Lyons, Treasurer

Date: 12-27-17

(Signatures Continue on Next Page)

PACIFIC GAS AND ELECTRIC COMPANY,  
a California corporation

By: 

Kenneth C. Buck  
Director, CRESS Program Planning

Date: 12.22.17

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

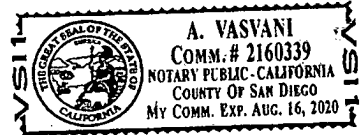
State of California §  
County of SAN DIEGO §

On Dec 22, 2017 before me, A. VASVANI, Notary Public, personally appeared KENNETH C. BUCK, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/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 the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California §  
County of \_\_\_\_\_ §

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/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 the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

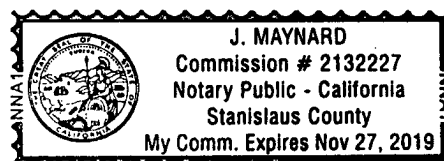
State of California §  
County of Stanislaus §

On 12-27-17 before me, J. Maynard, Notary Public, personally appeared William J. Lyons, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/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 the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature J. Maynard



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

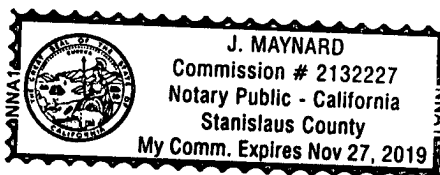
State of California §  
County of Stanislaus §

On 12-27-17 before me, J. Maynard, Notary Public, personally appeared Edward M. Lyons, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/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 the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature J. Maynard



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

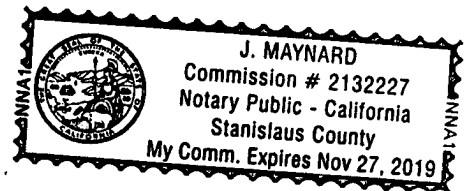
State of California §  
County of Stanislaus §

On 12-27-17 before me, J. Maynard, Notary Public, personally appeared M. Lynn Bogert, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/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 the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature J. Maynard



**EXHIBIT A-1**

**"INVESTMENTS PARCEL"**

**LEGAL DESCRIPTION:**

All that certain real property situate in the southwest quarter of Section 26, Township 7 South, Range 14 East, Mount Diablo Base and Meridian, in the City of Merced, County of Merced, State of California, described as follows:

**PARCEL ONE:**

LOT 1 AS SHOWN ON THE "MAP OF GRIMES SUBDIVISION NO. 1" FILED IN BOOK 9 OF OFFICIAL PLATS AT PAGE 19, MERCED COUNTY RECORDS.

**PARCEL 2:**

THAT PORTION OF LOTS 2 AND 3 AS SHOWN ON THE "MAP OF GRIMES SUBDIVISION NO. 1" FILED IN BOOK 9 OF OFFICIAL PLATS AT PAGE 19, MERCED COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 2; THENCE SOUTHERLY ALONG THE EASTERLY BOUNDARY OF LOT 2, A DISTANCE OF 826.72 FEET; THENCE WESTERLY 865.58 FEET, MORE OR LESS, ALONG A PARALLEL LINE TO THE NORTHERLY LINE OF SAID LOTS 2 AND 3 TO A POINT IN THE CENTER LINE OF KIBBY ROAD, A 60 FOOT ROAD, AS CONVEYED TO COUNTY OF MERCED BY DEED RECORDED MAY 02, 1944 IN BOOK 776, PAGE 37, OFFICIAL RECORDS; THENCE NORTHERLY 826.72 FEET ALONG THE CENTER LINE OF KIBBY ROAD TO THE NORTHERLY LINE OF SAID LOT 3, THENCE EASTERLY ALONG THE NORTHERLY LINE OF SAID LOT 3, 865.68 FEET TO THE POINT OF BEGINNING.

Assessor's Parcel No.: 061-033-024

**EXHIBIT A-2**

**"CATTLE PARCEL"**

**LEGAL DESCRIPTION:**

All that certain real property situate in the southwest quarter of Section 26, Township 7 South, Range 14 East, Mount Diablo Base and Meridian, in the City of Merced, County of Merced, State of California, described as follows:

THE "REMAINDER" PARCEL AS SHOWN ON THAT CERTAIN PARCEL MAP FILED FOR RECORD ON OCTOBER 22, 1991 IN BOOK 70 OF PARCEL MAPS AT PAGE 25, MERCED COUNTY RECORDS.

Assessor's Parcel No.: 061-033-023

**EXHIBIT B**

**"PG&E PARCEL"**

**LEGAL DESCRIPTION:**

All that certain real property situate in the southwest quarter of Section 26, Township 7 South, Range 14 East, Mount Diablo Base and Meridian, in the City of Merced, County of Merced, State of California, described as follows:

THE "REMAINDER" PARCEL AS SHOWN ON THAT CERTAIN PARCEL MAP FILED FOR RECORD ON OCTOBER 22, 1991 IN BOOK 70 OF PARCEL MAPS AT PAGE 25, MERCED COUNTY RECORDS.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PORTION THEREOF:

BEGINNING AT THE NORTHWEST CORNER OF PARCEL 1 AS SHOWN ON THE ABOVE REFERENCED PARCEL MAP; THENCE NORTH 00°26'15" EAST ALONG THE NORTHERLY EXTENSION OF THE WEST LINE OF SAID PARCEL 1 A DISTANCE OF 134.00 FEET; THENCE NORTH 89°16'00" EAST PARALLEL WITH THE NORTH LINE OF SAID PARCEL 1 A DISTANCE OF 650.00 FEET TO A POINT ON THE EAST LINE OF SAID "REMAINDER" PARCEL; THENCE SOUTH 00°26'15" WEST ALONG SAID EAST LINE A DISTANCE OF 134.00 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 1; THENCE SOUTH 89°16'00" WEST ALONG THE NORTH LINE OF SAID PARCEL 1 A DISTANCE OF 650.00 FEET TO THE POINT OF BEGINNING.

Assessor's Parcel No.: Portion of 061-033-023

**EXHIBIT C-1**

**"SUBSTATION PARCEL 1"**

**LEGAL DESCRIPTION:**

All that certain real property situate in the southwest quarter of Section 26, Township 7 South, Range 14 East, Mount Diablo Base and Meridian, in the City of Merced, County of Merced, State of California, described as follows:

Beginning at a point in the Westerly boundary line of Calimyrna Drive in the Southwest quarter of Section 26, Township 7 South, Range 14 East, Mount Diablo Base and Meridian, in the City of Merced, County of Merced, State of California, according to the Official Plat thereof, said point of beginning being distant on a course South 89° 32' West, 20.0 feet from a point which said last mentioned point is distant South 0° 34' West, 133.0 feet from the Northeast corner of said Southwest quarter of said Section 26; thence from said point of beginning, running South 0° 34' West, a distance of 2489.0 feet along said Westerly boundary line of Calimyrna Drive to a point in the Northerly boundary line of Childs Avenue; thence from said last mentioned point, running South 89° 32' West, a distance of 700.0 feet along said Northerly boundary line of Childs Avenue to a point; thence running North 0° 34' East, a distance of 2489.0 feet to a point in the Southerly boundary line of the right of way belonging to the Atchison Topeka and Santa Fe Railway; thence running North 89° 32' East, a distance of 700.0 feet along said Southerly boundary line of said right of way belonging to the Atchison Topeka and Santa Fe Railway, to the point or place of beginning.

EXCEPTING THEREFROM the following described parcel:

Beginning at a point in the Westerly boundary line of Calimyrna Drive in the Southwest quarter of Section 26, Township 7 South, Range 14 East, Mount Diablo Base and Meridian, in the City of Merced, County of Merced, State of California, according to the Official Plat thereof, said point of beginning being distant on a course South 89° 32' West, 20.0 feet from a point, which said last mentioned point is distant South 0° 34' West 973.0 feet from the Northeast corner of said Southwest quarter of said Section 26; thence from said point of beginning running South 0° 34' West, a distance of 1649.0 feet along said Westerly boundary line of Calimyrna Drive to a point in the Northerly boundary line of Childs Avenue; thence from said last mentioned point running South 89° 32' West, a distance of 700.0 feet along said Northerly boundary line of Childs Avenue, to a point; thence running North 0° 34' East, a distance of 1649.0 feet to a point; thence from said last mentioned point running North 89° 32' East, a distance of 700.0 feet to the point or place of beginning.

Assessor's Parcel No.: 061-033-025

**EXHIBIT C-2**

**"SUBSTATION PARCEL 2"**

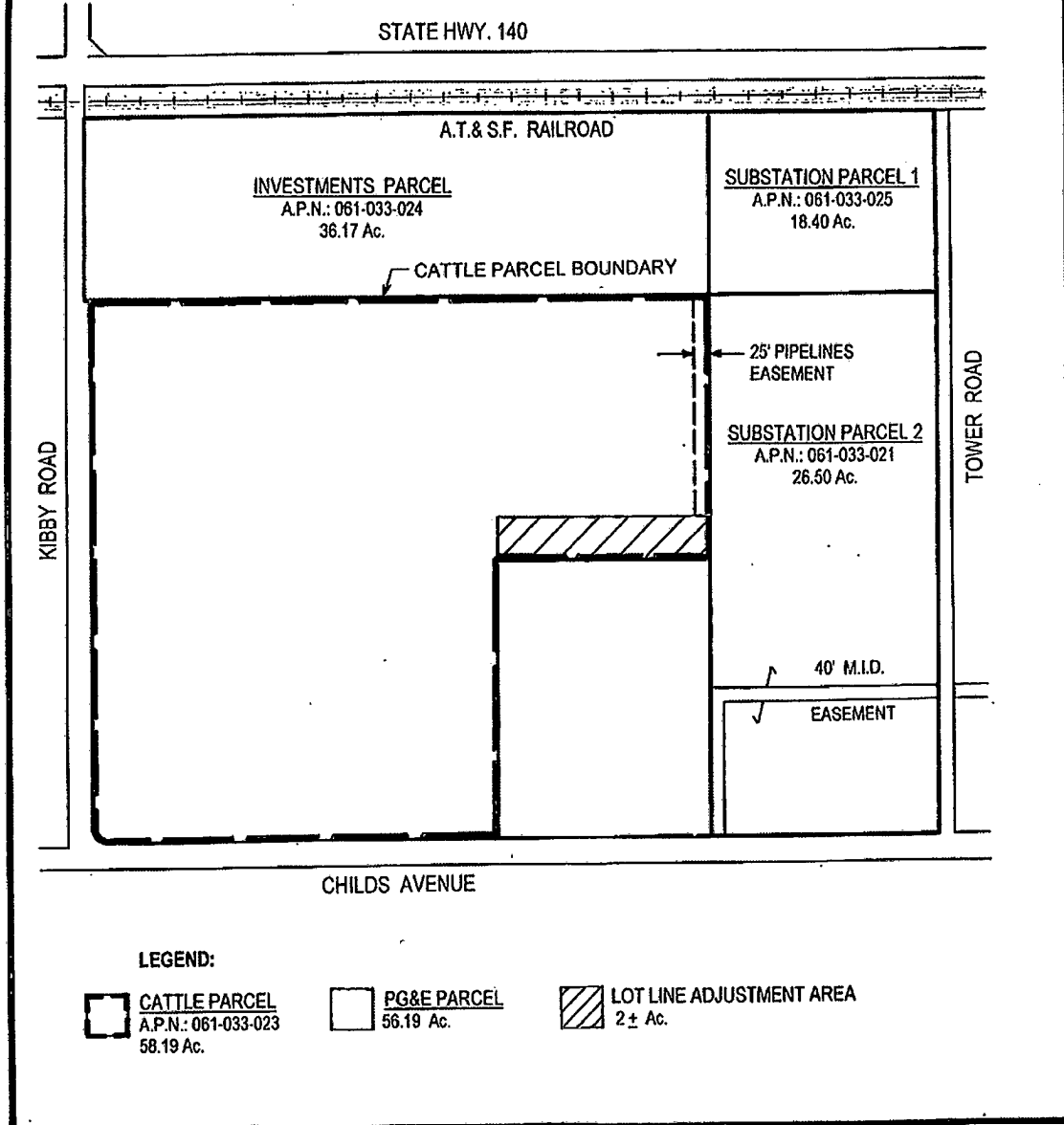
**LEGAL DESCRIPTION:**

All that certain real property situate in the southwest quarter of Section 26, Township 7 South, Range 14 East, Mount Diablo Base and Meridian, in the City of Merced, County of Merced, State of California, described as follows:


Beginning at a point in the Westerly boundary line of Calimyrna Drive in the Southwest quarter of Section 26, Township 7 South, Range 14 East, Mount Diablo Base and Meridian, in the City of Merced, County of Merced, State of California, according to the Official Plat thereof, said point of beginning being distant on a course South 89° 32' West, 20.0 feet from a point, which said last mentioned point is distant South 0° 34' West 973.0 feet from the Northeast corner of said Southwest quarter of said Section 26; thence from said point of beginning running South 0° 34' West, a distance of 1649.0 feet along said Westerly boundary line of Calimyrna Drive to a point in the Northerly boundary line of Childs Avenue; thence from said last mentioned point running South 89° 32' West, a distance of 700.0 feet along said Northerly boundary line of Childs Avenue, to a point; thence running North 0° 34' East, a distance of 1649.0 feet to a point; thence from said last mentioned point running North 89° 32' East, a distance of 700.0 feet to the point or place of beginning.


Assessor's Parcel No.: 061-033-021


NOTE: THIS EXHIBIT IS FOR ILLUSTRATIVE PURPOSES ONLY.



LEGEND:

 **CATTLE PARCEL**  
A.P.N.: 061-033-023  
58.19 Ac.

 **PG&E PARCEL**  
56.19 Ac.

 **LOT LINE ADJUSTMENT AREA**  
2± Ac.

BY: M.D.  
DATE: DECEMBER, 2017  
SHEET NO. 1 OF 1

**EXHIBIT 'D'**

**PIPELINES EASEMENT - RECIPROCAL EASEMENT AGMT.**



**PLAN-TECH**

920 THIRTEENTH STREET ▽ SUITE #4  
MODESTO, CA 95354 ▽ (209) 572-4206



**EXHIBIT 'E'**

**EASEMENT LEGAL DESCRIPTION**

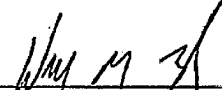
**PORTION OF APN: 061-033-023**

All that certain piece or parcel of land situated in the County of Merced, State of California, lying within the Southwest quarter of Section 26, Township 7 South, Range 14 East, Mount Diablo Meridian, described as follows:

Being a 25 foot wide strip of land which lies along the east boundary of the "Remainder" parcel as shown on the Parcel Map filed for record in Book 70 of Parcel Maps, at Pages 24 and 25, Office of the Merced County Recorder, and extending from the north line of said "Remainder" parcel to a line that is parallel to and 134 feet north of the north line of Parcel 1 as shown on said Parcel Map.

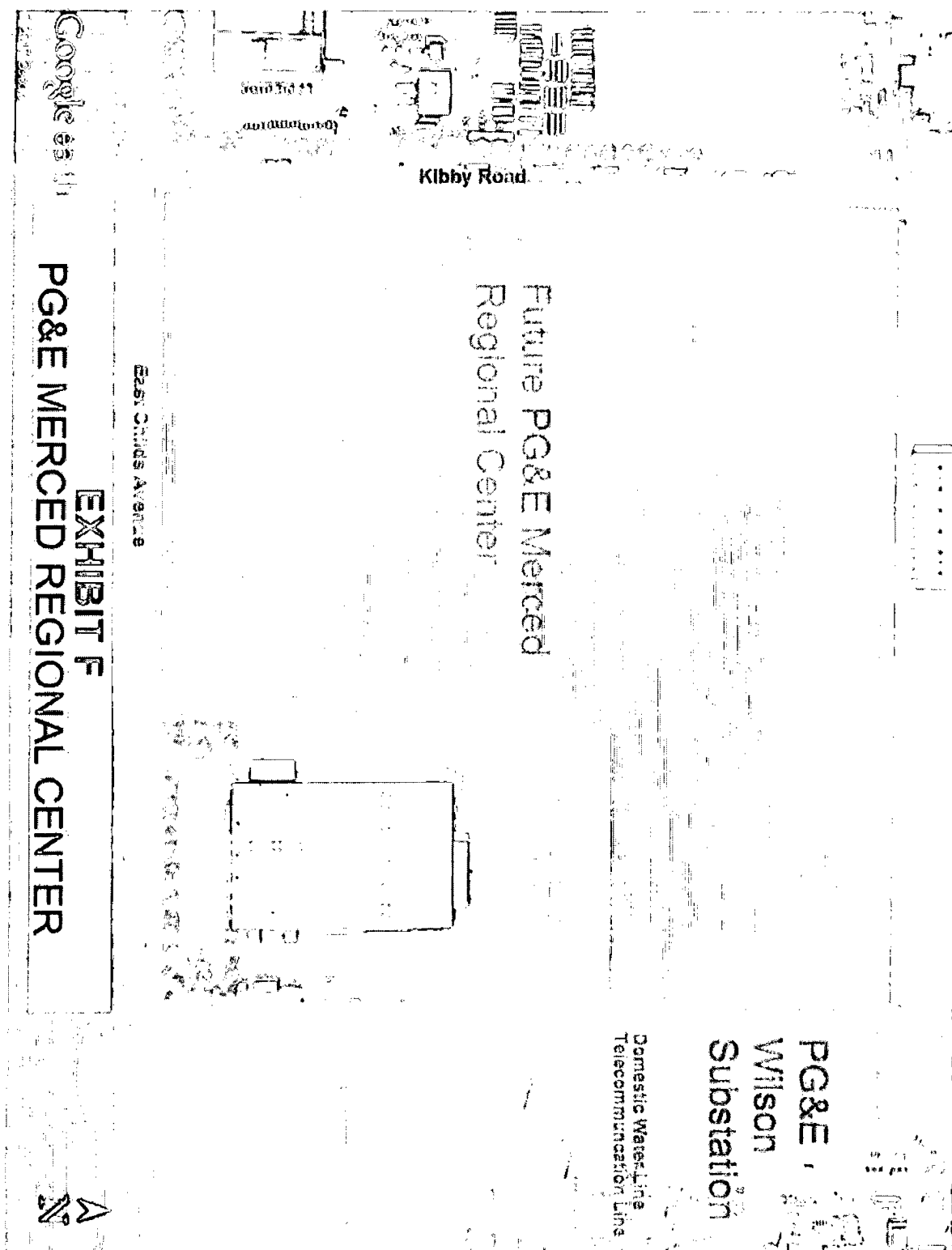
**END DESCRIPTION**

This real property description has been prepared by me, or under my direction, in conformance with the requirements of the Professional Land Surveyor's Act.

  
\_\_\_\_\_  
William M. Koch  
Professional Land Surveyor  
California No. 8092

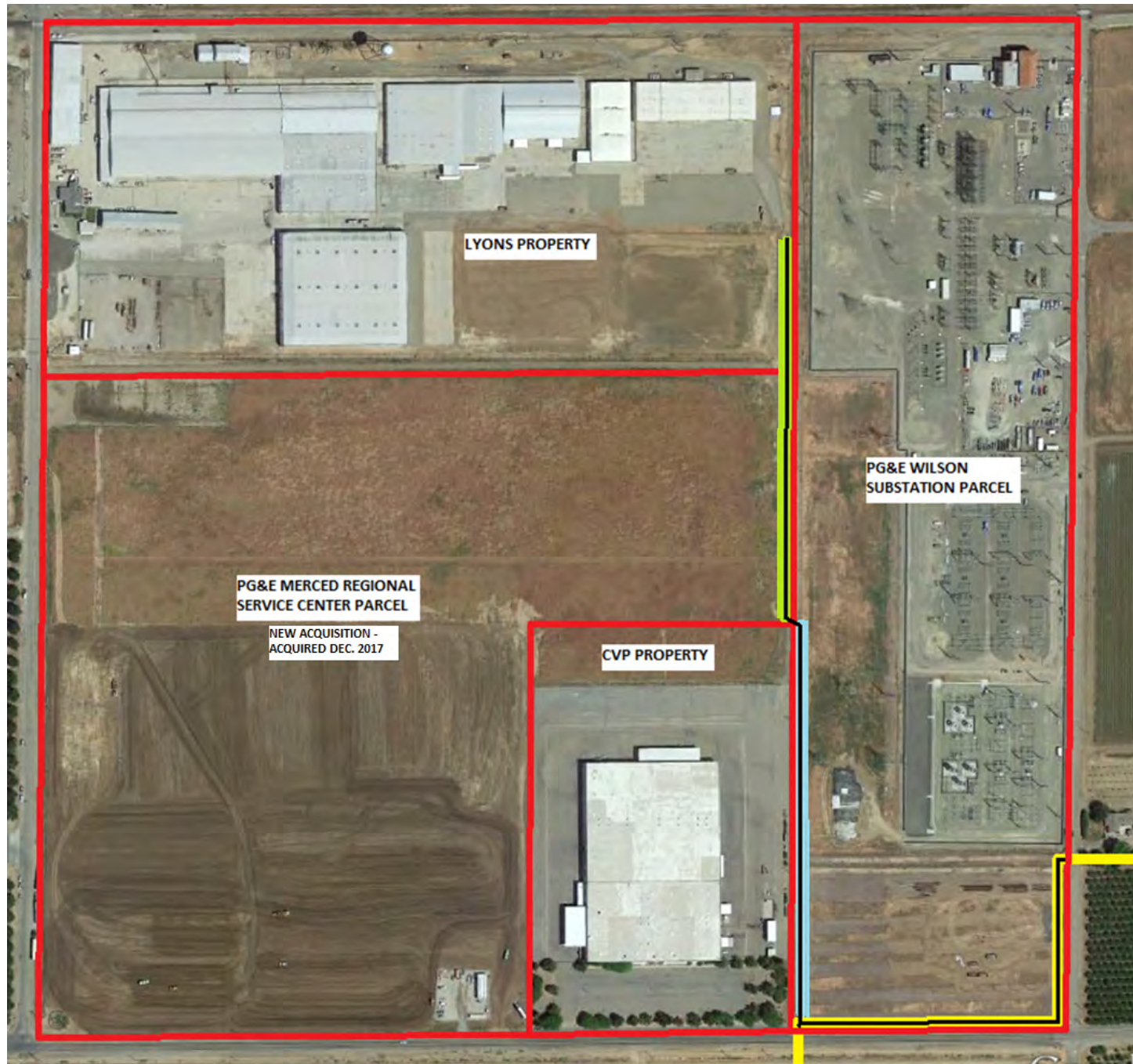


12/11/17  
Date



## **Attachment 3**

### **Pipeline Overview**



- 24" Pipeline Reciprocal Easement  
(existing - condition of COE)
- 24" Pipeline Reciprocal Easement  
(proposed - required to connect to MID 27" pipeline)
- 27" MID Pipeline

## **Attachment 4**

**Site Plan Review Resolution # 418 Approval**

CITY OF MERCED  
SITE PLAN REVIEW COMMITTEE  
RESOLUTION #418

<u>Pacific Gas &amp; Electric (PG&amp;E)</u> APPLICANT	<u>Relocate a PG&amp;E Service Center.</u> PROJECT
<u>245 Market St., MC N15G</u> ADDRESS	<u>A portion of the northeast corner of Kibby Road and Childs Avenue.</u> PROJECT SITE
<u>San Francisco, CA 94105</u> CITY/STATE/ZIP	<u>061-033-027</u> APN
<u>(415) 271-7100</u> PHONE	<u>Heavy Industrial (I-H)</u> ZONING

In accordance with Chapter 20.68 of the Merced City Zoning Ordinance, the Site Plan Review Committee reviewed and administratively approved Site Plan Application #418 on April 26, 2018, submitted by Pacific Gas & Electric, property owner, to relocate a PG&E Service Center to a portion of the northeast corner of Kibby Road and Childs Avenue, within a Heavy Industrial (I-H) Zone. Said property being more particularly described as the remainder of Parcel 1 as shown on the map entitled "Parcel Map For TRI-Valley Growers," recorded in Book 70, Page 25 of Merced County Records; also known as Assessor's Parcel Number (APN) 061-033-027.

WHEREAS, Planning staff conducted an environmental review (Initial Study #18-03) of the Project in accordance with the requirements of the California Environmental Quality Act (CEQA) as part of Site Plan Review #418. A Negative Declaration (i.e., no significant environmental effects) has been found as shown on Exhibit G.

WHEREAS, the Merced City Site Plan Review Committee makes the following Findings:

- A) The proposal complies with the General Plan designation of Industrial (IND) and the Zoning classification of Heavy Industrial (I-H).
- B) A Boundary Adjustment (Boundary Adjustment #17-04) was recently approved for the subject site (refer to Resolution #946 at Attachment E). This boundary adjustment reduced the size of the subject site from 58.2 acres to 56.2 acres. The boundary adjustment was recorded with the Merced County Clerk's Office on December of 2017 (see Condition #3).
- C) The proposed PG&E Service Center consist of a 9,100-square-foot operations building, a 15,400-square-foot regional management office, and a 23,500-square-foot garage/warehouse building. All buildings will be pre-engineered single-story metal buildings. A 2,000-square-foot structure will cover a portion of the laydown area.

- D) The Project site plan at Exhibit B includes a future regional spoils recycling yard (184,843 s.f.) on the northern portion of the parcel (see Condition #33).
- E) The developed area site plan at Exhibit C includes an employee parking lot (144 parking spaces), a customer parking lot (6 parking spaces), and a company vehicle parking lot (180 parking spaces). The parking requirement for a warehouse is 1 parking space per 2,000 square feet of floor area or 1 per 2 employees working during the largest shift, whichever is greater. The parking requirement for an office/professional use is 1 parking space per 250 s.f. of floor area. The subject site has adequate parking, as PG&E is required to have a minimum of 62 parking spaces for their regional office and 17 parking spaces for their warehouse and operations building. Vehicle access to these parking lots is available from Kibby Road (through 3 driveways) and from E. Childs Avenue (through 1 driveway).
- F) Parking lot trees are not required but are encouraged to be installed per the City's Parking Lot Landscape Standards. Trees should be a minimum of 15 gallons, and be of a type that provides a 30-foot minimum canopy at maturity (trees should be selected from the City's approved tree list). Trees should be installed at a ratio of at least one tree for every six parking spaces. Street trees shall be planted as required by City Standards.
- G) The applicant has indicated that the hazardous materials storage area will be bermed and impermeable. Oil-filled equipment will be placed in secondary containments within the storage area. Hazardous waste drums will be placed on pallets to enable regular inspections for leaks and drips, and a spill kit would be stored within or adjacent to the storage area for emergency use. A Hazardous Materials Business Plan and a Spill Prevention Control & Countermeasures Plan (SPCC) will be prepared for this site.
- H) The applicant is requesting approval for a 10-foot-tall fence with this application. The request for barbed wire fencing shall require a minor use permit (see Conditions #31 and #32).

NOW, THEREFORE, BE IT RESOLVED that the Merced City Site Plan Review Committee does approve Site Plan Application #418 subject to the following conditions:

- 1) The subject site shall be constructed as shown on Exhibit B (Project site plan), Exhibit C (developed area site plan), and Exhibit D (elevations/floor plans), except as modified by the conditions of approval within this resolution.
- 2) All conditions contained in Site Plan Review #79-1 – Amended (“Standard Conditions for Site Plan Review Application”) shall apply.
- 3) The Project shall comply with all relevant conditions set forth in Resolution #946 from Boundary Adjustment #17-04.
- 4) All other applicable codes, ordinances, policies, etc., adopted by the City of Merced shall apply including, but not limited to, the California Building Code and Fire Codes.

- 5) The developer/applicant shall indemnify, protect, defend (with counsel selected by the City), and hold harmless the City, and any agency or instrumentality thereof, and any officers, officials, employees, or agents thereof, from any and all claims, actions, suits, proceedings, or judgments against the City, or any agency or instrumentality thereof, and any officers, officials, employees, or agents thereof to attack, set aside, void, or annul, an approval of the City, or any agency or instrumentality thereof, advisory agency, appeal board, or legislative body, including actions approved by the voters of the City, concerning the project and the approvals granted herein. The City's selection of counsel is subject to the developer/applicant's reasonable approval, which shall not be unreasonably withheld. Furthermore, developer/applicant shall indemnify, protect, defend, and hold harmless the City, or any agency or instrumentality thereof, against any and all claims, actions, suits, proceedings, or judgments against any governmental entity in which developer/applicant's project is subject to that other governmental entity's approval and a condition of such approval is that the City indemnify and defend (with counsel selected by the City) such governmental entity. City shall promptly notify the developer/applicant of any claim, action, or proceeding. City shall further cooperate fully in the defense of the action. Should the City fail to either promptly notify or cooperate fully, the developer/applicant shall not thereafter be responsible to indemnify, defend, protect, or hold harmless the City, any agency or instrumentality thereof, or any of its officers, officials, employees, or agents.
- 6) The developer/applicant shall construct and operate the project in strict compliance with the approvals granted herein, City standards, laws, and ordinances, and in compliance with all State and Federal laws, regulations, and standards. In the event of a conflict between City laws and standards and a State or Federal law, regulation, or standard, the stricter or higher standard shall control.
- 7) Notwithstanding all other conditions, all construction and improvements shall be in strict accordance with Zoning, Building, and all other codes, ordinances, standards, and policies of the City of Merced.
- 8) All plans and supporting documents submitted for Building Permits shall meet or exceed the Building Codes in effect at the time of building permit application submittal.
- 9) Appropriate turning radii shall be provided within the parking areas to allow for Fire Department and refuse truck access.
- 10) All required Fire Permits shall be obtained from the City of Merced Fire Department during the building permit stage.
- 11) If the parking area or warehouse is to be gated, there must be a minimum 22-foot-wide clearance for emergency vehicles to pass through when the gate is opened. Any locking devices used on the gates shall be approved by the Fire Department prior to installation.



- 12) Bicycle racks shall be provided for the office/professional uses, as required under Zoning Ordinance Section 20.38.080 "Bicycle Parking."
- 13) The developer shall use proper dust control procedures during site development in accordance with San Joaquin Valley Air Pollution Control District rules.
- 14) As required by Merced Municipal Code Section 17.04.050 and 17.04.060, full public improvements shall be installed/repared if the permit value of the project exceeds \$100,000.00. Public improvements may include, but not be limited to, repairing/replacing the sidewalk, curb, gutter, and street corner ramp(s), so that they comply with ADA standards and other relevant City of Merced/State/Federal standards and regulations.
- 15) All mechanical equipment shall be screened from public view.
- 16) Any outdoor storage shall be screened from the public view with either a chain-link fence with privacy slats or a non-transparent fence.
- 17) The premises shall remain clean and free of debris and graffiti at all times.
- 18) The applicant shall contact the City's Water Quality Control Division and comply with all requirements for this type of business and obtain all pertinent permits prior to the final inspection. Said requirements may include, but may not be limited to, utilizing secondary containers and providing spill kits for leaks or spills.
- 19) A backflow prevention device shall be provided for all water services (i.e., domestic, irrigation, and fire) per Merced Municipal Code.
- 20) The developer shall work with the City's Engineering Department to determine the requirements for storm drainage on the site. The developer shall provide all necessary documentation for the City's Engineering Department to evaluate the storm drain system. All storm drain systems shall be installed to meet City Standards and State regulations.
- 21) The project shall comply with all the Post Construction Standards required to comply with State requirements for the City's Phase II MS-4 Permit (Municipal Separate Storm Sewer System).
- 22) All landscaping shall be kept healthy and maintained, and any damaged or missing landscaping shall be replaced immediately.
- 23) The applicant shall work with the City's Refuse Department to determine the best location for the refuse enclosure and to determine if a recycling container would be required.
- 24) The applicant shall submit an Industrial User Survey to the City's Water Quality Control Division during the building permit stage.
- 25) All portions of the property not occupied by paving or building shall be maintained to acceptable standards for health, fire safety, and aesthetic reasons. Grasses and weeds shall be kept to a maximum of six inches (however, the use of xeriscape is

- acceptable), or as otherwise required by the Fire Department and Merced County Health Department.
- 26) Parking lot and building lighting shall be shielded or oriented in a way that does not allow “spill-over” onto adjacent lots in compliance with the California Energy Code requirements.
  - 27) The Project shall have a separate Irrigation and Domestic water service line going from the water main to the property line.
  - 28) Irrigation for all on-site landscaping shall be provided by a drip system or micro-spray system in accordance with the State’s Emergency Regulation for Statewide Urban Water Conservation or any other State or City mandated water regulations.
  - 29) Community Facilities District (CFD) formation is required for annual operating costs for police and fire services as well as storm drainage, public landscaping, street trees, street lights, parks and open space. Developer/Owner shall submit a request agreeing to such a procedure, waiving right to protest and post deposit as determined by the City Engineer to be sufficient to cover procedure costs and maintenance costs expected prior to first assessments being received. The applicant shall begin forming the CFD prior to obtaining the Certificate of Occupancy for the 23,500-s.f. garage/warehouse identified as Building C at Exhibit C.
  - 30) Gravel surfaces may be used in areas not intended for vehicle traffic (e.g. parking areas, driving aisles, etc.), subject to the approval of the Director of Development Services.
  - 31) The applicant’s request to install a 10-foot-tall fence is being approved with this permit.
  - 32) The request to install barbed wire fencing shall require approval of a Minor Use Permit from the Planning Department.
  - 33) The future regional spoils recycling yard (184, 843 s.f.) is being approved with this site plan permit, but shall comply with all conditions of approval found on this report (Site Plan Resolution #418). A building permit application shall be submitted to the Building Department before constructing the regional spoils recycling yard. Minor changes to the design of the regional spoils recycling yard may be approved administratively by the Director of Development Services, or be referred to the Site Plan Review Committee, if deemed necessary by the Director of Development Services.

Site Plan Review Resolution #418  
April 26, 2018  
Page 6

If there are any questions concerning these conditions and recommendations, please contact Francisco Mendoza-Gonzalez at (209) 385-6858.

4-26-2018

DATE



Francisco Mendoza-Gonzalez

Planner

TITLE

Exhibits

- A) Location Map
- B) Project Site Plan
- C) Developed Area Site Plan
- D) Elevations/Floor Plans
- E) Boundary Adjustment Resolution #946 (from BA #17-04)
- F) Initial Study
- G) Negative Declaration

EASY

IDA

NELLIE

140

Wellmade  
Products

KIBBY

University  
Industrial Park

Mc Lane  
Pacific

Subject Site

TOWER

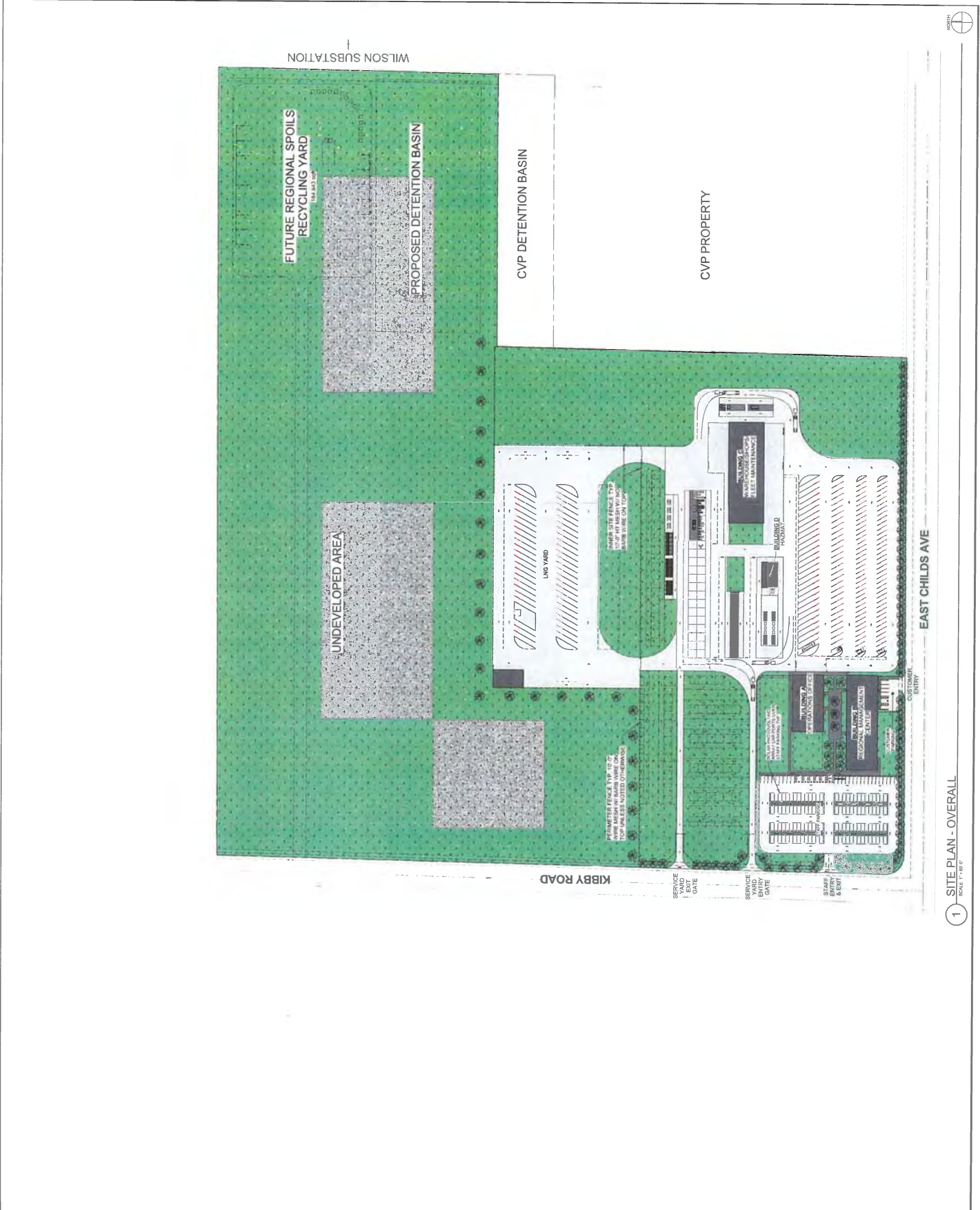
CHILDS

EXHIBIT A





# EXHIBIT B



Pacific Gas and Electric Company

LIONAKIS

Roebbelen

FOR REVIEW ONLY - NOT FOR CONSTRUCTION

PROJECT  
PG&E MERCED REGIONAL CENTER

OWNER  
CRESS CONSTRUCTION, INC.  
PACIFIC GAS & ELECTRIC COMPANY  
TEL: 415.815.1822

REVISION	DATE	DESCRIPTION

MANAGEMENT  
LIONAKIS PROJECT NO. 15102  
CLIENT PROJECT NO. 15102  
DATE: 12/20/2017

TITLE  
SITE PLAN - OVERALL

SHEET  
AS701

1 SITE PLAN - OVERALL  
SCALE: 1"=60'-0"



FOR REVIEW ONLY - NOT FOR CONSTRUCTION

FOR REVIEW ONLY - NOT FOR CONSTRUCTION

PROJECT  
PG&E MERCED REGIONAL CENTER

OWNER  
PG&E MERCED REGIONAL CENTER  
1000 CALIFORNIA AVE  
SAN FRANCISCO, CA 94109

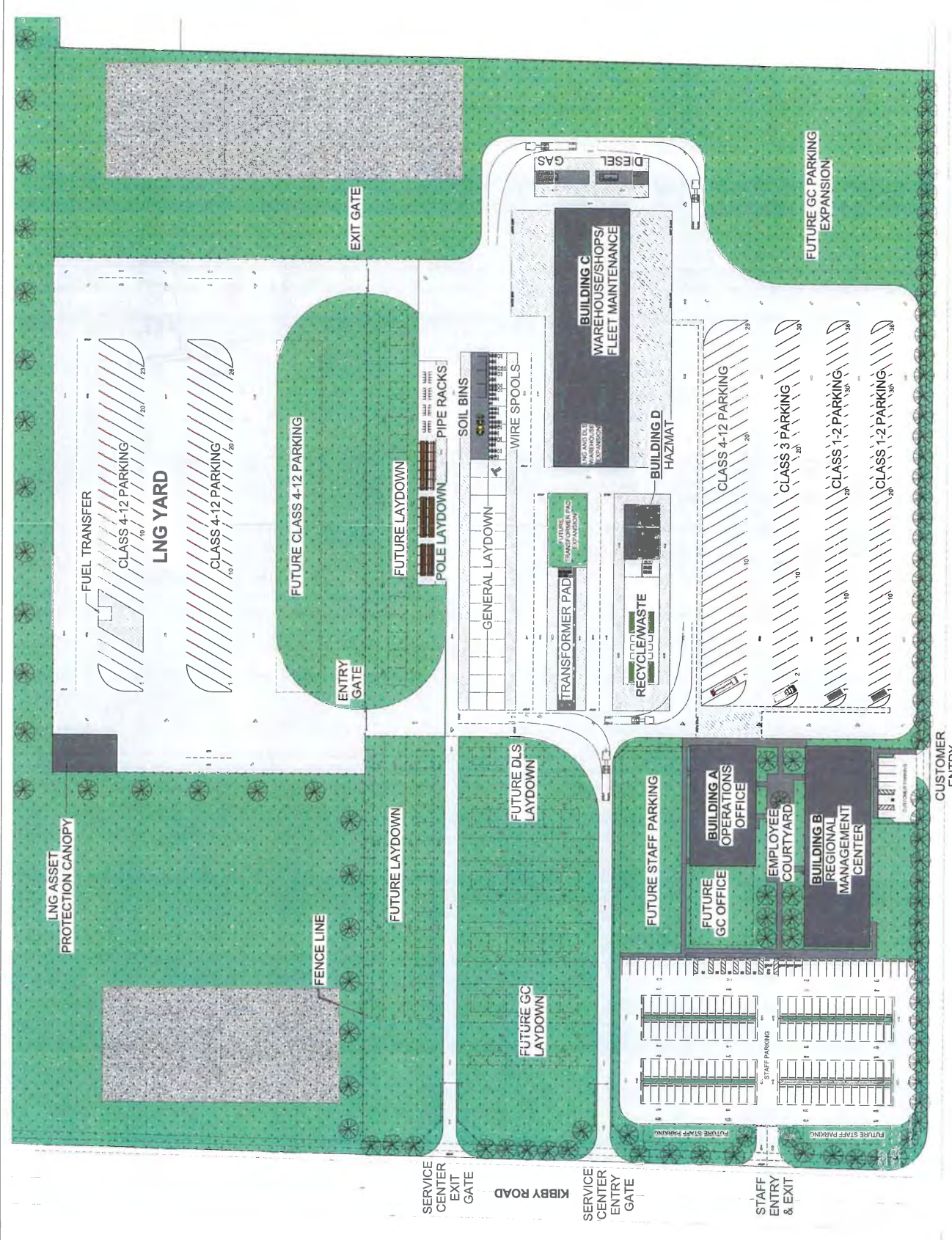
OWNER  
PG&E MERCED REGIONAL CENTER  
1000 CALIFORNIA AVE  
SAN FRANCISCO, CA 94109

NO.	DATE	DESCRIPTION
1	01/11/11	ISSUED FOR PERMIT

MANAGEMENT  
LIONAKIS ASSOCIATES, INC.  
2000 BAYVIEW BLVD., SUITE 200  
SAN FRANCISCO, CA 94134  
TEL: 415.774.1100 FAX: 415.774.1101

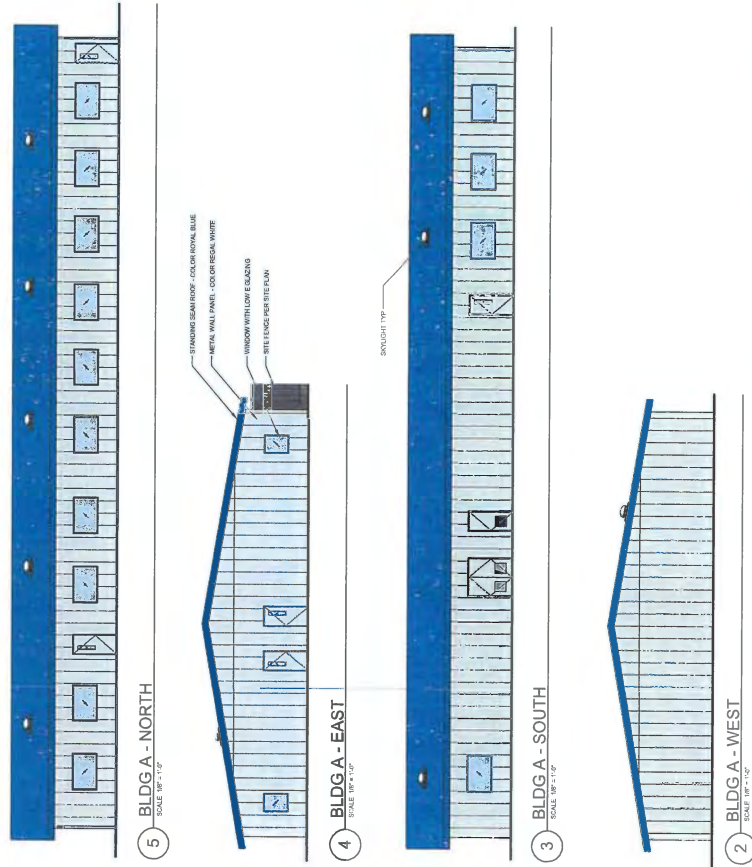
PG&E  
SITE PLAN - ENLARGED

SHEET  
AS702



EAST CHILDS AVE

EXHIBIT C

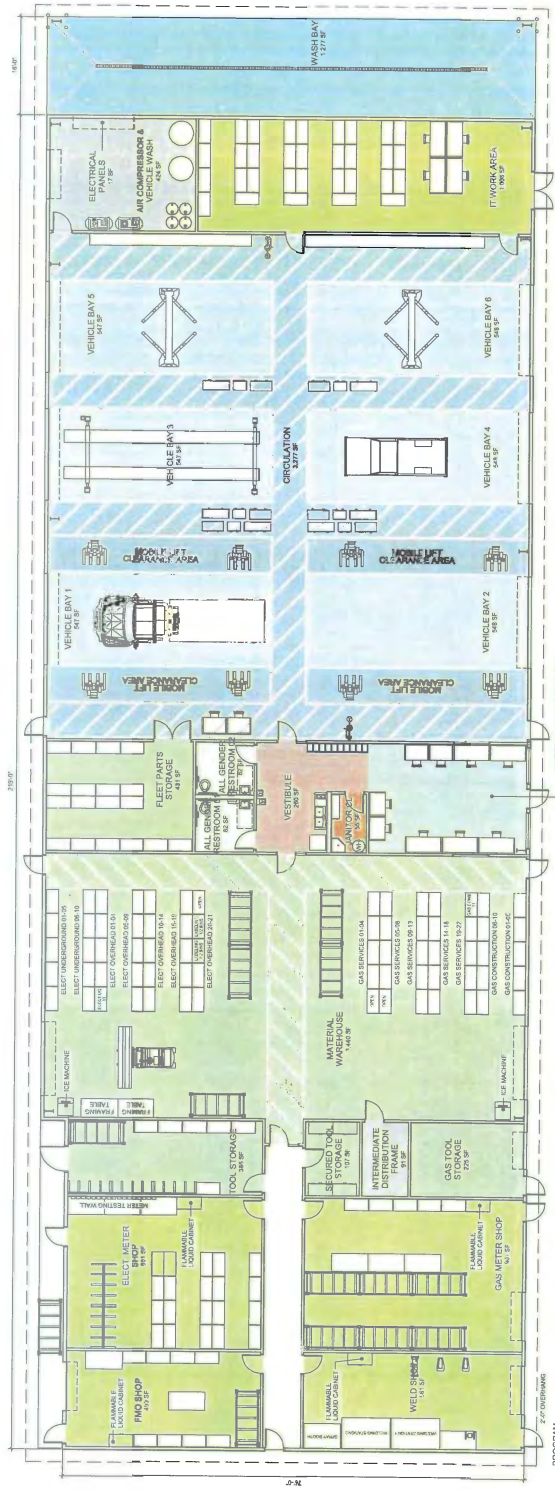


1 BUILDING A - FLOOR PLAN  
 SCALE 1/8" = 1'-0"









17,520 SF

WAREHOUSE/SHOPS/RETAIL  
 MATERIALS STORAGE  
 OFFICE  
 400 SF

VEHICLE SERVICE BAY  
 VEHICLE WASH BAY  
 400 SF

VEHICLE LIFT CLEARANCE  
 400 SF

VEHICLE LIFT CLEARANCE  
 400 SF

VEHICLE LIFT CLEARANCE  
 400 SF

VEHICLE LIFT CLEARANCE  
 400 SF

VEHICLE LIFT CLEARANCE  
 400 SF

VEHICLE LIFT CLEARANCE  
 400 SF

VEHICLE LIFT CLEARANCE  
 400 SF

1 BUILDING C - FLOOR PLAN

SCALE 1/8" = 1'-0"





## **Attachment 5**

**Site Plan Review Resolution # 418, Negative Declaration,  
Exhibit F**

**CITY OF MERCED**  
**PLANNING & PERMITTING DIVISION**

**TYPE OF PROPOSAL:** Site Plan Review #418

**INITIAL STUDY:** #18-03

**DATE RECEIVED:** February 23, 2018 (date application determined to be complete)

**LOCATION:** The parcel at the northeast corner of Childs Avenue and Kibby Road

**ASSESSOR'S PARCEL NUMBERS:** 061-033-027

(SEE ATTACHED MAP AT ATTACHMENTS A)

Please forward any written comments by April 26, 2018 to:

Francisco Mendoza-Gonzalez, Planner  
City of Merced Planning & Permitting Division  
678 West 18<sup>th</sup> Street  
Merced, CA 95340  
209-385-6929  
[mendozaf@cityofmerced.org](mailto:mendozaf@cityofmerced.org)

**Applicant Contact Information:**

Pacific Gas & Electric  
Attn: Tom Crowley  
245 Market St., MC N15G  
San Francisco, CA 94105  
(415) 271-7100  
Thomas.crowley@pge.com

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**PROJECT DESCRIPTION**

The Project site consists of 28 acres within a vacant 56.2-acre parcel (APN: 061-033-027) located at the northeast corner of Kibby Road and Childs Avenue (Attachment A). The subject site has a zoning designation of Heavy Industrial (I-H) and a General Plan designation of Industrial (IND). The subject site is generally surrounded by industrial and agricultural uses.

The Project includes the construction of a new PG&E Service Center with a 9,100-square-foot operations building, a 15,400-square-foot regional management office, a 23,500-square-foot warehouse/garage, an employee parking lot (144 spaces), several laydown areas, a company vehicle parking lot (180 spaces), a customer parking lot (6 spaces), and a future regional spoils recycling yard (184, 843 s.f.).

**Project Location**

The subject site is located within the southeast quadrant of Merced. The subject site is surrounded by industrial uses to the north, east, and west (across Kibby Road). Agricultural uses are located south of the subject site, across Childs Avenue. The closest single-family homes are located

approximately 1,200 feet north of the subject site, at the northwest corner of Highway 140 and Kibby Road (within County jurisdiction). The table below identifies the surrounding uses:

<b>Table 1      Surrounding Uses (Refer to Attachment A)</b>			
<b>Surrounding Land</b>	<b>Existing Use of Land</b>	<b>Zoning Designation</b>	<b>City General Plan Land Use Designation</b>
North	Merced University Industrial Park	Heavy Industrial (I-H)	Industrial (IND)
South	Vacant Land (across Childs Avenue)	Heavy Industrial (I-H)	Industrial (IND)
East	Pacific Gas & Electric	Heavy Industrial (I-H)	Industrial (IND)
West	Wellmade Products	Heavy Industrial (I-H)	Industrial (IND)

## **1. INITIAL FINDINGS**

- A. The proposal is a project as defined by CEQA Guidelines Section 15378.
- B. The Project is not a ministerial or emergency project as defined under CEQA Guidelines (Sections 15369 and 15369).
- C. The Project is therefore discretionary and subject to CEQA (Section 15357).
- D. The Project is not Categorically Exempt.
- E. The Project is not Statutorily Exempt.
- F. Therefore, an Environmental Checklist has been required and filed.

## **2. CHECKLIST FINDINGS**

- A. An on-site inspection was made by this reviewer on March 21, 2018.
- B. The checklist was prepared on March 23, 2018.
- C. The *Merced Vision 2030 General Plan* and its associated Environmental Impact Report [EIR (SCH# 2008071069)] were certified in January 2012. The document comprehensively examined the potential environmental impacts that may occur as a result of build-out of the 28,576-acre Merced (SUDP/SOI). For those significant environmental impacts (Loss of Agricultural Soils and Air Quality) for which no mitigation measures were available, the City adopted a Statement of Overriding Considerations (City Council Resolution #2011-63). This document herein incorporates by reference the *Merced Vision 2030 General Plan*, the *General Plan Program EIR* (SCH# 2008071069), and Resolution #2011-63.

As a subsequent development project within the SUDP/SOI, many potential environmental effects of the Project have been previously considered at the program level and addressed within the General Plan and associated EIR. (Copies of the General Plan and its EIR are available for review at the City of Merced Planning and Permitting Division, 678 West 18th Street, Merced, CA 95340.) As

a second tier environmental document, Initial Study #18-03 plans to incorporate goals and policies to implement actions of the *Merced Vision 2030 General Plan*, along with mitigation measures from the General Plan EIR, as mitigation for potential impacts of the Project.

Project-level environmental impacts and mitigation measures (if applicable) have been identified through site-specific review by City staff. This study also utilizes existing technical information contained in prior documents and incorporates this information into this study.

### 3. ENVIRONMENTAL IMPACTS:

Will the proposed project result in significant impacts in any of the listed categories? Significant impacts are those that are substantial, or potentially substantial, changes that may adversely affect the physical conditions within the area affected by the Project including land, air, water, minerals, flora, fauna, ambient noise, and objects of historic or aesthetic significance. An economic or social change by itself shall not be considered a significant effect on the environment. A social or economic change related to a physical change may be considered in determining whether the physical change is significant. (Section 15372, State CEQA Guidelines. Appendix G of the Guidelines contains examples of possible significant effects.)

A narrative description of all “potentially significant,” “negative declaration: potentially significant unless mitigation incorporated,” and “less than significant impact” answers are provided within this Initial Study.

#### A. Aesthetics

##### SETTING AND DESCRIPTION

The project site is located in southeast Merced, approximately three miles east of Downtown and two miles east of Highway 99. The project site consists of vacant land totaling 28 acres. The terrain is generally flat. The site is surrounded by industrial uses to the north, east, and west. Agricultural uses are located south of the subject site, across Childs Avenue. The nearest residential neighborhoods are located 1,000 feet to the north and 2,500 feet to the west. The surrounding metal buildings have an industrial design that range in size between 60,000 square feet and 175,000 square feet. These buildings and structures range in height, between 20 and 40 feet.

The PG&E Service Center includes a 9,100-square-foot operations building, a 15,400-square-foot regional management offices, a 23,500-square-foot warehouse/garage. All of these buildings will have a similar design and simple rectangular form. The exterior will be constructed out of prefinished metal wall panels. The building heights will range between 19 feet and 25 ½ feet.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
<b>A. <u>Aesthetics.</u> Will the Project:</b>				
1) Have a substantial adverse effect on a scenic vista?				✓

2) Substantially damage scenic resources including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?				✓
3) Substantially degrade the existing visual character or quality of the site and its surroundings?			✓	
4) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?			✓	

1) **No Impact**

No designated scenic vistas exist on the project site or in the project area. Therefore, no impacts in this regard would occur with this development.

2) **No Impact**

There are no officially designated State Scenic Highways or Routes in the project vicinity. Therefore, the Project would have no impact on scenic resources, such as rock outcroppings, trees, or historic buildings within a scenic highway.

3) **Less-Than-Significant Impact**

The proposed project would transform the site from an undeveloped site to a fully developed site. The proposed 26-foot tall structures would change the visual character, but not necessarily degrade the visual character of the site or surrounding area. The proposed buildings would have similar design (and scale) as the surrounding industrial buildings. The building would be set back approximately 250 feet from Kibby Road with landscaping and trees between the road and structures to improve the quality of the street view. Based on these factors, this impact is considered to be less than significant.

4) **Less Than Significant**

Construction of the proposed project and off-site improvements include new lighting on the buildings and throughout the parking lots. This new lighting could be a source of light or glare that would affect the views in the area. However, the City of Merced has adopted the California Green Building Standards Code as Section 17.07 of the Merced Municipal Code. As administered by the City, the Green Building Standards Code prohibits the spillage of light from one lot to another. This would prevent new glare effects on the existing buildings surrounding the project site.

## B. Agriculture Resources

### SETTING AND DESCRIPTION

Merced County is among the largest agriculture producing Counties in California (ranked fifth), with a gross income of more than \$4.4 billion in 2014. The County's leading agriculture commodities include milk, almonds, cattle and calves, chickens, sweet potatoes, and tomatoes.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
<b>B. <u>Agriculture Resources.</u> Will the Project:</b>				
1) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and monitoring Program of the California Resources Agency, to non-agriculture?			✓	
2) Conflict with existing zoning for agricultural use, or a Williamson Act contract?				✓
3) Involve other changes in the existing environment, which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?			✓	
4) Cause development of non-agricultural uses within 1,000 feet of agriculturally zoned property (Right-to-Farm)?			✓	

1) **Less-Than-Significant Impact**

The project site is located within the City Limits of Merced. The California Department of Conservation prepares Important Farmland Maps through its Farmlands Mapping and Monitoring Program (FMMP). The system of classifying areas is based on soil type and use. According to the 2014 Merced County Important Farmlands Map, the project site is classified as “Unique Farmland”. The conversion of this land from farmland to a developed urban parcel was analyzed as part of the Environmental Review for the *Merced Vision 2030 General Plan*. This impact was acknowledged as a significant and unavoidable impact, and a Statement of Overriding Considerations (City Council Resolution #2011-63) has been adopted. Therefore, CEQA requires no further review. This impact is considered less than significant.

2) **No Impact**

There are no Williamson Act contract lands in this area and the land is not currently zoned for agricultural uses. Therefore, there is no impact.

3) **Less-Than-Significant Impact**

Refer to Item #1 above.

4) **Less-Than-Significant Impact**

The nearest land being used for farming is located south of the subject site (across Childs Avenue within County jurisdiction). The proposed development would not cause the use of this land to change.



## **C. Air Quality**

### **SETTING AND DESCRIPTION**

The project site is in the San Joaquin Valley Air Basin (SJVAB), which includes the southern half of the Central Valley and is approximately 250 miles long and an average of 35 miles wide. The Coast Ranges, which have an average height of 3,000 feet, serve as the western border of the SJVAB. The San Emigdio Mountains, part of the Coast Ranges, and the Tehachapi Mountains, part of the Sierra Nevada, are both south of the SJVAB. The Sierra Nevada extends in a northwesterly direction and forms the air basin's eastern boundary. The SJVAB is mostly flat with a downward gradient to the northwest.

The climate of the SJVAB is heavily influenced by the presence of these mountain ranges. The mountain ranges to the west and south induce winter storms from the Pacific Ocean to release precipitation on the western slopes, producing a partial rain shadow over the valley. A rain shadow is defined as the region on the leeward side of a mountain where noticeably less precipitation occurs because clouds and precipitation on the windward side remove moisture from the air. In addition, the mountain ranges block the free circulation of air to the east and entrap stable air in the Central Valley for extended periods during the cooler months.

Winters in the SJVAB are mild and fairly humid, and summers are hot, dry, and typically cloudless. During the summer, a high-pressure cell is centered over the northeastern Pacific, resulting in stable meteorological conditions and steady northwesterly winds.

### **Existing Ambient Air Quality**

The California Air Resources Board (ARB) and the U.S. Environmental Protection Agency (EPA) focus on ozone, carbon monoxide (CO), nitrogen dioxide (NO<sub>2</sub>), sulfur dioxide (SO<sub>2</sub>), particulate matter (PM), and lead as indicators of ambient air quality. Because these are the most prevalent air pollutants known to be deleterious to human health, and because extensive health-effects criteria documents are available, they are commonly referred to as criteria air pollutants.

EPA has established primary and secondary national ambient air quality standards (NAAQS) for ozone, CO, NO<sub>2</sub>, SO<sub>2</sub>, respirable particulate matter 10 micrometers or less in diameter (PM<sub>10</sub>), fine particulate matter 2.5 micrometers or less in diameter (PM<sub>2.5</sub>), and lead. The primary and secondary standards are intended to protect public health and public welfare, respectively. In addition to the NAAQS, ARB has established California ambient air quality standards (CAAQS) for sulfates, hydrogen sulfide, vinyl chloride, and visibility-reducing particulate matter. In most cases, the CAAQS are more stringent than the NAAQS.

Concentrations of criteria air pollutants are measured at several monitoring stations in the SJVAB. Since 1991, there have been two monitoring stations in Merced: S. Coffee Avenue and 2334 M Street. Table C-1 summarizes air quality data from these monitoring stations for the most recent years available. The 8-hour state and federal ozone, 1-hour state ozone, state and federal PM<sub>2.5</sub>, and state PM<sub>10</sub> standards were all exceeded on multiple days between 2011 and 2016, while the federal PM<sub>10</sub> standard has never been exceeded (see Table C-1).

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**Table C-1**  
**Ambient Air Quality in Merced:**  
**Number of Days Exceeding State and Federal Standards**

Year	Merced—S. Coffee Avenue				Merced—2334 M Street		
	Ozone			Federal PM <sub>2.5</sub> <sup>2</sup>	PM <sub>10</sub>		Federal PM <sub>2.5</sub> <sup>2</sup>
	8-Hour State	8-Hour Federal <sup>1</sup>	1-Hour State		State <sup>2</sup>	Federal <sup>2</sup>	
2016	29	28	2	5	6	0	2
2015	34	29	2	15	5	0	5
2014	44	40	3	16	9	0	5
2013	31	29	5	16	13	0	11
2012	25	24	2	8	9	0	4
2011	41	38	2	21	8	0	2
Notes: PM <sub>2.5</sub> = fine particulate matter 2.5 micrometers or less in diameter; PM <sub>10</sub> = respirable particulate matter 10 micrometers or less in diameter <sup>1</sup> National 2015 standard (0.070 part per million). <sup>2</sup> Measured number of days over the 24-hour standard. Source: ARB 2017a							

Both ARB and EPA use monitoring data to designate areas according to their attainment status for criteria air pollutants. The purpose of the designations is to identify areas with air quality problems and thereby initiate planning efforts for improvement. The three basic designation categories are *nonattainment*, *attainment*, and *unclassified*. Unclassified is used in an area that cannot be classified on the basis of available information as meeting or not meeting the standards. In addition, the California designations include a subcategory of the nonattainment designation, called *nonattainment-transitional*. The nonattainment-transitional designation is given to nonattainment areas that are progressing and nearing attainment. Table C-2 presents the attainment designations for Merced County for each criteria pollutant.

**Table C-2**  
**Merced County Attainment Designations (Federal and State)**

Pollutant	Designation/Classification	
	Federal Standards	State Standards
Ozone—1-Hour	No Federal Standard <sup>1</sup>	Nonattainment/Severe
Ozone—8-Hour	Nonattainment/Extreme	Nonattainment
PM <sub>10</sub>	Attainment	Nonattainment
PM <sub>2.5</sub>	Nonattainment	Nonattainment
CO	Unclassified/Attainment	Unclassified/Attainment
NO <sub>2</sub>	Unclassified/Attainment	Attainment
SO <sub>2</sub>	Unclassified/Attainment	Attainment
Lead (Particulate)	No Designation/Classification	Attainment
Hydrogen Sulfide	No Federal Standard	Unclassified
Sulfates	No Federal Standard	Attainment
Visibility-Reducing Particles	No Federal Standard	Unclassified
Vinyl Chloride	No Federal Standard	Attainment

Notes: CO = carbon monoxide; NO<sub>2</sub> = nitrogen dioxide; PM<sub>2.5</sub> = fine particulate matter 2.5 micrometers or less in diameter; PM<sub>10</sub> = respirable particulate matter 10 micrometers or less in diameter; SO<sub>2</sub> = sulfur dioxide

<sup>1</sup> The federal 1-hour ozone national ambient air quality standard was revoked on June 15, 2005.

Source: SJVAPCD 2017a

The San Joaquin Valley Air Pollution Control District (SJVAPCD) attains and maintains air quality conditions in Merced County through a comprehensive program of planning regulation, enforcement, technical innovation, and promotion of the understanding of air quality issues. The clean-air strategy of SJVAPCD includes preparing plans for the attainment of ambient air quality standards, adopting and enforcing rules and regulations governing air pollution sources (SJVAPCD 2017b), and issuing permits for stationary sources of air pollution. SJVAPCD also inspects stationary sources and responds to citizen complaints, monitors ambient air quality and meteorological conditions, and implements programs and regulations required by the federal Clean Air Act and the California Clean Air Act.

The *Guide for Assessing and Mitigating Air Quality Impacts* is an advisory document that provides uniform procedures for lead agencies, consultants, and project applicants to use when addressing air quality in environmental documents (SJVAPCD 2015). The guide contains:

- criteria and thresholds for determining whether a project may have a significant adverse impact on air quality;
- specific procedures and modeling protocols for quantifying and analyzing air quality impacts;
- methods available to mitigate impacts; and
- information for use in air quality assessments and environmental impact reports that will be updated more frequently such as air quality data, regulatory setting, climate, and topography.

## Air Quality Plans

SJVAPCD prepares and submits air quality attainment plans (AQAPs) in compliance with California Clean Air Act requirements. The California Clean Air Act also requires a triennial assessment of the extent of air quality improvements and emission reductions achieved through the use of control measures. The assessment requires that the attainment plans be reviewed and, if necessary, revised to correct for deficiencies in progress and incorporate new data or projections. As a nonattainment area, the region also must submit rate-of-progress milestone evaluations in accordance with the Clean Air Act Amendments. These milestone reports include compliance demonstrations showing that the requirements have been met for the nonattainment area.

The AQAPs and reports present comprehensive strategies to reduce emissions of reactive organic gases (ROG), oxides of nitrogen (NO<sub>x</sub>), and PM<sub>10</sub> from stationary, area, mobile, and indirect sources. These strategies include adopting rules and regulations; implementing a new and modified indirect-source review (ISR) program; adopting local air quality plans; and implementing stationary-, mobile-, and indirect-source control measures. Table C-3 summarizes SJVAPCD's most current AQAPs.

**Table C-3**  
**Summary of SJVAPCD Air Quality Attainment Plans**

Pollutant	Plan Title	Date	Status
Ozone	<i>SJVAB 8-Hour O<sub>3</sub> Plan (2015 EPA Standard)</i>	Pending	Public workshops in progress
	<i>SJVAB 8-Hour O<sub>3</sub> Plan (2008 EPA standard)</i>	June 2016	Adopted by SJVAPCD June 2016
	<i>San Joaquin Valley's 2013 Plan to Attain the Revoked Federal 1-Hour O<sub>3</sub> Standard</i>	November 2013	Submitted to EPA in December 2013 <sup>1</sup>
	<i>Draft Staff Report, 8-Hour O<sub>3</sub> Reasonably Available Control Technology—State Implementation Plan Analysis</i>	April 2006	Adopted by SJVAPCD in August 2006
	<i>2007 San Joaquin Valley 8-Hour O<sub>3</sub> Plan</i>	March 2012	Approved by ARB in June 2007 Approved by EPA in March 2012
Carbon Monoxide	<i>2004 Revision to the California State Implementation Plan for CO Updated Maintenance Plan For Ten Federal Planning Areas</i>	July 2004	Adopted by ARB July 2004
Respirable and Fine Particulate Matter	<i>2007 PM<sub>10</sub> Maintenance Plan and Request for Redesignation</i>	September 2007	Approved by EPA in November 2008
	<i>2012 PM<sub>2.5</sub> Plan to Attain the Federal 24-Hour PM<sub>2.5</sub> Standard</i>	January 2013	Submitted to EPA in November 2014 <sup>2</sup>
	<i>2015 Plan for the 1997 PM<sub>2.5</sub> Standard</i>	April 2015	Approved by SJVAPCD in April 2015 and submitted to EPA
	<i>2016 Moderate Area Plan for the 2012 PM<sub>2.5</sub> Standard</i>	September 2016	Adopted by SJVAPCD in September 2016
	<i>2018 PM<sub>2.5</sub> Plan for 1997, 2006, and 2012 PM<sub>2.5</sub> Standards</i>	Pending	Public workshops in progress

Notes: ARB = California Air Resources Board; CO = carbon monoxide; EPA = U.S. Environmental Protection Agency; O<sub>3</sub> = ozone; PM<sub>2.5</sub> = fine particulate matter 2.5 micrometers or less in diameter; PM<sub>10</sub> = respirable particulate matter 10 micrometers or less in diameter; SJVAB = San Joaquin Valley Air Basin; SJVAPCD = San Joaquin Valley Air Pollution Control District

<sup>1</sup> Effective June 15, 2005, EPA revoked in full the national 1-hour ozone ambient air quality standard, including associated designations and classifications. The *2013 Plan for the Revoked 1-Hour O<sub>3</sub> Standard* was approved by SJVAPCD's Governing Board on September 19, 2013. The plan demonstrates that the air basin will attain the revoked 1-hour ozone standard by 2017.

<sup>2</sup> SJVAPCD submitted a Supplemental Document for the 2012 PM<sub>2.5</sub> Plan demonstrating that attainment of the 2006 PM<sub>2.5</sub> standard by 2015 would not be practical. The document requested a reclassification of SJVAB to serious nonattainment.

Sources: SJVAPCD 2013, 2017c, 2017d; ARB 2011, 2017b

## Indirect-Source Review

The Indirect-Source Review (ISR) Rule (Rule 9510) and the Administrative ISR Fee Rule (Rule 3180) (SJVAPCD 2017b) are the result of state requirements outlined in California Health and Safety Code Section 40604 and the State Implementation Plan (SIP). SJVAPCD's AQAPs include the SIP's commitments to reach the ambient air-pollution standards on schedule. The plans identify growth and reductions in multiple source categories. They also quantify the reduction from current SJVAPCD rules and proposed rules, as well as state and federal regulations, and then model future emissions to determine whether SJVAPCD may reach attainment for applicable pollutants.

Rule 9510 applies to new developments that exceed a certain threshold size. An application must be submitted for any project that exceeds the Rule 9510 thresholds listed below unless the Project would have mitigated emissions of less than 2 tons per year (tpy) each of NO<sub>x</sub> and PM<sub>10</sub>.

- 50 residential units
- 2,000 square feet of commercial space
- 9,000 square feet of educational space
- 10,000 square feet of government space
- 20,000 square feet of medical or recreational space
- 25,000 square feet of light industrial space
- 39,000 square feet of general office space
- 100,000 square feet of heavy industrial space
- 9,000 square feet of any land use not identified above

The Project is subject to Rule 9510 because it would involve developing more than 25,000 square feet of light industrial space between the warehouse/fleet/shop building, hazardous materials storage, material laydown area, and regional spoils recycling yard. Additionally, construction and operational NO<sub>x</sub> emissions would exceed 2 tpy.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less- Than- Significant Impact	No Impact
<b>C. <u>Air Quality.</u> Would the Project:</b>				
1) Conflict with or obstruct implementation of the applicable air quality plan?			✓	
2) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?			✓	
3) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for O <sub>3</sub> precursors)?			✓	
4) Expose sensitive receptors to substantial pollutant concentrations?			✓	
5) Create objectionable odors affecting a substantial number of people?			✓	

Impacts are evaluated below on the basis of both State CEQA Guidelines Appendix G criteria and SJVAPCD significance criteria.

SJVAPCD's thresholds for determining environmental significance separate a project's short-term emissions from long-term emissions. The short-term emissions are related mainly to the construction phase of a project. For this project, the long-term emissions are related primarily to worker trips, equipment operation at the regional spoils recycling yard, along with emissions generated from building water, energy, and waste that would occur indefinitely as a result of project operations.

#### 1) **Less-than-Significant Impact**

Air quality plans describe air pollution control strategies to be implemented by a city, county, or region. SJVAPCD is responsible for developing and implementing AQAPs for each criteria air pollutant for which the region does not meet the applicable standard. AQAP documents are transmitted to ARB and EPA for incorporation into the SIP, a general plan to attain and maintain the NAAQS for complying with the federal Clean Air Act.

Table C-3 lists recent SJVAPCD AQAPs. The plans account for projections of population growth and vehicle miles traveled (VMT) provided by the San Joaquin Council of Governments in the SJVAB and identify strategies for bringing regional emissions into compliance with federal and state air quality standards. Because population growth and projected VMT are the basis of the AQAPs' strategies, a project would conflict with a plan if it would result in more growth or VMT than projected in the applicable plan. The primary

way of determining whether a project would result in more growth or VMT than in the AQAPs is to determine consistency with the applicable general plan.

The *Merced Vision 2030 General Plan* (City of Merced 2012) is the applicable general plan. However, the population projections used in the previous general plan, the *Merced Vision 2015 General Plan* (City of Merced 1997), included projects through 2035 and were higher than those used in the 2030 general plan (see Table C-4). The project site is in the Manufacturing/Industrial land use designation in the *Merced Vision 2030 General Plan*. Because the Project would involve relocating an existing land use within the plan area, it can be assumed that it was included in the *Merced Vision 2030 General Plan*. It is reasonable to assume that the growth was accounted for in the AQAPs' calculations and that this project would not create a significant impact. Therefore, implementation of the Project would not exceed the assumptions used to develop the air quality plans and would neither obstruct nor conflict with implementation strategies. The impact would be less than significant.

**Table C-4**  
**Population Projections in the Current and Previous Merced General Plans**

<b>Year</b>	<b>Population within City 2015 SUDP Area</b>	<b>Percent of Merced County</b>
<b><i>Merced Vision 2015 General Plan (1997): 1990–2035 Projections</i></b>		
1990	60,900	34.1
1995	83,830	35.2
2000	89,940	35.5
2010	116,800	38.3
2015	133,250	39.2
2020	149,700	39.7
2035	202,070	42.3
<b><i>Merced Vision 2030 General Plan (2012): 2000–2030 Projections</i></b>		
2000	63,893	30.4
2005	74,010	30.7
2010	85,798	31.1
2015	99,463	31.6
2020	115,305	32.1
2030	154,961	33.7

Notes: City = City of Merced; SUDP = Specific Urban Development Plan  
Sources: City of Merced 1997, 2012

## 2) **Less-than-Significant Impact**

SJVAPCD published the *Guide for Assessing and Mitigating Air Quality Impacts*, which is intended as an advisory document for other agencies, consultants, and project proponents to use when preparing CEQA documents (SJVAPCD 2015). Table C-5 lists the SJVAPCD-adopted thresholds of significance for emissions of criteria air pollutants and/or their precursors (ROGs and NO<sub>x</sub> are precursors to ozone; hereafter, ozone precursors are included in reference to ozone).

**Table C-5**  
**SJVAPCD-Adopted Thresholds of Significance**  
**for Criteria Pollutants and Precursors**

<b>Pollutant/Precursor</b>	<b>Emissions (tpy)</b>	
	<b>Construction</b>	<b>Operations</b>
Carbon Monoxide (CO)	100	100
Oxides of Nitrogen (NO <sub>x</sub> )	10	10
Reactive Organic Gases (ROG)	10	10
Oxides of Sulfur (SO <sub>x</sub> )	27	27
Respirable Particulate Matter (PM <sub>10</sub> )	15	15
Fine Particulate Matter (PM <sub>2.5</sub> )	15	15

Note: tpy = tons per year  
Source: SJVAPCD 2015

### **Construction Emissions**

Project construction would temporarily generate ROG, NO<sub>x</sub>, PM<sub>10</sub>, and PM<sub>2.5</sub> emissions from the use of off-road construction equipment, on-road motor vehicles, soil excavation and material transport. ROG and NO<sub>x</sub> emissions are associated primarily with exhaust from mobile equipment. Fugitive dust emissions occur primarily during site preparation and grading and vary based on parameters such as soil silt content, soil moisture, wind speed, acreage of disturbance area, and miles traveled by construction vehicles on- and off-site.

The Project includes the construction of the PG&E Merced Regional Center in two phases. Construction of Phase 1 would extend for approximately 16 months and construction of Phase 2 would occur within 5 years of Phase 1 being completed for approximately 4 weeks. To conservatively estimate construction-related emissions generated by the Project, construction of Phase 1 was assumed to have overlapping phases and begin in 2018. Construction of Phase 2 was conservatively modeled to occur in 2019. Should construction of Phase 2 begin later than 2019, the emissions presented in this analysis would be conservative because emission factors in later years account for technology improvements and efficiencies. Construction-related emissions associated with typical construction activities were modeled using the California Emissions Estimator Model (CalEEMod), Version 2016.3.2 (CAPCOA 2017). CalEEMod allows the user to enter project-specific construction information, such as types, number, and horsepower of construction equipment, and number and length of off-site motor vehicle trips. Emissions were calculated using project-specific equipment lists and a construction schedule provided by Roebbelen.

Table C-6 presents the Project's total estimated construction-related emissions of criteria air pollutants. Construction-related air quality impacts were determined by comparing these modeling results with applicable SJVAPCD significance thresholds. Additional modeling assumptions and details are provided in Appendix C-1 of the CEQA Guidelines.



**Table C-6**  
**Estimated Unmitigated Annual Construction-Related Emissions**

Year/Description	Emissions (tpy)					
	ROG	NO <sub>x</sub>	CO	SO <sub>x</sub>	PM <sub>10</sub>	PM <sub>2.5</sub>
2018 Emissions	0.61	3.67	2.19	0.01	0.40	0.24
2019 Emissions	0.22	1.33	0.86	0.00	0.17	0.10
SJVAPCD Regional Thresholds <sup>1</sup>	10	10	100	27	15	15
Exceed Threshold?	No	No	No	No	No	No
Notes: CO = carbon monoxide; NO <sub>x</sub> = oxides of nitrogen; PM <sub>2.5</sub> = fine particulate matter 2.5 micrometers or less in diameter; PM <sub>10</sub> = respirable particulate matter 10 micrometers or less in diameter; ROG = reactive organic gases; SJVAPCD = San Joaquin Valley Air Pollution Control District; SO <sub>x</sub> = oxides of sulfur; tpy = tons per year <sup>1</sup> SJVAPCD 2015						

Construction-related emissions of ROG, NO<sub>x</sub>, CO, SO<sub>x</sub>, PM<sub>10</sub>, and PM<sub>2.5</sub> would not exceed applicable mass emission thresholds established by SJVAPCD (see Table C-4). The contractor is also required to comply with SJVAPCD's Regulation VIII, Fugitive Dust PM<sub>10</sub> Prohibitions (SJVAPCD 2017b) and to implement all applicable control measures, as required by law. Regulation VIII includes the following required control measures, among others:

- During active operations, apply water or chemical/organic stabilizers/suppressants sufficient to limit visible dust emissions (VDE) to 20 percent opacity.
- When handling bulk materials, apply water or chemical/organic stabilizers/suppressants sufficient to limit VDE to 20 percent opacity.
- Load all haul trucks such that the freeboard is not less than 6 inches when material is transported across any paved public access road sufficient to limit VDE to 20 percent opacity.
- Cover haul trucks with a tarp or other suitable cover.
- Clean the interior of the cargo compartment or cover the cargo compartment before the empty truck leaves the site.
- Prevent carryout and trackout, or immediately remove carryout and trackout when it extends 50 feet or more from the nearest unpaved surface exit point of a site.

### **Operational Emissions**

Operational emissions following construction of the Project would be generated by mobile, area, energy, and stationary sources. Mobile-source emissions are associated with employee and visitor vehicle trips and the use of off-road equipment. Area sources would include consumer products, periodic architectural coatings, and landscape equipment for residential land uses. Energy sources would include natural gas combustion for space and water heating in the buildings. Stationary-source emissions are associated with the occasional use of the emergency backup generator.

This analysis presents a conservative estimate of emissions because the Project would relocate the existing Merced Service Center to the project site. The net change in operational emissions was not calculated. Operational emissions associated with the emergency generator, worker trips, building energy, water, waste, and use of off-road equipment were modeled using CalEEMod Version 2016.3.2. Additional modeling assumptions and details are provided in Appendix C-1.

Table C-7 presents the Project's annual operational emissions and compares them with SJVAPCD thresholds of significance. The Project would result in daily operational emissions of approximately 2 tpy of CO, 2 tpy of NO<sub>x</sub>, and less than 1 tpy of ROG, SO<sub>x</sub>, PM<sub>10</sub>, and PM<sub>2.5</sub>. The Project's annual long-term operational emissions would not exceed SJVAPCD's thresholds of significance.

**Table C-7**  
**Estimated Unmitigated Annual Operational Emissions**

Source/Description	Emissions (tpy)					
	ROG	NO <sub>x</sub>	CO	SO <sub>x</sub>	PM <sub>10</sub>	PM <sub>2.5</sub>
Annual Emissions	0.40	2.20	1.67	0.01	0.35	0.11
SJVAPCD Regional Thresholds <sup>1</sup>	10	10	100	27	15	15
Exceed Threshold?	No	No	No	No	No	No

Notes: CO = carbon monoxide; NO<sub>x</sub> = oxides of nitrogen; PM<sub>2.5</sub> = fine particulate matter 2.5 micrometers or less in diameter; PM<sub>10</sub> = respirable particulate matter 10 micrometers or less in diameter; ROG = reactive organic gases; SJVAPCD = San Joaquin Valley Air Pollution Control District; SO<sub>x</sub> = oxides of sulfur; tpy = tons per year  
<sup>1</sup> SJVAPCD 2015

The Project is subject to Rule 9510, which requires the applicant to provide an approved air impact assessment (AIA) application to SJVAPCD, including:

- an estimate of construction-related and operational emissions before implementation of mitigation measures;
- a list of the mitigation measures to be applied to the Project;
- an estimate of emissions for each applicable pollutant for the Project, or each phase thereof, following the implementation of mitigation; and
- a calculation of the applicable off-site fee, if required.

The ISR Rule specifies the following general mitigation requirements in the assessment for construction and operation:

- Exhaust emissions for construction equipment greater than 50 horsepower used or associated with the development project shall be reduced by 20 percent of the total NO<sub>x</sub> and by 45 percent of the total PM<sub>10</sub> emissions from the statewide average as estimated by ARB. This can be achieved by using add-on controls, cleaner fuels, or newer lower emitting equipment.
- The Project's operational baseline NO<sub>x</sub> emissions shall be reduced by 33.3 percent over a period of 10 years as quantified in the approved AIA.

- The Project's operational baseline PM<sub>10</sub> emissions shall be reduced by 50 percent over a period of 10 years as quantified in the approved AIA.

These requirements could be met through any combination of on-site emission reduction measures or offset off-site fees. However, to be credited toward ISR requirements, any on-site emission reductions must be both quantifiable and verifiable.

The Project would be required to implement all applicable dust control measures during project construction to maintain compliance with Regulation VIII and Rule 9510. The Project's annual long-term operational emissions would not exceed SJVAPCD's thresholds of significance. Therefore, based on the emissions estimates shown in Tables C-6 and C-7, with implementation of dust control measures as required by Regulation VIII and compliance with Rule 9510, the Project's construction-related and operational emissions would not violate an ambient air quality standard or contribute substantially to an existing violation. This impact would be less than significant.

### 3) **Less-than-Significant Impact**

A significant impact related to air quality would occur if implementing the Project would result in a cumulatively considerable net increase of any criteria pollutant for which the Project region is nonattainment under an applicable NAAQS or CAAQS.

The cumulative analysis of construction-related and operational emissions focuses on whether a specific project would result in a cumulatively considerable increase in emissions. By its very nature, air pollution is largely a cumulative impact. The nonattainment status of regional pollutants is a result of past and present development within the SJVAB, and this regional impact is cumulative rather than attributable to any one source. A project's emissions may be individually limited but cumulatively considerable when taken in combination with past, present, and future development projects. The thresholds of significance are relevant to whether a project's individual emissions would result in a cumulatively considerable incremental contribution to existing cumulative air quality conditions. If a project's emissions would be less than those threshold levels, the Project would not be expected to result in a considerable incremental contribution to the significant cumulative impact.

As shown in Tables C-6 and C-7, the Project would not generate emissions of criteria air pollutants that would exceed any threshold for construction or operational activities. Because the thresholds of significance for criteria pollutants would not be exceeded, the Project's construction-related and operational emissions would not result in a cumulatively considerable net increase for any criteria pollutant for which SJVAPCD is in nonattainment under applicable NAAQS or CAAQS. Therefore, this impact would be less than significant.

### 4) **Less-than-Significant Impact**

Sensitive receptors are facilities that house or attract children, the elderly, and people with illnesses, or other people who are especially sensitive to the effects of air pollutants. Examples of sensitive receptors include hospitals, schools, convalescent facilities, and

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residential areas. The Project is on undeveloped land in an area partly developed with industrial and agricultural uses. The considerable buffer distance from the nearest sensitive receptor would provide a substantial distance for pollutant concentrations to dilute to nominal levels. ARB has published guidance showing a 70 percent decrease in PM emissions at 500 feet from freeways, which are continuous emission sources, and an 80 percent decrease at 1,000 feet from distribution centers (ARB 2005). The closest residence to the project site is 1,200 feet to the northwest

The greatest potential for project-related emissions of toxic air contaminants (TACs) is related to the diesel PM emissions that would be generated by heavy-duty construction equipment. Off-road construction equipment used for the Project would generate diesel exhaust PM emissions. According to the Office of Environmental Health Hazard Assessment, health risk assessments that determine the health risks associated with exposure of residential receptors to TAC emissions should be based on a 30-year exposure period (OEHHA 2015). However, health risk assessments should be limited to the period/duration of emissions-generating activity. Project construction would last approximately 16 months, less than 5 percent of the required exposure period for health risk assessments. Additionally, because no sensitive receptors are in the project vicinity, the risk of exposure would be minimal.

Neither construction-related nor operational emissions for the Project would exceed the thresholds of significance. Therefore, the Project would not expose nearby sensitive receptors to substantial pollutant concentrations. This impact would be less than significant.

#### **5) Less-than-Significant Impact**

The occurrence and severity of odor impacts depend on numerous factors, including the nature, frequency, and intensity of the source; wind speed and direction; and the presence of sensitive receptors. Offensive odors rarely cause any physical harm, but they still can be very unpleasant, leading to considerable distress and often generating citizen complaints to local governments and regulatory agencies.

Project construction equipment would emit diesel exhaust that could result in short-term odorous emissions. However, because of the temporary nature of these emissions, the highly diffusive properties of diesel exhaust, and the location of the project site, construction-related odors would not affect a substantial number of people. Standard construction techniques would be implemented, and the odors would be temporary and typical of most construction sites. Once constructed, the regional spoils recycling yard would include the use of a shaker machine, wheel loader, water truck, and two hauler trucks to transport materials to the project site; however, the ongoing operations would not be a source of odors.

Potential sources of odors during project construction would include exhaust from diesel construction equipment. Odors from off-road equipment and on-road vehicles would be temporary and typical of most construction sites. Therefore, potential odor emissions would be short term and would not be considered harmful or a nuisance to a substantial number of people. This impact would be less than significant.

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## **D. Biological Resources**

### **SETTING AND DESCRIPTION**

The project site is located in southeast Merced. There are industrial businesses to the north, east, and west of the subject site. The property south of the subject site (across Childs Avenue), is designated for agricultural uses. The project site does not contain any trees, creeks, or other wetland areas.

The general project area is located in the Central California Valley eco-region (Omernik 1987). This eco-region is characterized by flat, intensively farmed plains with long, hot, dry summers and cool, wet winters (14-20 inches of precipitation per year). The Central California Valley eco-region includes the Sacramento Valley to the north, the San Joaquin Valley to the south, and it ranges between the Sierra Nevada Foothills to the east and the Coastal Range foothills to the west. Nearly half of the eco-region is actively farmed, and about three-fourths of that farmed land is irrigated.

The biological resources evaluation, prepared as part of the *Merced Vision 2030 General Plan Program Environmental Impact Report* (EIR), does not identify the project area as containing any seasonal or non-seasonal wetland or vernal pool areas. Given the adjacent, built-up, urban land uses and major roadways, no form of unique, rare or endangered species of plant and/or animal life could be sustained on the subject site.

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	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less- Than- Significant Impact	No Impact
<b>D. <u>Biological Resources.</u> Would the Project:</b>				
1) Have a substantial adverse effect, either directly or through habitat modification, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				✓
2) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?			✓	
3) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?				✓
4) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?				✓
5) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?			✓	
6) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?				✓

### 1) No Impact

The proposed project would not have any direct effects on animal life by changing the diversity of species, number of species, reducing the range of any rare or endangered species, introducing any new species, or leading to deterioration of existing fish or wildlife habitat. Although the *Merced Vision 2030 General Plan* identifies several species of plant and animal life that exist within the City's urban boundaries, the subject site does not contain any rare or endangered species of plant or animal life.

**2) Less-than-Significant Impact**

The proposed project would not have any direct effects on riparian habitat or any other sensitive natural community. The City General Plan identifies Bear, Black Rascal, Cottonwood, Miles, Fahrens, and Owens Creeks within the City's growth area. The subject site is approximately 2.5 miles from Black Rascal Creek. Black Rascal Creek is a Water of the U.S. under the jurisdiction of the U.S. Army Corps of Engineers (ACOE), the California Department of Fish and Wildlife (CDFW), and the Regional Water Quality Control Board. Any proposed "fill" of that waterway would be subject to permits from ACOE, CDFW, and the Regional Water Quality Control Board. No such "fill" or disturbance of the waterway is proposed as part of this development. The City's General Plan requires the preservation of the creek in its natural state. No riparian habitat identified in CDFW or USFW plans are present on the project site. Therefore, the Project would have a less-than-significant impact on riparian habitat.

**3) No Impact**

The project site would not have any direct effect on wetlands as no wetlands have been identified in the project area.

**4) No Impact**

The Project would not have any adverse effects on any resident or migratory fish or wildlife species or with established native resident migratory wildlife corridor, or impede the use of native wildlife nursery sites.

**5) Less Than Significant Impact**

The Project would not interfere with any local policies or ordinances protecting biological resources such as tree preservation policy or ordinance. The City requires the planting and maintenance of street trees along all streets and parking lot trees in parking lots but has no other tree preservation ordinances.

**6) No Impact**

The proposed project would not conflict with the provisions of a habitat conservation plan. There are no adopted Habitat Conservation Plans, Natural Conservation Community Plan, or other approved local, regional, or state Habitat Conservation Plan for the City of Merced or Merced County.

## **E. Cultural Resources**

### **SETTING AND DESCRIPTION**

The City of Merced area lies within the ethnographic territory of the Yokuts people. The Yokuts were members of the Penutian language family, which held all of the Central Valley, San Francisco Bay Area, and the Pacific Coast from Marin County to near Point Sur.

Merced County was first explored by Gabriel Moraga in 1806, when he named the Merced River, "El Rio de Nuestra Senra de la Merced." Moraga's explorations were designed to locate appropriate sites for an inland chain of missions. Moraga explored the region again in 1808 and 1810.

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## Archaeology

Archaeological sites are defined as locations containing significant levels of resources that identify human activity. Very little archaeological survey work has been conducted within the City or its surrounding areas. Creeks, drainage, and sloughs exist in the northern expansion area of the City, and Bear Creek and Cottonwood Creek pass through the developed area. Archaeological sites in the Central Valley are commonly located adjacent to waterways and represent potential for significant archaeological resources.

Paleontological sites are those that show evidence of pre-human existence. They are small outcroppings visible on the earth's surface. While the surface outcroppings are important indications of paleontological resources, the geological formations are the most important. There are no known sites within the project area known to contain paleontological resources of significance.

## Historic Resources

In 1985, in response to community concerns over the loss of some of the City's historic resources, and the perceived threats to many remaining resources, a survey of historic buildings was undertaken in the City. The survey focused on pre-1941 districts, buildings, structures, and objects of historical, architectural, and cultural significance. The survey area included a roughly four square-mile area of the central portion of the City.

The National Register of Historic Places, the California Historical Landmarks List, and the California Inventory of Historic Resources identify several sites within the City of Merced. These sites are listed on the Merced Historical Site Survey and are maintained by the Merced Historical Society. There are no listed historical sites on the project site.

According to the environmental review conducted for the General Plan, there are no listed historical sites and no known locations within the project area that contain sites of paleontological or archeological significance. The General Plan (Implementation Action SD-2.1.a) requires that the City utilize standard practices for preserving archeological materials that are unearthed during construction, as prescribed by the State Office of Historic Preservation.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less- Than- Significant Impact	No Impact
<b>E. <u>Cultural Resources.</u> Would the Project:</b>				
1) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?			✓	
2) Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?			✓	
3) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?			✓	
4) Disturb any human remains, including those interred outside of formal cemeteries?			✓	



**1) Less-than-Significant Impact**

The Project would not alter or destroy any known historic or archaeological site, building, structure, or object; nor would it alter or affect unique ethnic cultural values or restrict religious or sacred uses. According to the environmental review conducted for the General Plan, there are no listed historical sites and no known locations within the project area that contain sites of historical or archeological significance. The General Plan (Implementation Action SD-2.1.a) requires that the City utilize standard practices for preserving archeological materials that are unearthed during construction, as prescribed by the State Office of Historic Preservation.

**2) Less-than-Significant Impact**

The Project would not alter or destroy any known prehistoric or archaeological site, building, structure, or object; nor would it alter or affect unique ethnic cultural values or restrict religious or sacred uses. According to the environmental review conducted for the General Plan, there are no listed historical sites and no known locations within the project area that contain sites of historical or archeological significance. The General Plan (Implementation Action SD-2.1.a) requires that the City utilize standard practices for preserving archeological materials that are unearthed during construction, as prescribed by the State Office of Historic Preservation.

**3) Less-than-Significant Impact**

The Project would not alter or destroy any paleontological resource, site, or unique geological feature. According to the environmental review conducted for the General Plan, there are no listed historical sites and no known locations within the project area that contain sites of paleontological significance. The General Plan (Implementation Action SD-2.1.a) requires that the City utilize standard practices for preserving archeological materials that are unearthed during construction, as prescribed by the State Office of Historic Preservation.

**4) Less-than-Significant Impact**

The proposed project would not disturb any known human remains, including those interred outside of formal cemeteries; nor would it alter or affect unique ethnic cultural values or restrict religious or sacred uses. There are no known cemeteries in the project area. Excavation of the site would be needed to construct the proposed project, so it is possible that human remains would be discovered. However, Section 7050.5 of the California Health and Safety Code requires that if human remains are discovered during the construction phase of a development, all work must stop in the immediate vicinity of the find and the County Coroner must be notified. If the remains are determined to be Native American, the Coroner will notify the Native American Heritage Commission, which in turn will inform a most likely descendant. The descendant will then recommend to the landowner the appropriate method for the disposition of the remains and any associated grave goods. Additionally, the City's General Plan (Implementation Action SD-2.1.a) requires that the City utilize standard practices for preserving archeological materials that are unearthed during construction, as prescribed by the State Office of Historic Preservation. By following the requirements of the Health and Safety Code and

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Compliance with the City's General Plan, this potential impact would be less than significant.

## **F. Geology and Soils**

### **SETTING AND DESCRIPTION**

The City of Merced is located approximately 150 miles southeast of San Francisco along the east side of the southern portion of the Great Valley Geomorphic Province, more commonly referred to as the San Joaquin Valley. The valley is a broad lowland bounded by the Sierra Nevada to the east and Coastal Ranges to the west. The San Joaquin Valley has been filled with a thick sequence of sedimentary deposits from Jurassic to recent age. A review of the geological map indicates that the area around Merced is primarily underlain by the Pleistocene Modesto and Riverbank Formations with Holocene alluvial deposits in the drainages. Miocene-Pliocene Mehrten and Pliocene Laguna Formation materials are present in outcrops on the east side of the SUDP/SOI. Modesto and Riverbank Formation deposits are characterized by sand and silt alluvium derived from weathering of rocks deposited east of the SUDP/SOI. The Laguna Formation is made up of consolidated gravel sand and silt alluvium and the Mehrten Formation is generally a well-consolidated andesitic mudflow breccia conglomerate.

### **Faults and Seismicity**

A fault, or a fracture in the crust of the earth along which rocks on one side have moved relative to those on the other side, are an indication of past seismic activity. It is assumed that those that have been active recently are the most likely to be active in the future, although even inactive faults may not be "dead." "Potentially Active" faults are those that have been active during the past two million years or during the Quaternary Period. "Active" faults are those that have been active within the past 11,000 years. Earthquakes originate where movement or slippage occurs along an active fault. These movements generate shock waves that result in ground shaking.

Based on review of geologic maps and reports for the area, there are no known "active" or "potentially active" faults, or Alquist-Priolo Earthquake Fault Zones (formerly referred to as a Special Studies Zone) in the SUDP/SOI. In order to determine the distance of known active faults within 50 miles of the Site, the computer program EZ-FRISK was used in the General Plan update.

### **Soils**

Soil properties can influence the development of building sites, including site selection, structural design, construction, performance after construction, and maintenance. Soil properties that affect the load-supporting capacity of an area include depth to groundwater, ponding, flooding, subsidence, shrink-swell potential, and compressibility.

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	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
<b>F. <u>Geology and Soils.</u> Would the Project:</b>				
1) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				
a) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault?			✓	
b) Strong seismic ground shaking?			✓	
c) Seismic-related ground failure, including liquefaction?			✓	
d) Landslides?			✓	
2) Result in substantial soil erosion or loss of topsoil?			✓	
3) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the Project, and potentially result in on- or offsite landslide, lateral spreading, subsidence, liquefaction, or collapse?			✓	
4) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?			✓	
5) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?				✓

### 1) **Less than Significant Impact**

The project site is not located within a mapped fault hazard zone, and there is no record or evidence of faulting on the project site (City of Merced General Plan Figure 11.1). Because no faults underlie the project site, no people or structures would be exposed to substantial adverse effects related to earthquake rupture.

According to the City's *Merced Vision 2030 General Plan* EIR, the probability of soil liquefaction occurring within the City of Merced is considered to be a low to moderate hazard; however, a detailed geotechnical engineering investigation would be required for the Project in compliance with the California Building Code (CBC).

There would be no exposure to any geological hazards in the project area.

Ground shaking of moderate severity may be expected to be experienced on the project site during a large seismic event. All building permits are reviewed to ensure compliance with the California Building Code (CBC). In addition, the City enforces the provisions of the Alquist Priolo Special Study Zones Act that limit development in areas identified as having special seismic hazards. All new structures shall be designed and built in accordance with the standards of the California Building Code.

### **APPLICABLE GENERAL PLAN GOALS AND POLICIES**

The City's *Merced Vision 2030 General Plan* contains policies that address seismic safety.

<i>Goal Area S-2: Seismic Safety:</i>	
<b>Goal: Reasonable Safety for City Residents from the Hazards of Earthquake and Other Geologic Activity</b>	
<b>Policies</b>	
<b>S-2.1</b>	Restrict urban development in all areas with potential ground failure characteristics.

The Project would not expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving landslides.

Landslides generally occur on slopes of 15 percent or greater. The project site's topography is generally of slopes between 0 and 3 percent, which are considered insufficient to produce hazards other than minor sliding during seismic activity.

Therefore, no hazardous conditions related to seismic ground shaking would occur with the implementation of the Project. Additionally, the implementation of the Project would not lead to offsite effects related to hazards related to seismic groundshaking, nor would any existing off-site hazards be exacerbated.

#### **2) Less-Than-Significant Impact**

Construction associated with the proposed project could result in temporary soil erosion and the loss of top soil due to construction activities, including clearing, grading, site preparation activities, and installation of the proposed buildings and other improvements. The City of Merced enforces a Storm Water Management Program in compliance with the Federal Clean Water Act. All construction activities are required to comply with the City's Erosion and Sediment Control Ordinance (MMC §15.50.120.B), including the implementation of Best Management Practices (BMPs) to limit the discharge of sediment.

#### **3) Less Than Significant Impact**

The City of Merced is located in the Valley area of Merced County and is therefore less likely to experience landslides than other areas in the County. The probability of soil liquefaction actually taking place anywhere in the City of Merced is considered a low hazard. Soil types in the area are not conducive to liquefaction because they are either too

coarse or too high in clay content. According to the *Merced Vision 2030 General Plan* EIR, no significant free face failures were observed within this area and the potential for lurch cracking and lateral spreading is, therefore, very low within the this area.

4) **Less-Than-Significant**

Expansive soils are those possessing clay particles that react to moisture changes by shrinking (when they dry) or swelling (when they become wet). Expansive soils can also consist of silty to sandy clay. The extent of shrinking and swelling is influenced by the environment, extent of wet or dry cycles, and by the amount of clay in the soil. This physical change in the soils can react unfavorably with building foundations, concrete walkways, swimming pools, roadways, and masonry walls.

Implementation of General Plan Policies, adherence to the Alquist-Priolo Act, and enforcement of the California Building Code (CBC) Standards would reduce the effect of this hazard on new buildings and infrastructure associated with the Project. This would reduce potential impacts to a less-than-significant level.

5) **No Impact**

The project site would not have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater. However, the proposed project would be served by the City's sewer system. No new septic systems are allowed within the City Limits.

## **G. Hazards and Hazardous Materials**

### **SETTING AND DESCRIPTION**

#### **Hazardous Materials**

A substance may be considered hazardous due to a number of criteria, including toxicity, ignitability, corrosiveness, or reactivity. The term "hazardous material" is defined in law as any material that, because of quantity, concentration, or physical, or chemical characteristics, poses a significant present or potential hazard to human health and safety or to the environment.

#### **Wildland and Urban Fire Hazards**

Both urban and wildland fire hazard potential exists in the City of Merced and surrounding areas, creating the potential for injury, loss of life, and property damage. Urban fires primarily involve the uncontrolled burning of residential, commercial, or industrial structures due to human activities. Wildland fires affect grassland, brush or woodlands, and any structures on or near these fires. Such fires can result from either human-made or natural causes.

Urban fires comprise the majority of fires in the City of Merced. The site is adjacent to undeveloped ag land which could be a source for a wildland fire. However, the City of Merced Fire Department has procedures in place to address the issue of wildland fires, so no additional mitigation would be necessary.

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## **Airport Safety**

The City of Merced is impacted by the presence of two airports-Merced Regional Airport, which is in the southwest corner of the City, and Castle Airport (the former Castle Air Force Base), located approximately eleven miles northwest of the subject site.

The continued operation of the Merced Regional Airport involves various hazards to both flight (physical obstructions in the airspace or land use characteristics that affect flight safety) and safety on the ground (damage due to an aircraft accident). Growth is restricted around the Regional Airport in the southwest corner of the City due to the noise and safety hazards associated with the flight path.

Castle Airport also impacts the City. Portions of the northwest part of the City's SUDP/SOI and the incorporated City are within Castle's safety zones. The primary impact is due to noise (Zones C and D), though small areas have density restrictions (Zone B2). The military discontinued operations at Castle in 1995. One important criterion for determining the various zones is the noise factor. Military aircraft are designed solely for performance, whereas civilian aircraft have extensive design features to control noise.

Potential hazards to flight include physical obstructions and other land use characteristics that can affect flight safety, which include: visual hazards such as distracting lights, glare, and sources of smoke; electronic interference with aircraft instruments or radio communications; and uses that may attract flocks of birds. In order to safeguard an airport's long-term usability, preventing encroachment of objects into the surrounding airspace is imperative.

According to the Merced County Airport Land Use Compatibility Plan, the project site is not located in any restricted safety zones for either airport, and no aircraft overflight, air safety, or noise concerns are identified.

## **Railroad**

Hazardous materials are regularly shipped on the BNSF and SP/UP Railroad lines that pass through the City. While unlikely, an incident involving the derailment of a train could result in the spillage of cargo from the train in transporting. The spillage of hazardous materials could have devastating results. The City has little to no control over the types of materials shipped via the rail lines. There is also a safety concern for pedestrians along the tracks and vehicles utilizing at-grade crossings. The design and operation of at-grade crossings allows the City some control over rail-related hazards. Ensuring proper gate operation at the crossings is the most effective strategy to avoid collision and possible derailments. The Atishon Topeka and Santa Fe Railroad is approximately 1,000 feet from the site and Union Pacific Railroad is over 2 miles away.

## **Public Protection and Disaster Planning**

Hospitals, ambulance companies, and fire districts provide medical emergency services. Considerable thought and planning have gone into efforts to improve responses to day-to-day emergencies and planning for a general disaster response capability.

The City's Emergency Plan and the County Hazardous Waste Management Plan both deal with detailed emergency response procedures under various conditions for hazardous material spills. The City also works with the State Department of Health Services to establish cleanup plans and to monitor the cleanup of known hazardous waste sites within the City.

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	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
<b>G. <u>Hazards and Hazardous Materials.</u></b> Would the Project:				
1) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?			✓	
2) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?			✓	
3) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?				✓
4) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?			✓	
5) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the Project result in a safety hazard for people residing or working in the project area?			✓	
6) For a project within the vicinity of a private airstrip, would the Project result in a safety hazard for people residing or working in the project area?			✓	
7) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?			✓	
8) Expose people or structures to a significant risk of loss, injury, or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?			✓	

#### 1) **Less-Than-Significant Impact**

Construction activities associated with the proposed project would involve the use, storage, transport, and disposal of oil, gasoline, diesel fuel, paints, solvents, and other hazardous materials. The Project would be required to adhere to all applicable federal and state health

and safety standards. Construction activity must also be in compliance with the California Occupational Safety and Health Administration regulations (Occupational Safety and Health Act of 1970). Compliance with these requirements would reduce the risk of hazards to the public to a less-than-significant level.

## 2) **Less-Than-Significant Impact**

Construction on the project site would be reviewed for the use of hazardous materials at the building permit stage. Implementation of Fire Department and Building Code regulations for hazardous materials, as well as implementation of federal and state requirements, would reduce any risk caused by a future use on the site from hazardous materials to a less than-significant-level.

### **APPLICABLE GENERAL PLAN GOALS AND POLICIES**

The City of Merced *Vision 2030 General Plan* contains policies that address hazardous materials.

<i>Goal Area S-7: Hazardous Materials</i>	
<b>Goal: Hazardous Materials Safety for City Residents</b>	
<b>Policies</b>	
<b>S-2.1</b>	Prevent injuries and environmental contamination due to the uncontrolled release of hazardous materials.
<b>Implementing Actions:</b>	
<b>7.1.a</b>	Support Merced County in carrying out and enforcing the Merced County Hazardous Waste Management Plan.
<b>7.1.b</b>	Continue to update and enforce local ordinances regulating the permitted use and storage of hazardous gases, liquids, and solids.
<b>7.1.d</b>	Provide continuing training for hazardous materials enforcement and response personnel.

## 3) **No Impact**

The nearest school is Pioneer Elementary School, located at the southwest corner of E. Gerard Avenue and S. Coffee Street. The site is not within ¼ mile of this school. There are no other existing or proposed schools within ¼ mile of the site. Given the distance the existing school is from the site and the fact that no other schools are proposed within ¼ mile of the site, there is no impact.

## 4) **Less-Than-Significant Impact**

No project actions or operations would result in the release of hazardous materials that could affect the public or the environment, and no significant hazard to the public or the environment would result with project implementation. This potential impact is less than significant.



**5) Less-Than-Significant Impact**

The project site is not located within two miles of any public airport and is not within any safety or overflight zone for either the Merced Regional Airport or the Castle Airport, and no public or private airfields are within two miles of the project area.

**6) Less-Than-Significant Impact**

The closest private airstrip to the site is approximately 9 miles away. There would be no hazard to people living or working on the project site.

**7) Less-Than-Significant Impact**

The proposed project will not adversely affect any adopted emergency response plan or emergency evacuation plan. No additional impacts would result from the development of the project area over and above those already evaluated by the EIR prepared for the *Merced Vision 2030 General Plan*.

**APPLICABLE GENERAL PLAN GOALS AND POLICIES:**

The *Merced Vision 2030 General Plan* contains policies that address disaster preparedness.

<i>Goal Area S-1: Disaster Preparedness</i>	
<b>Goal: General Disaster Preparedness</b>	
<b>Policies</b>	
<b>S-1.1</b>	Develop and maintain emergency preparedness procedures for the City.
<b>Implementing Actions:</b>	
<b>1.1.a</b>	Keep up-to-date through annual review the City's existing Emergency Plan and coordinate with the countywide Emergency Plan.
<b>1.1.b</b>	Prepare route capacity studies and determine evacuation procedures and routes for different types of disasters, including means for notifying residents of a need to evacuate because of a severe hazard as soon as possible.
<b>7.1.d</b>	Provide continuing training for hazardous materials enforcement and response personnel.

**8) Less-Than-Significant Impact**

According to the EIR prepared for the *Merced Vision 2030 General Plan*, the risk for wildland fire within the City of Merced is minimal. According to the Cal Fire website, the Merced County Fire Hazard Severity Zone Map shows the project site is designated as a "Local Responsibility Area" (LRA) with a Hazard Classification of "LRA Unzoned."

The City of Merced Fire Department is the responsible agency for responding to fires at the subject site. The project site is located within Fire District #4, and is served by Station #54 located on 99 E. 16<sup>th</sup> St.(approximately 3.5 miles from the project site).

The site is near agricultural land that could be susceptible to wildland fires. However, the City of Merced Fire Department has procedures in place to address the issue of wildland

fires, so no additional mitigation would be necessary. This potential impact is less than significant.

## H. Hydrology and Water Quality

### SETTING AND DESCRIPTION

#### Water Supplies and Facilities

The City's water supply system consists of four elevated storage tanks with a combined storage capacity of approximately 1.4 million gallons, 22 wells and 14 pumping stations equipped with variable speed pumps that attempt to maintain 45 to 50 psi (pounds per square inch) nominal water pressure. The City is required to meet State Health pressure requirements, which call for a minimum of 20 psi at every service connection under the annual peak hour condition and maintenance of the annual average day demand plus fire flow, whichever is stricter. The project site would be serviced by an existing water main in Kibby Road.

#### *Storm Drainage/Flooding*

In accordance with the adopted *City of Merced Standard Designs of Common Engineering Structures*, percolation/detention basins are designed to temporarily collect runoff so that it can be metered at acceptable rates into canals and streams that have limited capacity. The Project would be required to adhere to the Post Construction Standards for compliance with the City's Phase II MS4 permit issued by the state of California.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
<b>H. <u>Hydrology and Water Quality.</u></b> Would the Project:				
1) Violate any water quality standards or waste discharge requirements?			✓	
2) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?			✓	
3) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on or offsite?			✓	

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
4) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on or offsite?			✓	
5) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?			✓	
6) Otherwise substantially degrade water quality?			✓	
7) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?				✓
8) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?			✓	
9) Expose people or structures to a significant risk of loss, injury, or death involving flooding, including flooding as a result of the failure of a levee or dam?			✓	
10) Inundation by seiche, tsunami, or mudflow?			✓	

### 1) Less-Than-Significant Impact

The Project is not expected to violate any water quality standards or waste discharge requirements during construction or operation. In addition to compliance with standard construction provisions, the Project shall be required to comply with the Draft Merced Storm Water Master Plan and the Storm Water Management Plan, and obtain all required permits for water discharge. During project operations, the City has developed requirements to minimize the impact to storm water quality caused by development and redevelopment. The increase in impervious areas caused by development can cause an increase in the type and quantity of pollutants in storm water runoff. Prior planning and design to minimize pollutants in runoff from these areas is an important component to storm water quality management. These standards are set forth in the City's Post-Construction Standards Plan and provide guidance for post-construction design measures to ensure that storm water quality is maintained. Compliance with these requirements and permits would reduce the impact to a less than significant level.

#### APPLICABLE GENERAL PLAN GOALS AND POLICIES:

The *Merced Vision 2030 General Plan* contains policies that address Water Quality and Storm Drainage.

<i>Goal Area P-5: Storm Drainage and Flood Control</i>	
<b>Goal: An Adequate Storm Drainage Collection and Disposal System in Merced</b>	
<b>Policies</b>	
<b>P-5.1</b>	Provide effective storm drainage facilities for future development.
<b>P-5.2</b>	Integrate drainage facilities with bike paths, sidewalks, recreation facilities, agricultural activities, groundwater recharge, and landscaping.
<b>Implementing Actions:</b>	
<b>5.1.a</b>	Continue to implement the City's Storm Water Master Plan and the Storm Water Management Plan and its control measures.
<b>5.1.c</b>	Continue to require all development to comply with the Storm Water Master Plan and any subsequent updates.

## 2) **Less-Than-Significant Impact**

The City of Merced is primarily dependent on groundwater sources that draw from the San Joaquin aquifer. The City has storage capacity of approximately 1.4 million gallons in four elevated storage tanks; 22 active well sites with one under construction, and 14 pumping stations, which provide service to meet peak hour urban level conditions and the average daily demand plus fire flows.

According to the City of Merced Draft Water Master Plan, the estimated average peak water demand in 2012 was 23.1 mgd.

The proposed project is estimated to use approximately 30,000 gallons of water per day. This would represent 0.13% of the estimated average daily water consumption in 2012. Although development of the site would restrict onsite recharge where new impervious surface areas are created, all alterations to groundwater flow would be captured and routed to the storm water percolation ponds or pervious surfaces with no substantial net loss in recharge potential anticipated. This reduces this impact to a less-than-significant level.

## 3) **Less-Than-Significant Impact**

The proposed project would result in modifications to the existing drainage pattern on the site. If required by the City's Engineering Department, the Project will be designed to capture all surface water runoff onsite and then drain into the City's existing storm drainage system.

The project site is currently vacant and consists of pervious surfaces. The proposed project would create impervious surfaces over a large portion of the project site, thereby preventing precipitation from infiltrating and causing it to pond or runoff. However, stormwater flows would be contained onsite and piped or conveyed to the City's stormwater system, there would be no potential for increased erosion or sedimentation.

Developed storm drainage facilities in the area are adequate to handle this minor increase in flows. The Project would not result in a substantial alteration of drainage in the area, and no offsite uses would be affected by the proposed changes. All potential impacts are less than significant.

**4) Less-Than-Significant Impact**

The proposed project would alter the existing drainage pattern of the site, but not in a manner that would result in flooding. The site is currently vacant and any construction on the site would alter the drainage pattern and reduce the absorption capability of the site. There are no streams or rivers that would be affected. All storm runoff would be captured onsite and conveyed through pipes to the City's stormwater system. Any changes to the site would drain into the City's existing storm drain system which would prevent any onsite or offsite flooding. This potential impact is less than significant.

**5) Less-Than-Significant Impact**

Construction on the site will drain into the City's existing storm drain system. The developer would be required to provide documentation showing the capacity exists within the existing lines and basin to serve this project.

**6) Less-Than-Significant Impact**

The proposed project would not substantially degrade water quality. The proposed project would be served by the City's water system and all water runoff will be contained onsite then directed out to the City's storm drain system. The construction of the Project would not affect the water quality and would not degrade water quality in the area. This potential impact is less than significant.

**7) Less-Than-Significant Impact**

The Project does not include the construction of any housing on this site. Therefore, there are no impacts.

**8) Less-Than-Significant Impact**

The Flood Insurance Rate Map shows the Project within a Zone "AO," limited flood hazard area. As required with all new construction, the Project would be required to comply with all requirements of the California Building Code (CBC) to ensure construction of the buildings meets the minimum requirements set forth by the CBC and the requirements of Flood Zone "AO." Therefore, there are no impacts.

**9) Less-Than-Significant Impact**

The proposed project would not expose people or structures to a significant risk of loss, injury, or death involving flooding, including flooding as a result of the failure of a levee or dam. According to Figure 11.3 of the *Merced Vision 2030 General Plan*, the project site is outside the inundation area of the Yosemite Lake Dam and the Bear Reservoir Dam. In the case of dam failure, the General Plan Safety Element addresses local hazard response procedures. This potential impact is less than significant.

**10) Less-Than-Significant Impact**

The proposed project is located approximately 80 miles from the Pacific Ocean, distant from any large lakes, and not within the inundation zones for Lake Yosemite or Bear Reservoir at an elevation ranging from approximately 173 feet above MSL. According to the City's General Plan Safety Element, the City of Merced is not subject to inundation by tsunamis, seiche, or mudflow. This potential impact is less than significant.

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## I. Land Use and Planning

### SETTING AND DESCRIPTION

The project site is located within the City Limits of Merced and within its Specific Urban Development Plan and Sphere of Influence (SUDP/SOI).

### SURROUNDING USES

Refer to Page 2 of this Initial Study and the map at Attachment A for the surrounding land uses.

### Current Use

The project site is 56.2 acres of vacant land located on the east side of Kibby Road, between Highway 140 and Childs Avenue.

The proposal is consistent with the City's zoning designation of Heavy Industrial (I-H) and the General Plan designation of Industrial (IND). The Project consists of a 9,100-square-foot operations building, a 15,400-square-foot regional management offices, a 23,500-square-foot warehouse/garage, and associated parking. The project site plan is found at Attachment B.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
<b>I. <u>Land Use and Planning.</u></b> Would the Project:				
1) Physically divide an established community?			✓	
2) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the Project (including, but not limited to, the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?			✓	
3) Conflict with any applicable habitat conservation plan or natural community conservation plan?				✓

#### 1) **Less-Than-Significant Impact**

The project site is within the boundaries of the Merced City Limits. It would not physically divide the community as it is already part of the City. This potential impact is less than significant.

#### 2) **Less-Than-Significant Impact**

The proposal is consistent with the zoning designation of Heavy Industrial (I-H) and the General Plan designation of Industrial (IND). All environmental effects caused by this project are being evaluated in this document and appropriate mitigation measures will be

applied to address any negative effects on the environment. Therefore, this impact is less than significant.

### 3) **No Impact**

No Habitat Conservation Plans or Natural Community Conservation Plans have been adopted by the City of Merced. Therefore, there would be no impact.

## **J. Mineral Resources**

### **SETTING AND DESCRIPTION**

The City of Merced does not contain any mineral resources that require managed production according to the State Mining and Geology Board. Based on observed site conditions and review of geological maps for the area, economic deposits of precious or base metals are not expected to underlie the City of Merced or the project site. According to the California Geological Survey, Aggregate Availability in California - Map Sheet 52, Updated 2006, minor aggregate production occurs west and north of the City of Merced, but economic deposits of aggregate minerals are not mined within the immediate vicinity of the SUDP/SOI. Commercial deposits of oil and gas are not known to occur within the SUDP/SOI or immediate vicinity.

According to the Merced County General Plan Background Report (June 21, 2007), very few traditional hard rock mines exist in the County. The County's mineral resources are almost all sand and gravel mining operations. Approximately 38 square miles of Merced County, in 10 aggregate resource areas (ARA), have been classified by the California Division of Mines and Geology for aggregate. The 10 identified resource areas contain an estimated 1.18 billion tons of concrete resources with approximately 574 million tons in Western Merced County and approximately 605 million tons in Eastern Merced County. Based on available production data and population projections, the Division of Mines and Geology estimated that 144 million tons of aggregate would be needed to satisfy the projected demand for construction aggregate in the County through the year 2049. The available supply of aggregate in Merced County substantially exceeds the current and projected demand.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less- Than- Significant Impact	No Impact
<b>J. <u>Mineral Resources.</u> Would the Project:</b>				
1) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?				✓
2) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan?				✓

## K. Noise

### SETTING AND DESCRIPTION

Potential noise impacts of the proposed project can be categorized as those resulting from construction and those from operational activities. Construction noise would have a short-term effect; operational noise would continue throughout the lifetime of the Project. Construction associated with the development of the Project would increase noise levels temporarily during construction. Operational noise associated with the development would occur intermittently with the continued operation of the proposed project.

Some land uses are considered more sensitive to noise levels than other uses. Sensitive land uses can include residences, schools, nursing homes, hospitals, and some public facilities, such as libraries. The noise level experienced at the receptor depends on the distance between the source and the receptor, the presence or absence of noise barriers and other shielding devices, and the amount of noise attenuation (lessening) provided by the intervening terrain. For line sources such as motor or vehicular traffic, noise decreases by about 3.0 to 4.5A –weighted decibels (dBA) for every doubling of the distance from the roadway.

### Noise from Other Existing Sources

Vehicular noise from Kibby Road would be the primary existing noise source at the project site. The nearest railroad corridor is 1,000 feet from the project site. The site is surrounded by various industrial businesses that generate operational noise on a daily basis. There are no sensitive uses located within 1,000 feet of the project site.

According to the *Merced Vision 2030 General Plan*, noise exposure not exceeding 80 dB is considered to be a “normally acceptable” noise level for industrial uses.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
<b>K. <u>Noise.</u></b> Would the Project result in:				
1) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?			✓	
2) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?			✓	
3) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the Project?			✓	
4) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the Project?			✓	



	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
5) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the Project expose people residing or working in the project area to excessive noise levels?			✓	
6) For a project within the vicinity of a private airstrip, would the Project expose people residing or working in the project area to excessive noise levels?			✓	

### 1) **Less Than Significant with Mitigation**

#### Construction Noise

Construction of the Project would temporarily increase noise levels in the area during the construction period. Therefore, the noise from construction may be steady for a few months and then cease all together. Construction activities, including site preparation and grading, building construction, and sidewalk and street improvements would be considered an intermittent noise impact throughout the construction period. These activities could result in various effects on sensitive receptors, depending on the presence of intervening barriers or other insulating materials. However, because the site is surrounded by other industrial uses which are not considered sensitive receptors, this impact is less than significant.

#### Operational Noise

Operational noise would be the main noise source expected from the proposed project. Traffic coming to and from the project site would generate the most noise. However, the site is surrounded by industrial uses, which are generally expected to be significantly louder than low impact zones (like residential zones). Implementation of the Project would not lead to continued offsite effects related to noise generated by the Project. Given the noise lack of low impact zones near the subject site, this potential impact is less than significant.

### 2) **Less-Than-Significant Impact**

Implementation of the proposed project would not result in the generation of any ground borne vibration or noise. This is a less-than-significant impact.

### 3) **Less-Than-Significant Impact**

As noted above, operational noise would be expected from the proposed project. Any development on the site could be considered an increase in the ambient noise given the fact that the site is currently vacant. However, as explained previously, the site is within a Heavy Industrial (I-H) Zone and surrounded by industrial businesses. The potential impacts of this project in the vicinity are less than significant.

**4) Less-Than-Significant Impact**

The project construction will cause temporary and periodic increases in the ambient noise levels. However, because the construction noise will only be temporary and the increase in noise generated from the site would be minimal, the impacts are less than significant.

**5) Less-Than-Significant Impact**

The Project is not located within the noise contours of any public airport. The project site is located approximately 6 miles from active areas of the Merced Regional Airport and approximately 11 miles from the Castle Airport. However, the airstrip has a flight pattern that goes northwest/southeast, which does not fly over the project site. Given its location, the private airstrip should not pose a hazard to the project development. Therefore, no population working or living at the site would be exposed to excessive levels of aircraft noise. This potential impact is less than significant.

**6) Less-Than-Significant Impact**

See section #5 above.

**L. Population and Housing****SETTING AND DESCRIPTION**

The Project does not induce the construction of housing units. The proposed office, warehouse, and service center will create approximately 50,000 square feet of building footprint.

**Expected Population and Employment Growth**

According to the State Department of Finance population estimates for 2016, the City of Merced's population was estimated to be 83,962. Population projections estimate that the Merced SUDP area will have a population of 159,900 by the Year 2030.

According to the *Merced Vision 2030 General Plan*, the City of Merced is expected to experience significant employment growth by the Year 2030.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
<b>L. <u>Population and Housing.</u></b> Would the Project:				
1) Induce substantial population growth in an area either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?			✓	
2) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?				✓

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less- Than- Significant Impact	No Impact
3) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?				✓

### 1) **Less-Than-Significant Impact**

Temporary construction-related jobs would result due to the renovation and construction associated with the Project, but it is unlikely that construction workers would need to relocate to Merced in order to work temporarily on the project site.

The implementation of the Project would increase the population of the project site due to job opportunities related to the Project. This project is essentially a request to relocate an existing service center with an existing labor force. Based on these factors, this potential impact would be less than significant.

### 2) **No Impact**

The subject site is within a Heavy Industrial Zone, which does not permit the construction of housing units and does not contain any existing residential structures. No housing would be displaced as a result of this project. There is no impact.

### 3) **No Impact**

The project site is vacant. No housing would be displaced as a result of this project. There is no impact.

## **M. Public Services**

### **SETTING AND DESCRIPTION**

#### **Fire Protection**

The City of Merced Fire Department provides fire protection, rescue, and emergency medical services from five fire stations throughout the urban area. Fire Station #54 is located at 99 E. 16<sup>th</sup> Street, approximately 3.5 miles from the site. This Station would serve the proposed project.

#### **Police Protection**

The City of Merced Police Department provides police protection for the entire City. The Police Department employs a mixture of sworn officers, non-sworn officer positions (clerical, etc.), and unpaid volunteers (VIP). The service standard used for planning future police facilities is approximately 1.37 sworn officers per 1,000 population, per the Public Facilities Financing Plan.

#### **Schools**

The public school system in Merced is served by three districts: 1) Merced City School District (elementary and middle schools); 2) Merced Union High School District (MUHSD); and 3) Weaver Union School District (serving a small area in the southeastern part of the City with

elementary schools). The districts include various elementary schools, middle (junior high) schools, and high schools.

As the City grows, new schools will need to be built to serve our growing population. According to the Development Fee Justification Study for the MUHSD, Merced City students are generated by new development at the following rate:

<b>Table 6 Student Generation Rates</b>		
<b>Commercial/Industrial Category</b>	<b>Elementary (K-8) (Students per 1,000 sq.ft.)</b>	<b>High School (9-12) (Students per 1,000 sq.ft.)</b>
Retail	0.13	0.038
Restaurants	0.00	0.157
Offices	0.28	0.048
Services	0.06	0.022
Wholesale/Warehouse	0.19	0.016
Industrial	0.30	0.147
Multi-Family	0.559 (per unit)	0.109 (per unit)

Based on the table above, the proposed 15,400-square-foot regional management office, 9,100-square-foot operations building, and 23,500-square-foot garage/warehouses, the Service Center would generate 12 K-8 students and 2 high school student.

	<b>Potentially Significant Impact</b>	<b>Less Than Significant with Mitigation Incorporated</b>	<b>Less- Than- Significant Impact</b>	<b>No Impact</b>
<b>M. <u>Public Services.</u> Would the Project:</b>				
1) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the following public services:				
a) Fire Protection?			✓	
b) Police Protection?			✓	
c) Schools?			✓	
d) Parks?			✓	
e) Other Public Facilities?			✓	

**1) Less Than Significant****a) Fire Protection**

The project site is located within Fire District #54 and would be served by Fire Station #54, located at 99 E. 16<sup>th</sup> Street (approximately 3.5 miles from the project site). The response from this station would meet the desired response time of 4 to 6 minutes, citywide, 90 percent of the time, within the financial constraints of the City. The proposed change in land use designation would not affect fire protection services, and no new or modified fire facilities would be needed. Any changes to the building or site would be required to meet all requirements of the California Fire Code and the Merced Municipal Code. Compliance with these requirements would reduce any future impacts to a less than significant level.

At the time a building permit is issued, the developer would be required to pay Public Facility Impact Fees (PFIF). A portion of this fee goes to cover the cities costs for fire protection such as fire stations, etc. In addition, the developer may be required to annex into the City's Community Facilities District for Services. This would result in an assessment paid with property taxes in which a portion of the tax would go to pay for fire protection services. Compliance with all Fire, Building, and Municipal Code requirements as well as payment of the Public Facility Impact Fees, and potential annexation into the City's CFD for services would reduce any potential impacts to a less than significant level.

**b) Police Protection**

The site would be served by the City Police Department. The development of the vacant project site could result in more calls to the site. Implementation of the proposed project would not require any new or modified police facilities.

The same requirements for paying Public Facility Impact Fees and potentially annexation into the City's Community Facilities District for Services would apply with a portion of the fees and taxes collected going toward the costs for police protection. Therefore, this potential impact is reduced to a less-than-significant level.

**c) Schools**

Based on the table and discussion provided in the "Settings and Description" section above, the proposed development would likely generate additional students to the school system. As appropriate, the developer would be required to pay all fees due under the Leroy F. Greene School Facilities Act of 1988. Once these fees are paid, the satisfaction of the developer of his statutory fee under California Government Code §65995 is deemed "full and complete mitigation" of school impacts. This potential impact is less than significant.

**d) Parks**

Joe Herb Park is located approximately 2 miles west of the site. This is not a housing development, so the Project is not expected to significantly increase the use of neighborhood or regional parks.

Payment of the fees required under the Public Facilities Financing Program (PFIF) as described above would be required at time of building permit issuance to help fund future parks and maintenance of existing parks as well as the payment of fees in lieu of land

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dedication for future parks would be required at the building permit stage. The proposed amenities onsite and the payment of fees would reduce this potential impact to less than significant.

**e) Other Public Facilities**

The development of the Project could impact the maintenance of public facilities and could generate impacts to other governmental services. Payment of the fees required under the Public Facilities Financing Program (PFIF) as described above would mitigate these impacts to a less than significant level.

## **N. Recreation**

### **SETTING AND DESCRIPTION**

The City of Merced has a well-developed network of parks and recreation facilities. Four City parks and recreation facilities are located within a one-mile radius of the project site.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
<b>N. <u>Recreation.</u> Would the Project:</b>				
1) Increase the use of neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?			✓	
2) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?				✓

**1) Less the Significant Impact**

Development of the Project may increase the use of neighborhood or regional parks. However, payment of the required development fees at the building permit stage along with the amenities on site would reduce the potential impacts to a **less than significant** level.

**2) No Impact**

The Project is not responsible for the construction or expansion of any recreational facilities.

## **O. Transportation/Traffic**

### **SETTING AND DESCRIPTION**

#### *Roadway System*

The project site is in southeast Merced, approximately 3 miles from downtown and 2 miles east of State Route (SR) 99. The project site is bounded by East Childs Avenue to the south and Kibby Road to the west. SR 140 (Yosemite Parkway) is north of the project site. The study area is shown in Figure P-1.

SR 140 (Yosemite Parkway) is a mixed urban and rural highway, oriented east to west that connects Merced with Mariposa County and Yosemite National Park. SR 140 functions as a major arterial roadway between SR 99 and Santa Fe Avenue within the developed area of Merced. East of Santa Fe Avenue near the project site, SR 140 transitions to a two-lane undivided rural highway with turn pockets at major intersections, paralleling the BNSF Railway's Stockton Subdivision east to Planada before turning northeast toward Mariposa County.

East Childs Avenue is an arterial roadway oriented east to west through southern Merced. East Childs Avenue begins at SR 59 (Los Banos Highway)/Martin Luther King Jr. Way within the developed area of Merced and continues east to Cunningham Road (beyond Merced's eastern boundary) and South Fresno Road. At SR 59/Martin Luther King Jr. Way, West Childs Avenue meets East Childs Avenue at an offset intersection and continues west to West Avenue at the edge of Merced Regional Airport. The project site is north of East Childs Avenue, which generally functions as a two-lane minor arterial roadway in the project area.

Kibby Road is a two-lane roadway oriented north to south through undeveloped or partly developed areas in eastern Merced. Kibby Road functions as a local collector roadway, connecting East Childs Avenue in the south with East Yosemite Avenue in the north.

Campus Parkway is a partially completed limited-access expressway, oriented north to south that will link SR 99 in South Merced with Yosemite Avenue in the vicinity of the University of California (UC) Merced campus. The completed portion of Campus Parkway extends from the SR 99 interchange at Mission Avenue to an interim terminus at East Childs Avenue. This portion of Campus Parkway is a 4-lane facility with a wide median. The posted speed limit on Campus Parkway is 55 miles per hour. Contingent upon the future build-out and expansion of the UC Merced campus and the adjacent University Community Planning Area, new roadways would connect and extend Campus Parkway north of SR 140.

#### *Transit Service*

The Transit Joint Powers Authority for Merced County has jurisdiction over public transit in Merced County and operates The Bus, the county's regional public transit system. The closest bus service to the project site is provided on Route P (Planada Commuter), a limited daytime service between Merced and Planada with approximately four to five round-trips on weekdays (headways of approximately 2 hours) and three round-trips on weekends (headways of approximately 2.5 hours or more). Route P has stops at Kibby Road/SR 140. Alternatively, more

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frequent service is available farther from the project site on Route M5 (Merced South-East), which travels along a loop via eastbound East Childs Avenue, southbound Coffee Street, and westbound East Gerard Avenue. Route M5 generally operates daytime service only, approximately every 30 minutes on weekdays and every hour on weekends.

### *Pedestrian and Bicycle Facilities*

Pedestrian and bicycle activity is relatively light in the project vicinity because most of the surrounding area is undeveloped or developed with agricultural or light industrial uses. In general, no sidewalks or bikeway facilities are provided along the roadway segments adjacent to the project site, and pedestrians and bicyclists are restricted to use of the roadway shoulders (which may only be partially paved and improved) or the outer edges of travel lanes. The west side of Kibby Road and north side of East Childs Avenue adjacent to the McLane Pacific Distribution Center at 3876 East Childs Avenue have been partially improved with curbs, but do not include paved sidewalks, and the path of travel may be obstructed by landscaping or other features.

### *Railroads*

SR 140 parallels the BNSF Railway's Stockton Subdivision near the project site. A grade crossing is in the project vicinity along Kibby Road, immediately south of the SR 140 intersection.

### *Vehicle Miles Traveled*

Senate Bill (SB) 743 directs the Governor's Office of Planning and Research (OPR) to develop new guidelines for assessing transportation-related impacts that "promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses" (Public Resources Code Section 21099[b][1]). These new guidelines will replace automobile delay, as described through level of service (LOS), with more appropriate criteria and metrics based on travel demand, such as "vehicle miles traveled, vehicle miles traveled per capita, automobile trip generation rates, or automobile trips generated" (Public Resources Code Section 21099[b][1]). The State CEQA Guidelines are expected to be amended to include guidance for measuring travel demand and to recommend that delays related to congestion no longer be considered a significant impact under CEQA (OPR 2016).

In November 2017, OPR transmitted its final proposal for changes to the State CEQA Guidelines for adoption by the California Natural Resources Agency, which has yet to begin a formal rulemaking process to adopt the proposed changes. While some California jurisdictions have already begun implementing SB 743 at a local level, the City of Merced has not yet adopted any formal changes to its thresholds and guidelines. Therefore, the analysis presented in this section continues to use the current State CEQA Guidelines thresholds and related local thresholds in determining the significance of potential project impacts.

### *Level of Service*

Roadway operating conditions are described using the concept of level of Service (LOS). LOS is a qualitative measure of vehicle delay and accounts for the effects of several factors: speed, travel time, traffic interruptions, freedom to maneuver, safety, and driving comfort/convenience. LOS

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ranges from LOS A to LOS F, from best to worst, covering the entire range of traffic operations that might occur. In general, LOS A represents free-flow conditions with no congestion, LOS E describes conditions approaching or at maximum capacity, and LOS F represents severe congestion and delay under stop-and-go conditions (Table P-1).

<b>Table P-1</b> <b>Level of Service Thresholds for Unsignalized Intersections</b>		
<b>Level of Service</b>	<b>Vehicle Delay (seconds/vehicle)</b>	<b>Description</b>
A	$\text{Delay} \leq 10.0$	Free Flow/Insignificant Delays: No approach phase is fully utilized and no vehicle waits longer than one red indication.
B	$10.0 < \text{Delay} \leq 15.0$	Operation/Minimal Delays: An occasional approach phase is fully utilized. Many drivers design to feel somewhat restricted within platoons of vehicles.
C	$15.0 < \text{Delay} \leq 25.0$	Stable Operation/Acceptable Delays: Major approach phases fully utilized. Most drivers feel somewhat restricted.
D	$25.0 < \text{Delay} \leq 35.0$	Approaching Unstable/Tolerable Delays: Drivers may have to wait through more than one red signal indication. Queues may develop but dissipate rapidly, without excessive delays.
E	$35.0 < \text{Delay} \leq 50.0$	Unstable Operation/Significant Delays: Volumes at or near capacity. Vehicles may wait through several signal cycles. Long queues from upstream from the intersection.
F	$\text{Delay} > 50.0$	Forced Flow/Excessive Delays: Represents jammed conditions. Intersection operates below capacity with low volumes. Queues may block upstream intersections.
Note: For a two-way stop-controlled intersection, the reported level of service represents the delay for the worst-performing intersection approach. Source: Transportation Research Board 2000:Exhibits 16-2 and 17-2		

Existing traffic conditions were analyzed at the following three intersections during the weekday a.m. and p.m. peak hours, which represent the busiest 60-minute periods (i.e., four consecutive 15-minute periods) during the 2-hour weekday a.m. and p.m. periods (7:00 a.m. to 9:00 a.m. and 4:00 p.m. to 6:00 p.m., respectively):

- East Childs Avenue/Kibby Road
- SR 140/Kibby Road
- East Childs Avenue/Campus Parkway



Figure P-1

Project Location and Study Intersections

The operation of the three selected intersections were evaluated for the following scenarios:

- The analysis of intersection LOS was conducted using the Traffix analysis program. The analysis uses procedures from the Transportation Research Board's *Highway Capacity Manual 2000* methodology for unsignalized intersections. Table P-1 shows the correlation between average stopped delay and LOS for unsignalized intersections. The results of the analysis indicate that all three intersections currently operate at an acceptable LOS C or better (Table P-2). Figure P-2 presents the Existing Conditions traffic volumes for each study intersection.

<b>No.</b>	<b>Intersection Location</b>	<b>Control</b>	<b>A.M. Peak Hour</b>		<b>P.M. Peak Hour</b>	
			<b>Delay<sup>1</sup></b>	<b>LOS</b>	<b>Delay</b>	<b>LOS</b>
1	East Childs Avenue/Kibby Road	Unsignalized	9.8	A	9.8	A
2	SR 140/Kibby Road	Unsignalized	14.7	B	17.6	C
3	East Childs Avenue / Campus Parkway	Unsignalized	8.0	A	8.6	A

Notes: No. = number; LOS = level of service; SR = State Route  
<sup>1</sup> Delay is in seconds per vehicle. For unsignalized intersections, the reported delay represents the worst intersection approach.

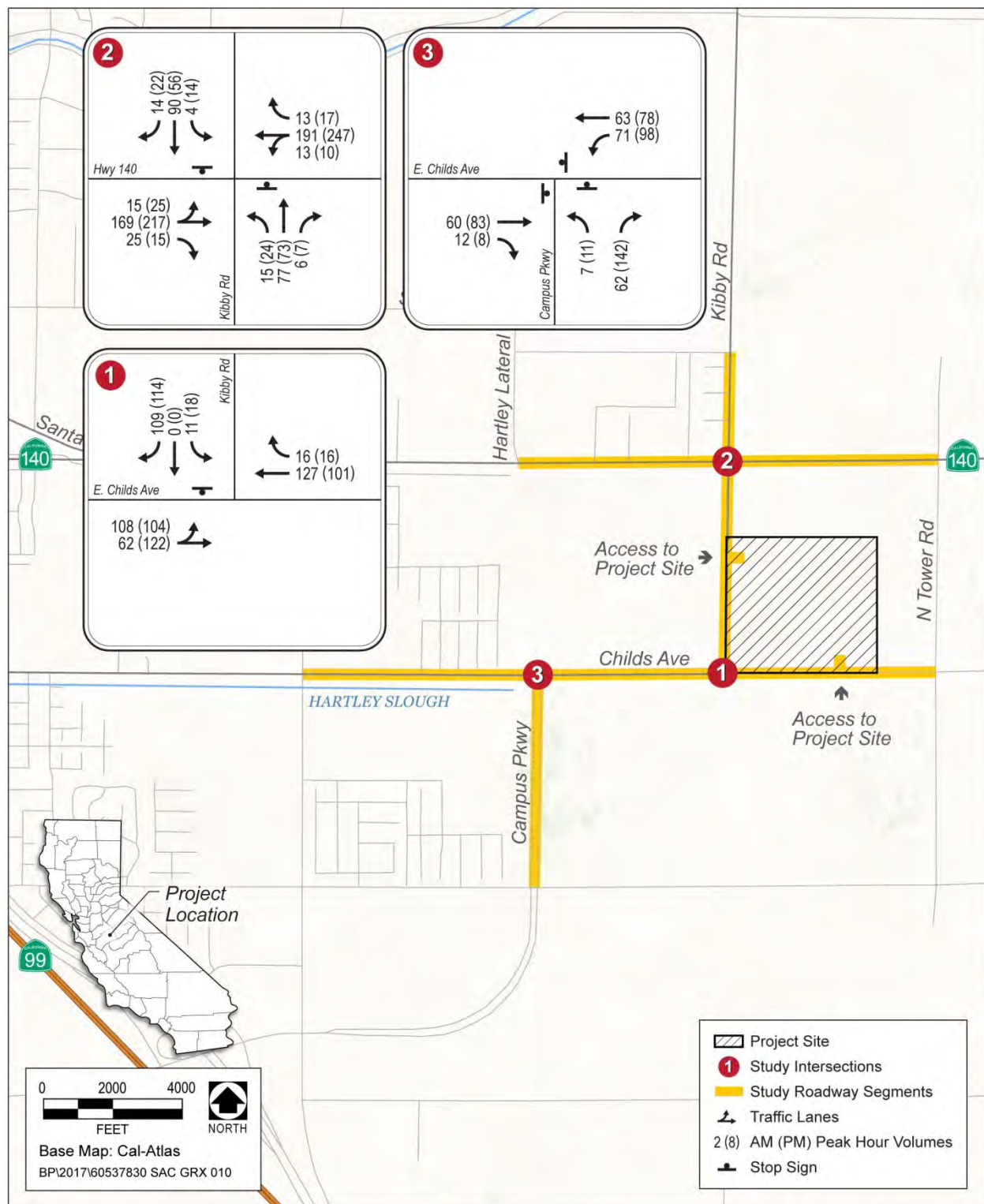


Figure P-2

Traffic Volumes—Existing No Project Conditions

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less- Than- Significant Impact	No Impact
<b>P. <u>Transportation/Traffic.</u></b> Would the Project:				
1) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e. result in a substantial increase in either vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?			✓	
2) Exceed, either individually or cumulatively, a level of service standard established by the County Congestion Management Agency for designated roads or highways?			✓	
3) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?				✓
4) Substantially increase hazards due to a design feature (e.g. sharp curves or dangerous intersections) or incompatible uses (e.g. farm equipment)?			✓	
5) Result in inadequate emergency access?			✓	
6) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?			✓	

### 1) **Less-than-Significant Impact**

See Section #2 (below).

### 2) **Less-than-Significant Impact**

#### *Level of Service*

The City of Merced has established LOS D as the acceptable standard for intersections and roadways for new streets in new growth areas and for most existing city streets, except under special circumstances (City of Merced 2012). However, maintaining LOS D at existing intersections is not always feasible, appropriate, or necessary. People may expect and

tolerate varying levels of congestion depending on location (e.g., central Merced) and time of day. Heavier traffic can also be a reason to encourage greater pedestrian activity and heavier transit use in such areas. Other factors may also make better LOS infeasible. In central Merced, for example, widening existing streets could disrupt stable, older neighborhoods. Given these considerations, longer delays such as those under LOS E or LOS F may be acceptable at peak hours in these areas.

For the purposes of this analysis, significant impacts at unsignalized intersections would be assumed to occur when adding project traffic would cause either of the following:

- An increase in traffic congestion resulting in an intersection operating at LOS E or worse. For unsignalized intersections, the need for a traffic signal is to be determined based on the traffic signal warrants described in Chapter 4C of the *California Manual of Uniform Traffic Control Devices* (CA MUTCD).
- An increase in total intersection volumes of more than 5 percent at an intersection that is already operating at LOS E or LOS F under the background (i.e., no project) condition.

#### *Project Travel Demand*

Travel demand represents the estimated trips in each relevant travel mode (e.g., automobile, transit, biking, walking) that would be generated by the Project, the origins and destinations of those trips, and the way in which they are assigned to the available transportation facilities.

#### *Trip Generation*

The Project's trip generation was based on the number of employees anticipated on-site. As described in the Project Description, the Project would include approximately 200 employees (Table P-3) at full operations.

<b>Table P-3 Personnel Estimates</b>		
<b>Location</b>	<b>Line of Business</b>	<b>Personnel Estimate</b>
Customer Service Office— 81 FTEs	Customer Care	22
	Electric Transmission & Distribution	45
	Gas Engineering, Construction, & Operations	8
	Enterprise Programs	1
	External Affairs & Public Policy	1
	Human Resources	1
	Information Technology	2
	Safety and Shared Services	1
Service Center— 116 FTEs	Customer Care	14
	Electric Transmission & Distribution	43
	Gas Engineering, Construction, & Operations	39
	Information Technology	5
	Safety and Shared Services	9

	Liquefied Natural Gas (LNG)	6
	Regional Spoils Recycling Yard— 3 FTEs	3
	<b>Total</b>	200
Note: FTE = Full-Time Equivalent		
Source: Data provided by PG&E in 2018		

The following conservative assumptions were made to determine the Project's trip generation:

- All employees would be present at the project site every weekday; therefore, employees at the project site would be expected to generate approximately 400 daily person-trips (one trip to and one trip from the site for each employee).
- All person-trips would take place by automobiles (no trips by transit, biking, walking, or other modes), and all employees would travel in single-occupancy vehicles (i.e., no carpooling).
- Approximately 75 percent of the trips (300 trips) would take place during the a.m. and p.m. peak hours. The remaining 25 percent of the trips (100 trips) would take place outside of the a.m. and p.m. peak hours.

### ***Trip Distribution***

The directions of approach and departure for trips that would be generated by the Project were estimated based on the regional distribution of existing developed areas in Merced and the surrounding study area. Based on prevailing traffic patterns, roadway capacity, and consultation with the City of Merced and Pacific Gas and Electric Company, three major roadway routes were identified (SR 140, East Childs Avenue, and Campus Parkway). Site ingress/egress for vehicles would be provided along East Childs Avenue for the customer parking lot and along Kibby Road for the remaining components of the Project, including the staff parking area, truck parking area, LNG yard, and Regional Spoils Recycling Yard.

The trip distribution assumes the following assignment/circulation patterns:

- Approximately 80 percent of the employees commuting during the peak hour were assumed to travel via East Childs Avenue: 5 percent to and from the east and 75 percent to and from the west at the East Childs Avenue/Kibby Road intersection. Of the latter, approximately 60 percent were assumed to take Campus Parkway, with the remaining 15 percent assumed to continue along East Childs Avenue west of the East Childs Avenue/Campus Parkway intersection.
- Approximately 20 percent of the employees commuting during the peak hour were assumed to travel via SR 140: 5 percent to and from the north, 5 percent to and from the east, and 10 percent to and from the west at the SR 140/Kibby Road intersection.

Table P-4 summarizes the Project's trip generation and distribution.

Daily Trips	Peak Hour Trips (75%)	Direction (to and from)	Percentage of Total Traffic (%)		Traffic Volume (Trips)	
			A.M.	P.M.	A.M.	P.M.
186	140	<b>Kibby Road South To/From East Childs Avenue</b>	<b>80</b>	<b>80</b>	<b>112</b>	<b>112</b>
		West via East Childs Avenue	75	75	105	105
		Campus Parkway	60	60	84	84
		West of Campus Parkway via East Childs Avenue	15	15	21	21
		East via East Childs Avenue	5	5	7	7
		<b>Kibby Road North To/From SR 140</b>	<b>20</b>	<b>20</b>	<b>28</b>	<b>28</b>
		North of SR 140 North via Kibby Road	5	5	7	7
		East via SR 140	5	5	7	7
		West via SR 140	10	10	14	14
<b>Customer Area (via East Childs Avenue)</b>						
14	11	<b>Kibby Road South To/From East Childs Avenue</b>	<b>80</b>	<b>80</b>	<b>8</b>	<b>8</b>
		West via East Childs Avenue	75	75	8	8
		Campus Parkway	60	60	6	6
		West of Campus Parkway via East Childs Avenue	15	15	2	2
		East via East Childs Avenue	5	5	1	1
		<b>Kibby Road North To/From SR 140</b>	<b>20</b>	<b>20</b>	<b>2</b>	<b>2</b>
		North of SR 140 North via Kibby Road	5	5	1	1
		East via SR 140	5	5	1	1
		West via SR 140	10	10	1	1
Note: SR = State Route Source: Data compiled by AECOM 2018						

All three study intersections would operate at an acceptable LOS (LOS D or better) under Existing with Project Conditions (Table P-5). Therefore, the Project would have a less-than-significant impact under Existing with Project Conditions. For reference, Table P-5 also includes the results for Existing No Project Conditions. Figure P-3 presents the Existing with Project Conditions traffic volumes for each study intersection.

No	Intersection Location	Control	Existing No Project Conditions				Existing with Project Conditions			
			A.M. Peak Hour		P.M. Peak Hour		A.M. Peak Hour		P.M. Peak Hour	
			Delay <sup>1</sup>	LOS	Delay	LOS	Delay	LOS	Delay	LOS
1	East Childs Avenue/Kibby Road	Unsignalized	9.8	A	9.8	A	10.3	B	10.5	B
2	SR 140/Kibby Road	Unsignalized	14.7	B	17.6	C	15.3	C	18.8	C
3	East Childs Avenue / Campus Parkway	Unsignalized	8.0	A	8.6	A	8.5	A	9.6	A

Notes:  
LOS = level of service; No. = number; SR = State Route  
<sup>1</sup> Delay is in seconds per vehicle. For unsignalized intersections, the reported delay represents the worst intersection approach.





Figure P-3

Traffic Volumes—Existing with Project Conditions

*Cumulative Conditions*

Intersection operations under Cumulative No Project Conditions and Cumulative with Project Conditions were also evaluated. As shown in Table P-6, the results of the analysis indicate that the East Childs Avenue/Kibby Road and East Childs Avenue/Campus Parkway intersections would operate at acceptable LOS (D or better) under both Cumulative No Project Conditions and Cumulative with Project Conditions. Average delays at the East Childs Avenue/Campus Parkway intersection would slightly improve under Cumulative with Project Conditions because the Project would add traffic to turning movements that would operate better than the overall intersection as a whole. The SR 140/Kibby Road intersection, however, is expected to operate at a below-standard LOS F under both scenarios. Figure P-4 and Figure P-5 present the traffic volumes for Cumulative No Project Conditions and Cumulative with Project Conditions, respectively, for each study intersection.

<b>Table P-6</b>										
<b>Intersection Level of Service Analysis—Cumulative No Project and With Project Conditions</b>										
<b>No.</b>	<b>Intersection Location</b>	<b>Control</b>	<b>Cumulative No Project Conditions</b>				<b>Cumulative with Project Conditions</b>			
			<b>A.M. Peak Hour</b>		<b>P.M. Peak Hour</b>		<b>A.M. Peak Hour</b>		<b>P.M. Peak Hour</b>	
			<b>Delay<sup>1</sup></b>	<b>LOS</b>	<b>Delay</b>	<b>LOS</b>	<b>Delay</b>	<b>LOS</b>	<b>Delay</b>	<b>LOS</b>
1	East Childs Avenue/Kibby Road	Unsignalized	10.9	B	12.4	B	11.6	B	13.0	B
2	SR 140/Kibby Road	Unsignalized	>= 50.0	F	>= 50.0	F	>= 50.0	F	>= 50.0	F
3	East Childs Avenue / Campus Parkway	Signalized	17.9	C	18.1	C	17.7	C	21.2	C
<b>Notes:</b> LOS = level of service; No. = number <sup>1</sup> Delay is in seconds per vehicle. For unsignalized intersections, the reported delay represents the worst intersection approach.										

However, under Cumulative with Project Conditions, the Project would only increase traffic volumes at the SR 140/Kibby Road intersection by approximately 2 percent during each of the a.m. and p.m. peak hours (relative to Cumulative No Project Conditions), which would not exceed the 5 percent increase in total intersection volume established in the significance thresholds described previously. Therefore, the Project would not result in a potentially significant cumulative impact at this intersection based on the expected increase in total traffic volumes attributable to the Project. This impact would be less than significant.

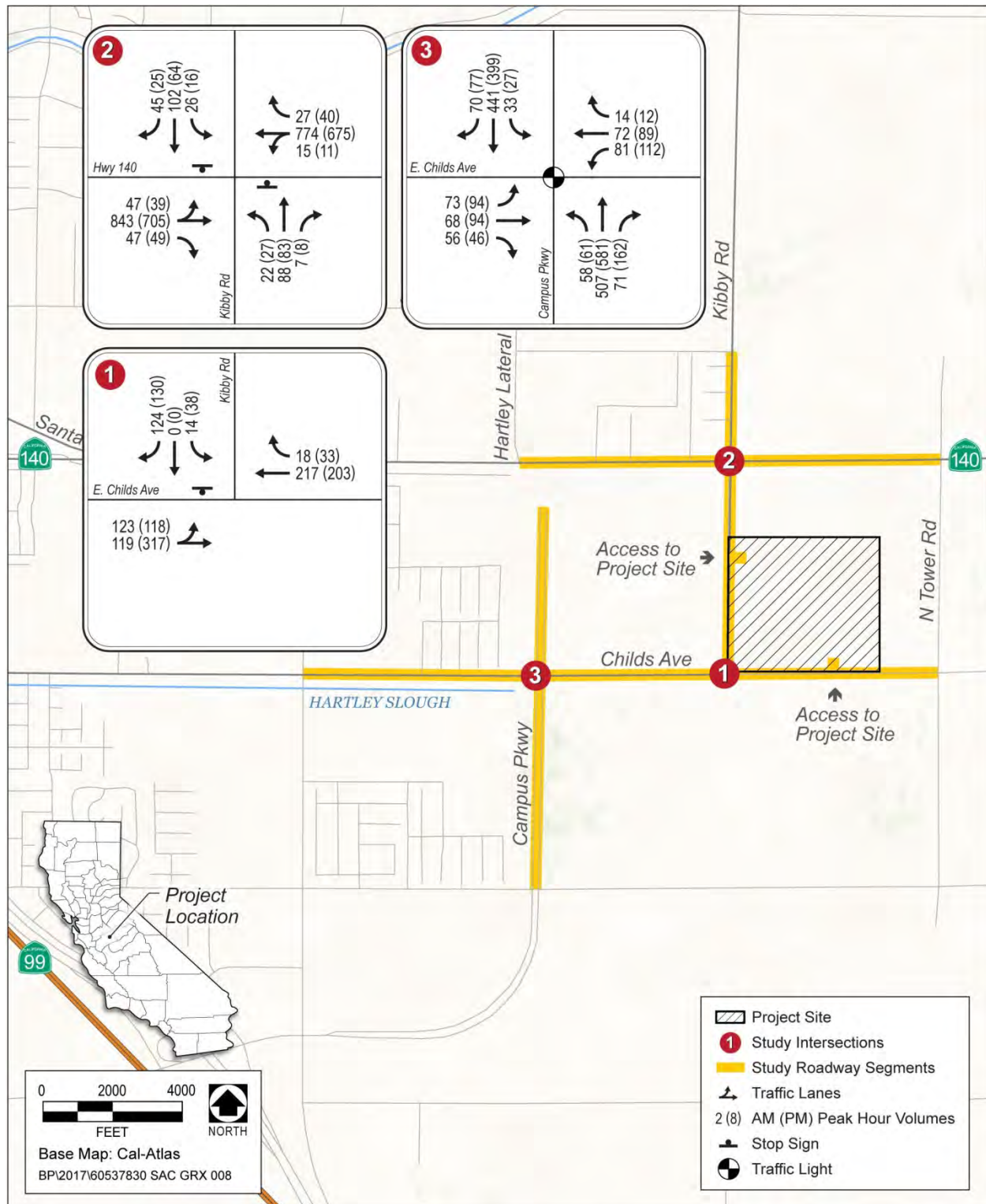


Figure P-4

Traffic Volumes—Cumulative No Project Conditions



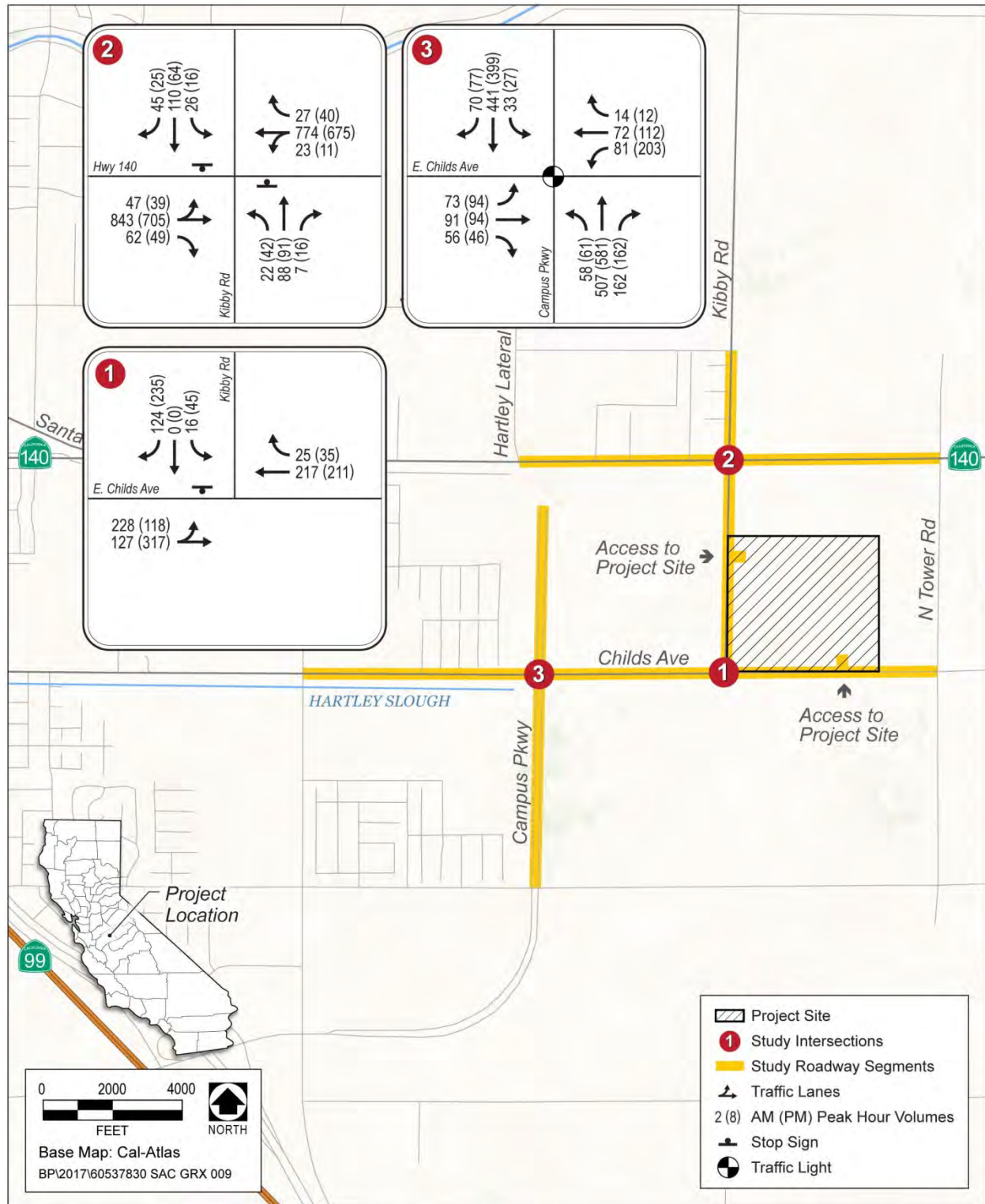


Figure P-5

Traffic Volumes—Cumulative with Project Conditions

**3) No Impact**

The Project would be constructed in an existing industrial and agricultural area on undeveloped land. The Project would not result in a change in air traffic patterns, including air traffic associated with any airports. The closest airport is Merced Regional Airport, located approximately 6 miles to the west. Therefore, no impact would occur.

**4) Less-than-Significant Impact**

The Project would not change existing design features of roads and highways in the project vicinity. The Project is on undeveloped land in an area that is partly developed with industrial and agricultural uses.

As described under Setting and Description, a grade crossing on the BNSF Railway's Stockton Subdivision at Kibby Road is immediately south of the SR 140/Kibby Road intersection. The crossing is a typical design, indicated by crossbucks and protected with standard (double-gate) crossing arms, flashing red lights, and bells.

During field surveys to conduct traffic counts at the SR 140/Kibby Road intersection, one to two trains were observed passing through this crossing during each of the a.m. and p.m. peak periods. There is currently space for approximately two standard-sized automobiles to queue ahead of the grade crossing on the northbound Kibby Road approach to SR 140, with the right-turn pocket onto eastbound SR 140 capable of accommodating an additional vehicle. Observations of queuing activity did not identify queues of more than two vehicles on this approach at any one time, and any queues that developed generally dissipated quickly.

Although the Project would increase the amount of vehicle traffic passing through this grade crossing, it would not generate substantial volumes of large-vehicle traffic (such as tractor-trailer trucks) that could potentially extend into the crossing when approaching the SR 140/Kibby Road intersection along northbound Kibby Road. Any project-generated traffic would be required to yield and obey grade crossing devices and signage, as at any other grade crossing. Given these considerations, the Project would not substantially increase safety hazards at this crossing. This impact related to safety hazards would be less than significant.

**5) Less-than-Significant Impact**

The project site is on undeveloped land in an area that is partly developed with industrial and agricultural uses. Site ingress/egress points would be located along East Childs Avenue and Kibby Road, the latter of which would provide direct access to the north (SR 140/Kibby Road intersection) and to the south (Kibby Road and East Childs Avenue). Standard conditions of approval require development and implementation of a traffic control plan to reduce the potential effects of project construction activities on transportation and to maintain routes for passage of emergency response vehicles on roadways affected by construction activities. Furthermore, the Project would not result in changes in emergency access to the site or surrounding uses, as the Project would have a less-than-significant impact on the three study intersections located along each of the major roadway routes serving the study area. Therefore, project construction and operation would not pose a

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significant obstacle to emergency response vehicles. This impact on emergency access would be less than significant.

**6) Less-than-Significant Impact**

The Project is not expected to generate substantial new demand for public transit services, and existing transit service in the area would likely have sufficient capacity to handle any marginal increase in transit ridership associated with the Project. The *Final Short Range Transit Plan 2012–2017* for The Bus did not identify any substantial changes to transit service planned in the project vicinity (TJPAMC 2012). The Project would not include design features or create substantial amounts of vehicle traffic that could conflict with adopted policies, plans, or programs regarding public transit services or facilities, nor would it otherwise decrease the performance or safety of any existing or planned transit services or facilities.

Similarly, the Project is not expected to generate substantial amounts of bicycle or pedestrian activity. Existing bikeway and pedestrian facilities in the project vicinity are limited; however, the Project would construct sidewalks or other standard frontage improvements required by the City of Merced. Similar frontage improvements and other street improvements would be required as part of the development of other tracts in the area, gradually creating a continuous network of bicycle and pedestrian facilities to serve the area. Furthermore, the Project would not include design features or create substantial amounts of vehicle traffic that could conflict with adopted policies, plans, or programs regarding bicycle or pedestrian facilities, nor would it otherwise decrease the performance or safety of any existing or planned bicycle or pedestrian facilities. Therefore, this impact would be less than significant.

## **P. Utilities and Service Systems**

### **SETTING AND DESCRIPTION**

#### **Water**

The City's water system is composed of 22 groundwater production wells located throughout the City, approximately 350 miles of main lines, and 4 water tower tanks for storage. Well pump operators ensure reliability and adequate system pressure at all times to satisfy customer demand. Diesel powered generators help maintain uninterrupted operations during power outages. The City of Merced water system delivered more than 24 million gallons of drinking water per day in 2013 to approximately 20,733 residential, commercial, and industrial customer locations. The City is required to meet State Health pressure requirements, which call for a minimum of 20 psi at every service connection under the annual peak hour condition and maintenance of the annual average daily demand plus fire flow, whichever is stricter. The City of Merced Water Division is operated by the Public Works Department.

The City of Merced's wells have an average depth of 414 feet and range in depth from 161 feet to 800 feet. The depth of these wells would suggest that the City of Merced is primarily drawing water from a deep aquifer associated with the Mehrten geological formation. Increasing urban demand and associated population growth, along with an increased shift by agricultural users from surface water to groundwater and prolonged drought have resulted in declining groundwater levels due to overdraft. This condition was recognized by the City of Merced and the Merced Irrigation

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District (MID) in 1993, at which time the two entities began a two-year planning process to ensure a safe and reliable water supply for Eastern Merced County through the year 2030. Integrated Regional Water Planning continues today through various efforts.

### *Wastewater*

Wastewater (sanitary sewer) collection and treatment in the Merced urban area is provided by the City of Merced. The wastewater collection system handles wastewater generated by residential, commercial, and industrial uses in the City.

The City Wastewater Treatment Plant (WWTP), located in the southwest part of the City about two miles south of the airport, has been periodically expanded and upgraded to meet the needs of the City's growing population and new industry. The City's wastewater treatment facility has a capacity of 11.5 million gallons per day (mgd); with an average flow in 2006, of 8.5 mgd. The City has recently completed an expansion project to increase capacity to 12 mgd and upgrade to tertiary treatment with the addition of filtration and ultraviolet disinfection. Future improvements would add another 8 mgd in capacity (in increments of 4 mgd), for a total of 20 mgd. This design capacity can support a population of approximately 174,000. The collection system will also need to be expanded as development occurs.

Treated effluent is disposed of in several ways depending on the time of year. Most of the treated effluent (75% average) is discharged to Hartley Slough throughout the year. The remaining treated effluent is delivered to a land application area and the on-site City-owned wetland area south of the treatment plant.

### Storm Drainage

The Draft *City of Merced Storm Drainage Master Plan* addresses the collection and disposal of surface water runoff in the City's SUDP. The study addresses both the collection and disposal of storm water. Systems of storm drain pipes and catch basins are laid out, sized, and costed in the plan to serve present and projected urban land uses.

It is the responsibility of the developer to ensure that utilities, including storm water and drainage facilities, are installed in compliance with City regulations and other applicable regulations. Necessary arrangements with the utility companies or other agencies will be made for such installation, according to the specifications of the governing agency and the City (Ord. 1342 § 2 (part), 1980: prior code § 25.21(f)). The disposal system is mainly composed of MID facilities, including water distribution canals and laterals, drains, and natural channels that traverse the area.

The City of Merced has been involved in developing a Storm Water Management Plan (SWMP) to fulfill requirements of storm water discharges from Small Municipal Separate Storm Sewer System (MS4) operators in accordance with Section 402(p) of the Federal Clean Water Act (CWA). The SWMP was developed to also comply with General Permit Number CAS000004, Water Quality Order No. 2003-0005-DWQ.

### **Solid Waste**

The City of Merced is served by the Highway 59 Landfill and the Highway 59 Compost Facility, located at 6040 North Highway 59. The County of Merced is the contracting agency for landfill operations and maintenance, as the facilities are owned by the Merced County Association of Governments. The City of Merced provides services for all refuse pick-up within the City limits and franchise hauling companies collect in the unincorporated areas. In addition to these two

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landfill sites, there is one private disposal facility, the Flintkote County Disposal Site, at SR 59 and the Merced River. This site is restricted to concrete and earth material.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
<b>P. <u>Utilities and Service Systems.</u></b> Would the Project:				
1) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?			✓	
2) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			✓	
3) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			✓	
4) Have sufficient water supplies available to serve the Project from existing entitlements and resources, or are new or expanded entitlements needed?			✓	
5) Result in a determination by the wastewater treatment provider which serves or may serve the Project that it has adequate capacity to serve the Project's projected demand in addition to the provider's existing commitments?			✓	
6) Be served by a landfill with sufficient permitted capacity to accommodate the Project's solid waste disposal needs?			✓	
7) Comply with federal, state, and local statutes and regulations related to solid waste?			✓	

**1) Less Than Significant Impact**

The project site would be served by City sewer system. There is sufficient capacity for serving this project within the City of Merced. This potential impact is less than significant.

**2) Less Than Significant Impact**

The City's current water and wastewater system is capable of handling this project within the City of Merced. There is an existing sewer line along Kibby Road. No significant environmental impacts would result from connecting to the line. A water line currently



exists in Kibby Road along the property frontage. No new construction for water facilities would be required. This potential impact is less than significant.

**3) Less Than Significant Impact**

The Project would be required to provide storm drainage facilities that would capture storm water onsite and be routed to the City's storm drain system. No new facilities or expansions of existing facilities are needed. This potential impact is less than significant.

**4) Less Than Significant Impact**

As explained above, no new water facilities are needed for this project. The existing water system is sufficient to serve the development. Potential impacts are less than significant.

**5) Less Than Significant Impact**

Refer to item 2 above.

**6) Less Than Significant Impact**

The City of Merced uses the Highway 59 Landfill. Sufficient capacity is available to serve the future project. According to the *Merced Vision 2030 General Plan DEIR*, the landfill has capacity to serve the City through 2030. Potential impacts are less than significant.

**7) Less Than Significant Impact**

All construction on the site would be required to comply with all local, state, and federal regulations regarding solid waste, including recycling. Potential impacts are less than significant.

## Q. Mandatory Findings of Significance

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
<b>Q. <u>Mandatory Findings of Significance.</u></b> Would the Project:				
1) Have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?			✓	

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less- Than- Significant Impact	No Impact
2) Have impacts that are individually limited, but cumulatively considerable? (“Cumulatively considerable” means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probably future projects?)			✓	
3) Have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?			✓	

### 1) **Less-Than-Significant Impact**

As previously discussed in this document, the Project does not have the potential to adversely affect biological resources or cultural resources, because such resources are lacking on the project site, and any potential impacts would be avoided with implementation of the mitigation measures and other applicable codes identified in this report. Also, the Project would not significantly change the existing urban setting of the project area. Thus, this impact would be less than significant.

### 2) **Less-Than-Significant Impact**

The Program Environmental Impact Report conducted for the *Merced Vision 2030 General Plan, the General Plan Program EIR* (SCH# 2008071069), has recognized that future development and build-out of the SUDP/SOI will result in cumulative and unavoidable impacts in the areas of Air Quality and Loss of Agricultural Soils. In conjunction with this conclusion, the City has adopted a Statement of Overriding Considerations for these impacts (Resolution #2011-63) which is herein incorporated by reference.

The certified General Plan EIR addressed and analyzed cumulative impacts resulting from changing agricultural uses to urban uses. No new or unaddressed cumulative impacts will result from the Project that have not previously been considered by the certified General Plan EIR or by the Statement of Overriding Considerations, or mitigated by this Expanded Initial Study. This Initial Study does not disclose any new and/or feasible mitigation measures which would lessen the unavoidable and significant cumulative impacts.

The analysis of impacts associated with the development would contribute to the cumulative air quality and agricultural impacts identified in the General Plan EIR. In the case of air quality, emissions from the proposed project would be less than significant. The nature and extent of these impacts, however, falls within the parameters of impacts previously analyzed in the General Plan EIR. No individual or cumulative impacts will be

created by the Project that have not previously been considered at the program level by the General Plan EIR or mitigated by this Initial Study.

### 3) **Less-Than-Significant Impact**

Development anticipated by the *Merced Vision 2030 General Plan* will have significant adverse effects on human beings. These include the incremental degradation of air quality in the San Joaquin Basin, the loss of unique farmland, the incremental increase in traffic, and the increased demand on natural resources, public services, and facilities. However, consistent with the provisions of CEQA previously identified, the analysis of the proposed project is limited to those impacts which are peculiar to the project site or which were not previously identified as significant effects in the prior EIR. The previously-certified General Plan EIR and the Statement of Overriding Considerations addressed those cumulative impacts; hence, there is no requirement to address them again as part of this project.

This previous EIR concluded that these significant adverse impacts are accounted for in the mitigation measures incorporated into the General Plan EIR. In addition, a Statement of Overriding Considerations was adopted by City Council Resolution #2011-63 that indicates that the significant impacts associated with development are offset by the benefits that will be realized in providing necessary jobs for residents of the City. The analysis and mitigation of impacts have been detailed in the Environmental Impact Report prepared for the *Merced Vision 2030 General Plan*, which is incorporated into this document by reference.

While this issue was addressed and resolved with the General Plan EIR in an abundance of caution, in order to fulfill CEQA's mandate to fully disclose potential environmental consequences of projects, this analysis is considered herein. However, as a full disclosure document, this issue is repeated in abbreviated form for purposes of disclosure, even though it was resolved as a part of the General Plan.

Potential impacts associated with the Project's development have been described in this Initial Study. All impacts were determined to be less than significant.

## **R. Greenhouse Gas Emissions**

### **SETTING AND DESCRIPTION**

Certain gases in the earth's atmosphere, classified as greenhouse gases (GHGs), play a critical role in determining the earth's surface temperature. A portion of the solar radiation that enters the atmosphere is absorbed by the earth's surface, and a smaller portion of this radiation is reflected back toward space. Infrared radiation is absorbed by GHGs; as a result, infrared radiation released from the earth that otherwise would have escaped back into space is instead trapped, resulting in a warming of the atmosphere. This phenomenon, known as the greenhouse effect, is responsible for maintaining a habitable climate on Earth.

GHGs are present in the atmosphere naturally, are released by natural sources and anthropogenic sources, and are formed from secondary reactions taking place in the atmosphere. The following GHGs are widely accepted as the principal contributors to human-induced global climate change and are relevant to the Project: carbon dioxide (CO<sub>2</sub>), methane, and nitrous oxide.

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Emissions of CO<sub>2</sub> are byproducts of fossil fuel combustion. Methane is the main component of natural gas and is associated with agricultural practices and landfills. Nitrous oxide is a colorless GHG that results from industrial processes, vehicle emissions, and agricultural practices.

Global warming potential (GWP) is a concept developed to compare the ability of each GHG to trap heat in the atmosphere relative to CO<sub>2</sub>. The GWP of a GHG is based on several factors, including the relative effectiveness of a gas in absorbing infrared radiation and the length of time the gas remains in the atmosphere (i.e., its atmospheric lifetime). The reference gas for GWP is CO<sub>2</sub>; therefore, CO<sub>2</sub> has a GWP of 1. The other main GHGs that have been attributed to human activity include methane, which has a GWP of 28, and nitrous oxide, which has a GWP of 265 (IPCC 2013). For example, 1 ton of methane has the same contribution to the greenhouse effect as approximately 28 tons of CO<sub>2</sub>. GHGs with lower emissions rates than CO<sub>2</sub> may still contribute to climate change, because they are more effective than CO<sub>2</sub> at absorbing outgoing infrared radiation (i.e., they have high GWPs). The concept of CO<sub>2</sub>-equivalents (CO<sub>2</sub>e) is used to account for the different GWP potentials of GHGs to absorb infrared radiation.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less-Than-Significant Impact	No Impact
<b>R. <u>Greenhouse Gas Emissions.</u></b> Would the Project:				
1) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?			✓	
2) Conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of greenhouse gases?			✓	

#### 1) **Less -than-Significant Impact**

The San Joaquin Valley Air Pollution Control District (SJVAPCD) is responsible for protecting public health and welfare through the administration of federal and state air quality laws and policies. In December 2009, SJVAPCD adopted the *Final Staff Report Addressing Greenhouse Gas Emissions Impacts under the California Environmental Quality Act* (SJVAPCD 2009). SJVAPCD also developed guidance for land-use agencies to address GHG emissions impacts for new development projects. Projects complying with an approved GHG emissions reduction plan or GHG mitigation program would have a less-than-significant individual and cumulative impact related to GHG emissions. Projects implementing best performance standards and reducing project-specific GHG emissions by at least 29 percent compared to the business-as-usual condition would have a less-than-significant individual and cumulative impact on global climate change under this guidance. However, models used to estimate GHG emissions now include some of the statewide

measures that previously would have been used to evaluate this 29 percent reduction performance standard, so this particular method of comparison is out of date.

To establish the context in which to consider the Project's GHG emissions, this analysis used guidance from the adjacent Sacramento Metropolitan Air Quality Management District (SMAQMD) to determine significance. In 2014, SMAQMD adopted a significance threshold for GHG emissions consistent with the goals of Assembly Bill (AB) 32: 1,100 metric tons (MT) CO<sub>2</sub>e per year for construction-related and operational emissions (SMAQMD 2014). This significance threshold was developed to assess the consistency of a project's emissions with the statewide framework for reducing GHG emissions.

The impacts associated with GHG emissions generated by the Project are related to the emissions from short-term construction and operations. Off-road equipment, materials transport, and worker commutes during construction of the Project would generate GHG emissions. Total construction-related and operational GHG emissions were calculated using methods and assumptions described for criteria air pollutants, and compared to the SMAQMD threshold of 1,100 MT CO<sub>2</sub>e. Total construction-related emissions for the Project would be 693 MT CO<sub>2</sub>e—including 498 MT CO<sub>2</sub>e in 2018 and 195 MT CO<sub>2</sub>e in 2019. Emissions generated by the Project during operations are related to indirect GHG emissions associated with increased worker trips, equipment usage, energy from electricity use and limited direct GHG emissions as a result of regular testing and maintenance of the emergency generator. Operational-related GHG emissions generated by the Project are 859 MT CO<sub>2</sub>e per year. Additional modeling assumptions and details are provided in Appendix C-1.

GHG emissions associated with construction of the Project are short-term and will cease following completion of construction activity. Neither construction nor operational emissions exceed the 1,100 MT CO<sub>2</sub>e threshold. Therefore, the Project would not generate GHG emissions, either directly or indirectly, that may have a significant impact on the environment. This impact would be less than significant.

## **2) Less-than-Significant Impact**

In 2006, California enacted AB 32, the California Global Warming Solutions Act of 2006 (California Health and Safety Code Section 38500 et seq.). AB 32 establishes regulatory, reporting, and market mechanisms to achieve reductions in GHG emissions and establishes a cap on statewide GHG emissions. It requires that statewide GHG emissions be reduced to 1990 levels by 2020.

In 2008 and 2014, the California Air Resources Board (ARB) approved the Climate Change Scoping Plan (Scoping Plan) and the first update to the Climate Change Scoping Plan: Building on the Framework, respectively (ARB 2008; ARB 2014). In 2016, the state legislature passed Senate Bill SB 32, which established a 2030 GHG emissions reduction target of 40 percent below 1990 levels. In response to SB 32 and the companion legislation of AB 197, ARB approved the Final Proposed 2017 Scoping Plan Update: The Strategy for Achieving California's 2030 GHG Target in November 2017 (ARB 2017). The 2017

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Scoping Plan draws from the previous plans to present strategies to reaching California's 2030 GHG reduction target. The Project would comply with any mandate or standards set forth by an adopted Scoping Plan Update effecting construction activities and operations.

In 2012, the City of Merced adopted the *Merced Climate Action Plan* to address the reduction of major sources of GHG emissions. The plan established an emissions target of 1990 levels by 2020, commensurate with the State of California's target (City of Merced 2012). To meet this goal, the City adopted values, goals, and strategies to reduce emissions. Goals of the plan include:

- enhanced mobility of all transportation modes;
- sustainable community design;
- water conservation and technology;
- protection of air resources;
- waste reduction;
- increased use of renewable energy sources;
- building energy conservation; and
- public outreach and involvement.

The Project would be consistent with the goals of the *Merced Climate Action Plan*. The Project would relocate existing employees to a more energy-efficient building. The new building would be constructed to meet the current California Green Building Standards Code and would be consistent with the Building Energy Conservation Goal. Additionally, operation of the regional spoils recycling facility would reduce the disposal of waste and would support waste reduction goals.

As mentioned above, the Project would not exceed emissions thresholds adopted by SMAQMD and would be consistent with the applicable requirements of the *Merced Climate Action Plan*. Therefore, the Project would not conflict with any applicable plans, policies, or regulations adopted for the purpose of reducing GHG emissions. This impact would be less than significant.

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**4. ENVIRONMENTAL DETERMINATION**

On the basis of this initial environmental evaluation:

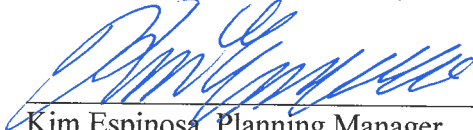
I find that the project could have a significant effect on the environment, and that  
  X   a NEGATIVE DECLARATION HAS BEEN PREPARED for public review.

April 26, 2018



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Francisco Mendoza-Gonzalez, Planner



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Kim Espinosa, Planning Manager  
Environmental Coordinator  
City of Merced

**5. PREPARERS OF THE INITIAL STUDY**

**LEAD AGENCY**

City of Merced

Planning & Permitting Division

678 West 18<sup>th</sup> Street

Merced, CA 95340

(209) 385-6929

Francisco Mendoza-Gonzalez, Planner

**ATTACHMENTS:**

- A) Location Map
- B) Site Plan



EASY

IDA

NELLIE

140

Wellmade  
Products

KIBBY

University  
Industrial Park

Mc Lane  
Pacific

Subject Site

TOWER

CHILDS







## **Attachment 6**

**Site Plan Review Resolution # 418, Notice of  
Determination, Exhibit G**

## NOTICE OF DETERMINATION

FILED

To: \_\_\_\_\_ Office of Planning and Research  
P.O. Box 3044  
Sacramento, CA 95812-3044

2018 MAY -1 PM 2: 06

MERCED COUNTY CLERK

BY: *[Signature]*  
DEPUTY



X County Clerk  
County of Merced  
2222 M Street  
Merced, CA 95340

From : City of Merced  
678 West 18th Street  
Merced, CA 95340  
(209) 385-6858

**SUBJECT:** Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

**Project Title:** Site Plan #418

**Project Applicant:** Pacific Gas & Electric (PG&E)

**Lead Agency Contact:** Francisco Mendoza-Gonzalez

**Phone No.** 209-385-6858

**Project Location - City:** Merced

**Project Location - County:** Merced

**Project Description:** The Project includes the construction of a new PG&E Service Center with a 9,100-square-foot operations building, a 15,400-square-foot regional management office, a 23,500-square-foot warehouse/garage, an employee parking lot (144 spaces), several laydown areas, a company vehicle parking lot (180 spaces), a customer parking lot (6 spaces), and a future regional spoils recycling yard (184, 843 s.f.), on a 56.2-acre parcel within a Heavy Industrial (I-H) Zone.

**This is to advise that the City of Merced (Lead Agency) has approved the above-described project on April 26, 2018 and has made the following determination:**

1. The project will not have a significant effect on the environment.
2. A Negative Declaration was prepared for this project pursuant to provisions of CEQA.
3. A Statement of Overriding Considerations was not adopted for the project.
4. Findings were made pursuant to provisions of CEQA.

**This is to certify that the Negative Declaration and a record of the project approval are available to the general public at the City of Merced, 678 West 18th Street, Merced, CA 95340, 209-385-6858.**

Signature: *[Signature]*  
Kim Espinosa, Planning Manager  
City of Merced

Date: 4/27/2018

**EXHIBIT G**

**PG&E Gas and Electric  
Advice Submittal List  
General Order 96-B, Section IV**

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	East Bay Community Energy	
	Ellison Schneider & Harris LLP	Redwood Coast Energy Authority
Alta Power Group, LLC	Energy Management Service	Regulatory & Cogeneration Service, Inc.
Anderson & Poole	Engineers and Scientists of California	SCD Energy Solutions
		San Diego Gas & Electric Company
Atlas ReFuel		
BART	GenOn Energy, Inc.	SPURR
	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Water Power and Sewer
Barkovich & Yap, Inc.	Green Power Institute	Sempra Utilities
California Cotton Ginners & Growers Assn	Hanna & Morton	
California Energy Commission	ICF	Sierra Telephone Company, Inc.
	IGS Energy	Southern California Edison Company
California Hub for Energy Efficiency	International Power Technology	Southern California Gas Company
Financing	Intestate Gas Services, Inc.	Spark Energy
	Kelly Group	Sun Light & Power
California Alternative Energy and	Ken Bohn Consulting	Sunshine Design
Advanced Transportation Financing	Keyes & Fox LLP	Tecogen, Inc.
Authority	Leviton Manufacturing Co., Inc.	TerraVerde Renewable Partners
California Public Utilities Commission		Tiger Natural Gas, Inc.
Calpine		
	Los Angeles County Integrated	TransCanada
Cameron-Daniel, P.C.	Waste Management Task Force	Utility Cost Management
Casner, Steve	MRW & Associates	Utility Power Solutions
Cenergy Power	Manatt Phelps Phillips	Water and Energy Consulting Wellhead
Center for Biological Diversity	Marin Energy Authority	Electric Company
	McKenzie & Associates	Western Manufactured Housing
		Communities Association (WMA)
Chevron Pipeline and Power	Modesto Irrigation District	Yep Energy
City of Palo Alto	NLine Energy, Inc.	
	NRG Solar	
City of San Jose		
Clean Power Research	Office of Ratepayer Advocates	
Coast Economic Consulting	OnGrid Solar	
Commercial Energy	Pacific Gas and Electric Company	
Crossborder Energy	Peninsula Clean Energy	
Crown Road Energy, LLC		
Davis Wright Tremaine LLP		
Day Carter Murphy		
Dept of General Services		
Don Pickett & Associates, Inc.		
Douglass & Liddell		