

EXHIBIT "B"

STATEMENT OF OVERRIDING CONSIDERATIONS

While LAFCO has found that the City of Santa Cruz and the University of California can and should implement the mitigation measures identified in the Final EIR, and LAFCO has reduced the size of the sphere amendment and service area expansion, and applied additional conditions which, in part, will lead to additional mitigations efforts, LAFCO agrees with the conclusions of the Lead Agency that due to inherent uncertainties with these future actions, the project can be expected to result in significant environmental impacts that cannot be avoided. LAFCO finds that there are no additional feasible alternatives or mitigation measures within its jurisdiction and authority that would significantly reduce the levels of environmental impacts. Nevertheless, LAFCO has considered and balanced the project's anticipated environmental impacts, economic benefits, and social benefits, and has decided to approve the amended and conditioned project for the following reasons:

1. The University of California's Santa Cruz campus is a major employer in Santa Cruz County (Draft EIR, pages 5-3 to 5-10).
2. The developed portion of the UCSC campus, located inside the Santa Cruz City Sphere of Influence and city limits, currently receives water and sanitary sewer services from the regional systems operated by the City of Santa Cruz (Municipal Services Review, pages 7-15 and 25-33).
3. Water and sewer services to the North Campus would be accomplished by main extensions from water and sewer lines located in the City of Santa Cruz and on the UCSC campus (Draft EIR, pages 4.2-6 through 4.2-7, and 8-12).
4. The North Campus is immediately contiguous to the developed portion of the campus and the road, water, sewer and other infrastructure improvements planned on the North Campus are part of a single integrated Long Range Development Plan for the entire campus (LAFCO Staff Report, pages 5-9).
5. The University of California, the City of Santa Cruz, community groups, and individuals have entered into a Comprehensive Settlement Agreement, in which the University of California has agreed to provide a higher level of on-campus housing, traffic mitigation payments, water conservation, and water system improvement payments than existed prior to the Comprehensive Settlement Agreement (LAFCO Staff Report, pages 7-9 and 45- 89).

6. While the City of Santa Cruz water system faces major challenges (LAFCO Staff Report pages 18-21) to increase conservation, provide a supplemental supply source, and meet the river and stream diversion limitations needed to comply with the State and Federal Endangered Species Act incidental take requirements, the project's commitment to serve up to approximately 100 million gallons per year for the planned development on the UCSC campus is fair to the other customers of the water system because:

- a. UCSC is increasing its on-campus conservation under the Comprehensive Settlement Agreement (LAFCO Staff Report pages 54-56 and 86);
- b. Under the Comprehensive Settlement Agreement, UCSC will comply with any drought restrictions and curtailments that the City imposes on the other customers as the result of a declared drought emergency (LAFCO Staff Report pages 54-56 and 86).
- c. Pursuant to Condition 2 (Exhibit "E"), water service to the North Campus will not begin until the City knows what stream and river diversion regime is needed to comply with the state and federal endangered species acts. Therefore, that uncertainty will be eliminated and the City can implement the needed adjustments throughout the system.

7. As a result of LAFCO's Condition 1, any future increase in water demand on the entire UCSC campus will be offset by water conservation achieved elsewhere in the City system. Therefore, the planned long-term growth on the UCSC campus will not make the challenges facing the City water system harder than if the UCSC growth did not occur (LAFCO Resolutions No. 928 and 929, December 7, 2011 minutes pages 34 – 41, 175-177) The North Campus approvals by LAFCO have been limited to 240 acres and conditioned in such a manner that supports the orderly growth of the City of Santa Cruz and the UCSC campus, and the extension of water and sewer services are planned to occur in an efficient manner consistent with the policies of the Cortese-Knox-Hertzberg Local Government Reorganization Act and the policies of this Commission. (Government Code Section 54625; LAFCO Staff Report pages 16-17, 39-40).

5/30/2012