

shall be in the form of a surety or warranty bond, irrevocable letter of credit, cash or other insurance instrument acceptable to the District. The term of this security will be two (2) years, unless otherwise approved by the District's Board of Directors.

603.5 Step 4: Performance Guarantee Period

After the project is completed and has been accepted by the District, the developer shall provide a performance warranty in an amount stipulated in the Development Agreement. Such warranty shall guarantee performance of all facilities constructed by or for the developer for the project for a period of at least one (1) year from the time of District approval, or other term, as specified in the Development Agreement. The performance warranty shall be in the form of a bond, irrevocable letter of credit, cash or other warrant acceptable to the District.

604 ENVIRONMENTAL REVIEW GUIDELINES

604.1 General

The District shall comply with all state (and federal, where required) environmental regulations and guidelines. A complete set of Environmental Review Guidelines is provided in Appendix 600-I of this District Operational Policies and Procedures Manual. The regulations contained in Title 14, Division 6, Chapter 3 of the California Administrative Code are incorporated by reference as if set out in full and shall be applicable, except as modified herein, to these procedures (14 Code of California Regulations Section 5022).

604.2 Relationship to Environmental Review

The District has established a preliminary review process to determine whether projects are subject to the California Environmental Quality Act (CEQA) in accordance with Article 5 of the State CEQA Guidelines. Where the District determines that the project is subject to CEQA, the environmental review process is completed as part of the overall project review process of the District. As part of the environmental review process the District may request more information. Under Section 15060 of the State CEQA Guidelines, requiring such information after the application is deemed complete does not change the status of the application.

Once the District has determined that an activity qualifies as a "project" subject to CEQA, it must then determine whether an exemption applies. If after determining that a project is exempt under Section 15061(b) of the State CEQA Guidelines, a Notice of Exemption is prepared by the District. The project may then proceed through discretionary reviews, plan checks, and approval of the project.

If the project is not exempt from CEQA, the District will ensure the completion of an Initial Study to determine whether the project may have a significant effect on the environment. Given the findings of the Initial Study, one of the following is prepared for the project:

- A. A Negative Declaration (finding of no significant impacts),

- B. A Mitigated Negative Declaration (finding of potentially significant effects for which the project's proponent has made or agrees to make project revisions that clearly mitigate the effects), or
- C. An Environmental Impact Report (EIR).

Where the District determines that the project is not likely to result in significant impacts that cannot be mitigated to below the level of significance, the District will complete the Negative Declaration [or Mitigated Negative Declaration] in accordance with Article 6 of the State CEQA Guidelines prior to rendering a decision on the project. Under Section 15075 of the CEQA Guidelines, after deciding to carry out or approve a project for which a Negative Declaration of Mitigated Negative Declaration has been approved, the District shall file a Notice of Determination with the County after deciding to carry out or approve each phase. If the project requires discretionary approval by any state agency, the District shall also file with the Governor's Office of Planning and Research (OPR). The project may then proceed with plan checks and approval of the project.

Where the District determines that a project has the potential to result in significant impacts that may not be able to be mitigated to below the level of significance, the District will complete, at the Developer's expense, the EIR process in accordance with Article 7 of the State CEQA Guidelines. The District must certify the technical and procedural adequacy of the EIR prior to rendering a decision on the project. The EIR is certified by the District.

604.3 Summary of Time Limits for Permit Review

Section 15022(a)(13) of the State CEQA Guidelines requires the District to provide time limits for performing functions under CEQA. These time limits are established in Article 8 of the State CEQA Guidelines, and are summarized in these guidelines in Table – Summary of Time Limits for Permit Review.

604.4 Process for Posting & Approving Negative Declaration or Mitigated Negative Declaration

The following is a review of the CEQA process that the District must follow in preparing a Negative Declaration or Mitigated Negative Declaration (see Appendix 600-I, Exhibit A, CEQA Process Flow Chart). Prior to any Board consideration, an Initial Study of the environmental impact of the project must be undertaken. The first documents that will be presented and considered by the Board are the Initial Study (Environmental Checklist) and the Notice of Intention to Adopt a Negative Declaration. The Board must review and consider the Initial Study prior to the adoption of the form of Negative Declaration. The California Environmental Quality Act requires consideration of impacts on the environment as a result of a "project", prior to approval of that "project."

Once the Initial Study has been adopted and the Board has decided to prepare the Negative Declaration or Mitigated Negative Declaration, the Notice of Intention to Adopt a Negative Declaration or Mitigated Negative Declaration ("Notice of Intention") must be published once in a newspaper of general circulation in Tuolumne County. The Notice of Intention, proposed Negative Declaration or Mitigated Negative Declaration, and Initial Study must be sent to any other public agencies that are affected by the project being undertaken, as well as any persons who have requested notice. Finally, the Notice, with the proposed Negative Declaration or Mitigated Negative Declaration

and Initial Study attached, should be filed with the County Clerk who will also post the Notice for a period of at least thirty (30) days.

A copy of the proposed Negative Declaration must be available at the District's office for review. The Notice of Intention to Adopt a Negative Declaration (or Mitigated Negative Declaration) should be posted at the District's offices and the copy of the Negative Declaration (or Mitigated Negative Declaration) and Initial Study can be attached.

The District must provide at least a thirty-day (30-day) public review period with respect to a proposed Negative Declaration or Mitigated Negative Declaration where there are no state agencies affected. The Notice of Intention must state the date of the public hearing when the District will discuss the Negative Declaration (or Mitigated Negative Declaration) and provide for an ending date of the public review period.

If no substantial revisions are made to the Negative Declaration or Mitigated Negative Declaration after the public comment period has expired, the District may consider and approve the Negative Declaration or Mitigated Negative Declaration at its scheduled Board Meeting stated in the Notice of Intention. The Board should listen to anyone interested in providing public comment at that meeting prior to the adoption of the Negative Declaration or Mitigated Negative Declaration.

Within five (5) days of the Negative Declaration being approved, a Notice of Determination must be filed with the County Clerk in Tuolumne County. The County Clerk must file the document within twenty-four (24) hours of receipt and post it for thirty (30) days. Upon the filing of the Notice, the statute of limitations with respect to challenging the Negative Declaration will begin to accrue.

605 ANNEXATION PROCEDURES

605.1 Purpose

Property proposed for development outside the District service area but within the District's sphere of influence must be annexed to the District prior to receiving any of the services provided by the District, including water, sewer, fire or parks, or other services that might be provided by the District. Furthermore, commitments to provide service to property and/or proposed developments will not be granted until said property is annexed to the District.

Annexation is a discretionary act by the District Board of Directors. The District has responsibilities and approval authority when considering annexation and expansion into its service area. The District has the power to disapprove any annexation for which it has substantial evidence of finance-related or service-related concerns that the developer is unable to mitigate to the District's satisfaction. If the developer of a project that is to be annexed into the District has agreed to in the Annexation Agreement (Appendix 600-L) to meet all conditions and addressed required mitigations, as identified in the county Conditions of Approval, CEQA documents and SAMP, then the District's Board of Directors will consider adoption of a resolution of application to LAFCO for annexation.