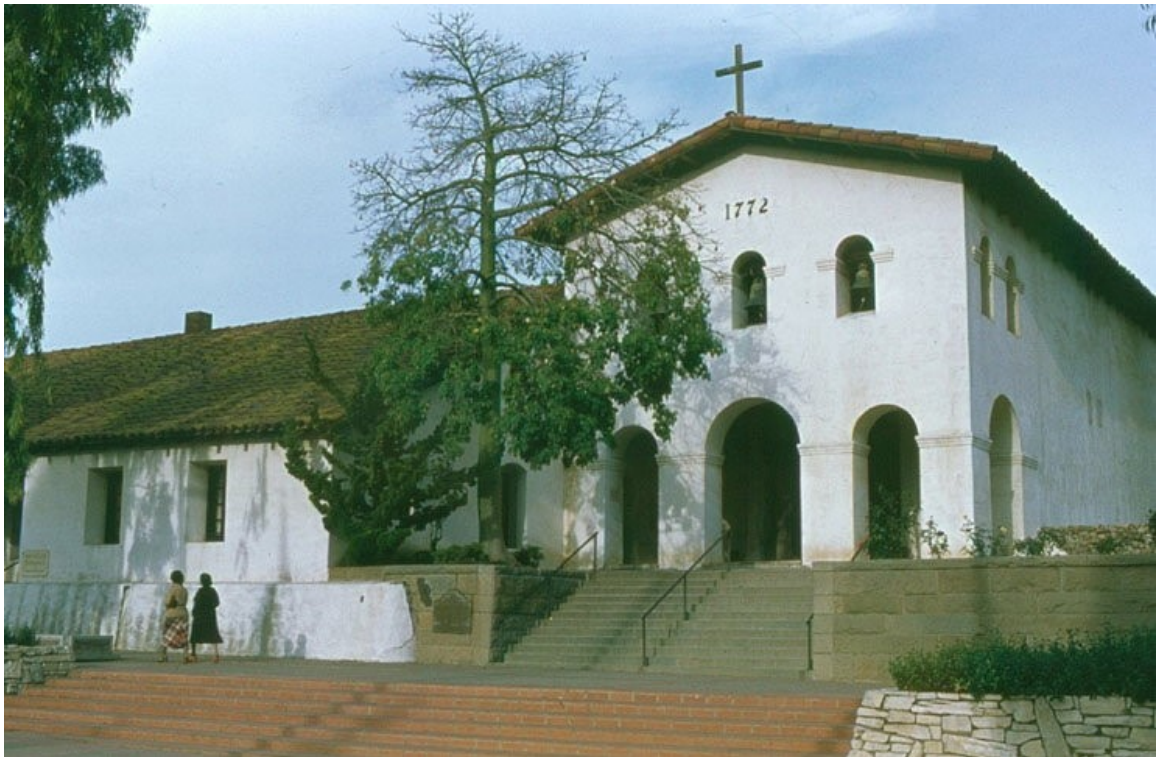


CITY OF SAN LUIS OBISPO

**ADOPTED
SPHERE OF INFLUENCE UPDATE
MUNICIPAL SERVICE REVIEW**



**PREPARED BY:
SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
OCTOBER 20, 2016**

SAN LUIS OBISPO LOCAL AGENCY FORMATION COMMISSION

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TABLE OF CONTENTS

CHAPTER 1: INTRODUCTION AND EXECUTIVE SUMMARY

Introduction 1-1
 Service Review and Sphere of Influence Update Process 1-2
 California Environmental Quality Act 1-3
 Executive Summary 1-5
 Recommendation 1-11

CHAPTER 2: SPHERE OF INFLUENCE UPDATE

Introduction 2-1
 Existing Sphere of Influence 2-2
 Sphere of Influence Study Areas 2-4
 Study Area 1- Calpoly 2-6
 Study Area 2- Flora-Alrita 2-7
 Study Area 3- Orcutt 2-8
 Study Area 4- Broad Street 2-9
 Study Area 5- Airport Area 2-10
 Study Area 6- Chevron 2-11
 Study Area 7- LOVR/101 2-12
 Study Area 8- San Luis Ranch 2-13
 Study Area 9- Cerro San Luis 2-14
 Memorandum of Agreement 2-15
 Conditions of Approval 2-15
 Present and Planned Land Use 2-16
 Present/Probable Need for Public Services 2-17
 Social and Economic Communities of Interest 2-17
 Public Facilities and Services of Disadvantaged Unincorporated Communities 2-17
 Local Sphere of Influence Guidelines 2-18

CHAPTER 3: CITY OF SAN LUIS OBISPO

Growth and Population 3-6
 Disadvantage Unincorporated Communities 3-29
 Infrastructure Needs and Deficiencies 3-30
 Financing Constraints and Opportunities 3-72
 Opportunities for Shared Facilities 3-91
 Local Accountability/Governance 3-94
 Other Matters 3-99

FIGURES

Figure 1-1 City of San Luis Obispo Sphere of Influence Recommendation June 2016 ... 1-12
 Figure 2-1 Existing Sphere of Influence 2-3
 Figure 2-2 Study Areas 2-5
 Figure 2-3 Study Area 1 Calpoly 2-6
 Figure 2-4 Study Area 2 Flora-Alrita 2-7
 Figure 2-5 Study Area 3 Orcutt 2-8
 Figure 2-6 Study Area 4 Broad Street 2-9
 Figure 2-7 Study Area 5 Airport Area 2-10
 Figure 2-8 Study Area 6 Chevron 2-11
 Figure 2-9 Study Area 7 LOVR/101 2-12
 Figure 2-10 Study Area 8 San Luis Ranch 2-13

Figure 2-11 Study Area 9 Cerro San Luis 2-14

Figure 3-1 City of San Luis Obispo Existing Sphere of Influence 3-4

Figure 3-2 Greenbelt 3-5

Figure 3-3 Existing Land Use 3-9

Figure 3-4 Development Capacity 3-14

Figure 3-5 Urban Reserve Line/Urban Service Line 3-26

Figure 3-6 Current Water Supply 3-34

Figure 3-7 Water Demand Policies 3-39

Figure 3-8 Pressure Zones 3-46

Figure 3-9 Water Providers 3-49

Figure 3-10 Monthly Water Comparison 3-54

Figure 3-11 Monthly Sewer Comparison 3-54

Figure 3-12 Monthly Water & Sewer Comparison 3-54

Figure 3-13 Fire Station Incidents 3-61

Figure 3-14 City of San Luis Obispo Violent Crime Rate per 1000 People 3-64

Figure 3-15 City of San Luis Obispo Property Crime Rate per 1000 People 3-64

Figure 3-16 Comparative Property Crime Rates per 1000 People 3-65

Figure 3-17 Comparative Violent Crime Rates per 1000 People 3-66

Figure 3-18 Perception of Safe Community 3-67

Figure 3-19 General Fund Expenditures 2015-2017 3-72

Figure 3-20 Operating Budget 3-76

Figure 3-21 General Fund Budget 3-76

Figure 3-22 Property Tax Revenues 3-77

Figure 3-23 Adaptable Revenues 3-77

Figure 3-24 Reserves 3-78

Figure 3-25 Long-term Debts/Liabilities 3-78

Figure 3-26 Changes in Fund Balance 3-79

Figure 3-27 Revenues by Type 3-79

Figure 3-28 Rates for Water Use 20 CCF 3-86

Figure 3-29 City of San Luis Obispo Organizational Chart 3-96

TABLES

Table 1-1 Historical & Projected Population Growth 1-5

Table 1-2 Estimated Housing Capacity in Expansion Areas 1-6

Table 1-3 Current Water Supply 1-7

Table 2-1 City of San Luis Obispo Study Areas 2-4

Table 3-1 Existing and Proposed Service Providers within the SOI 3-2

Table 3-2 Existing & Added SOI Areas in 2006 3-3

Table 3-3 Study Areas in 2016 3-3

Table 3-4 Proposals since 2004 3-6

Table 3-5 Department of Finance Population Estimates 3-7

Table 3-6 San Luis Obispo Council of Governments Population Projections 3-8

Table 3-7 RMS Historical and Projected Population Growth 3-11

Table 3-8 2010 UWMP Historical and Projected Population Growth 3-11

Table 3-9 Anticipated Population Growth 3-12

Table 3-10 Build-Out Summary 3-13

Table 3-11 Expansion Areas Phasing Plan 3-14

Table 3-12 Building Permits Issued 2006-2013 3-15

Table 3-13 Future Non-Residential Projects 3-16

Table 3-14 General Plan Summary Report 3-17

Table 3-15 2014-2019 SLOCOG Regional Housing Needs Allocation 3-21

Table 3-16 Estimated Housing Capacity in Expansion Areas 3-27

Table 3-17 Water Supply 3-34
Table 3-18 Water Available for Development 3-35
Table 3-19 Water Supply Accounting 3-35
Table 3-20 Potential Supplemental Water Sources 3-36
Table 3-21 Water Use 3-36
Table 3-22 RMS Water Use Estimates 3-38
Table 3-23 Past, Current and Projected Water Deliveries..... 3-42
Table 3-24 Single-Family Water Rates 3-52
Table 3-25 Single-Family Sewer Rates 3-53
Table 3-26 Transportation Network Improvements 3-55
Table 3-27 Transportation Planning Improvements 3-57
Table 3-28 Parking Management 3-57
Table 3-29 Neighborhood Traffic Management 3-58
Table 3-30 Rail Travel Time & Frequency 3-61
Table 3-31 Residential Water Rates Comparison 3-86
Table 3-32 Single-Family Water Rates and Monthly Bill 3-87
Table 3-33 Single-Family Sewer Rates 3-88

REFERENCES

APPENDICES

Appendix A: Environmental Determination Notice of Exemption

Appendix B: Memorandum of Agreement

Appendix C: LAFCO Actions City of San Luis Obispo 1963 - Present

CHAPTER 1 - INTRODUCTION & EXECUTIVE SUMMARY

INTRODUCTION

The Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires the Local Agency Formation Commission (LAFCO) to update the Spheres of Influence (SOI) for all applicable jurisdictions in the County every five years or as needed. A Sphere of Influence is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality...". A SOI is generally considered a 20-year, long-range planning tool. The Act further requires that a Municipal Service Review (MSR) be conducted prior to, or in conjunction with, the update of a Sphere of Influence. The MSR evaluates the capability of a jurisdiction to serve their existing residents and future development in their Sphere of Influence.

Sphere of Influence

"...a plan for the probable physical boundary and service area of a local agency or municipality..."

Chapter Two is the Sphere of Influence Update and describes the requirements of the Cortese-Knox-Hertzberg Act. It also makes recommendations for updating the Spheres of Influence for the City of San Luis Obispo. The Sphere Update is based upon Municipal Service Review Chapter Three that analyze the jurisdiction's capability to provide services to existing and future residents. The SOI Update and Municipal Service Review are prepared to meet the requirements of the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH). The Sphere of Influence Update and Municipal Service Review discuss the following agency: City of San Luis Obispo in accordance with Section 56430 of the California Government Code. The San Luis Obispo LAFCO's Municipal Service Review Guidelines were used to develop information, perform analysis and organize this study. The update of the Sphere of Influence for the City recognizes the existing circumstances and recommends no changes to the SOIs (a "Status Quo" recommendation).

The legislative authority for conducting Service Reviews is provided in section 56430 of the CKH Act. The Act states, ("That in order to prepare and to update Spheres of Influence in accordance with Section 56425, the Commission shall conduct a service review of the municipal services provided in the County or other appropriate area designated by the Commission ...") A Service Review must have written determinations that address the legislative factors in order to update a Sphere of Influence.

Information that addresses each of the seven factors is provided in Chapters 3 – the Municipal Service Review. The seven factors are listed below, and Written Determinations for each factor are found after each section.

LAFCOs are encouraged to compile a variety of information in preparing a Service Review. LAFCOs also may use a significant proposal (general plan update, master plan, specific plan, etc.) as a way to compile the information needed for a Service Review. Administrative, organizational, and financial information is also collected and evaluated.

SERVICE REVIEW & SPHERE OF INFLUENCE UPDATE PROCESS

The process for updating the Agency's Spheres of Influence includes several steps:

1. Gathering and compiling information regarding the jurisdictions service capability.
2. Update of City/County Memorandum of Agreement (MOA) regarding SOI boundaries and development provisions for the Sphere of Influence area.
3. Preparation and release of a Public Review Draft Sphere of Influence Update and Municipal Service Review. Completion of the environmental review process consistent with the California Environmental Quality Act (CEQA). Public Review and Comment period for all documents.
4. If agreed to, City and County approval of a Memorandum of Agreement (Appendix B). LAFCO is required by the CKH Act to give "great weight" to an agreement between the City and the County when considering the Sphere of Influence Update.
5. LAFCO consideration of Sphere of Influence Update, Municipal Service Review, Memorandum of Agreement, and Environmental Review documentation.

SEVEN SERVICE REVIEW FACTORS

- 1. Growth and Population projections for the affected area**
- 2. Location and characteristics of any disadvantaged unincorporated communities**
- 3. Present and planned capacity of public facilities and adequacy of public services including infrastructure needs or deficiencies**
- 4. Financial ability of agencies to provide services**
- 5. Status of, and opportunity for, shared facilities**
- 6. Accountability for community service needs including governmental structure and operational efficiencies**
- 7. Any other matter related to effective or efficient service delivery, as required by commission policy**

Past LAFCO Actions. The last SOI Study for San Luis Obispo was completed in 2006 which included generally the same study areas, which expanded or added to the existing areas, totaling 5,930 acres in their Sphere of Influence. Since that time five proposals have been considered and approved by LAFCO. In 2007, the Margarita/Airport Area was annexed approximately 1,100 acres. In 2010, the Madonna/Gap annexation was approved (Target shopping center) a 118 acres area that preserved 19 acres of agricultural land. In 2011, The Orcutt Area was annexed consisting of 230 acres with 79 acres preserved in agriculture and open space. In 2015, a small less than 1-acre (Farmhouse Lane) parcel was annexed to the City. Appendix C contains a table that shows the latest LAFCO actions.

Current LAFCO Action. LAFCO is being asked to consider the following actions as a part of this Sphere of Influence Update:

1. Approve and adopt the environmental documentation pursuant to CEQA;
2. Approve the Municipal Service Review found in Chapter Three of this document; and
3. Approve and adopt the Sphere of Influence Update for the City of San Luis Obispo in Chapter Two of this document.

Environmental Determination

The California Environmental Quality Act ("CEQA") requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. The MSR's are categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation Section 15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded."

Furthermore, the SOI update qualify for a general exemption from environmental review based upon CEQA Regulation Section 15061(b)(3), which states: "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant

effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." There is no possibility that the MSR or SOI update would have a significant effect on the environment because there is no land use changes associated with the document. If the Commission approves and adopts the MSR's and SOI update and determines that the project is exempt from CEQA, staff will prepare and file a notice of exemption with the Clerk of the County of San Luis Obispo, as required by CEQA Regulation Section 15062.

The study of impacts associated with the Sphere of Influence is often speculative since it is unclear what type of project might be proposed or if an area will even be annexed in the future. The City or County studies impacts comprehensively when a project-specific environmental review is completed. The City is in various stages of preparing Specific Plans and Environmental Impact Reports for some of the study areas. LAFCO may use these documents in any future action before LAFCO if deemed appropriate.

EXECUTIVE SUMMARY

The following is a summary of the key information contained in the Sphere of Influence Update and Municipal Service Review completed for the City of San Luis Obispo. The seven factors that are required to be addressed by the CKH Act are covered in this summary section. The analysis in the chapter that follows evaluates and addresses the factors unique to LAFCO's role and decision-making authority pursuant to the CKH Act. The following is a summary of the key information contained in this Service Review:

1. Growth & Population

According to the 2010 US Census, the City had a population of 45,119. Total housing units were estimated to be 20,779 units. The City estimated build-out population within the current City limits is 56,750. The City's population grew by 2.1% from 2000 to 2010. In addition to this permanent population, the City has a high number of visitor-serving uses such as hotels, vacation rentals, and restaurants. Water use, wastewater flows and traffic conditions are all affected by these uses and are not reflected in population figures. The City's Urban Water Management Plan projects the current City limit boundaries to yield a population of 57,200 persons. The 2010 UWMP based its projections from the City's General Plan. The City of San Luis Obispo has updated its General Plan in 2015 which establishes a growth rate of 1% per year which estimates a build-out population of 56,750 persons.

Table 1-1: Historical & Projected Population Growth

	1980 ⁽¹⁾	1990 ⁽¹⁾	2000 ⁽¹⁾	2010 ⁽²⁾	2015 ⁽²⁾	2020 ⁽²⁾	2025 ⁽²⁾	2030 ⁽²⁾
Population	34,252	41,958	44,619	45,119	44,910	46,110	47,010	48,200
10 Year Increase	--	7,706	2,661	500	-209	1,200	900	1,190
10 year Avg. Increase	--	18.3%	6%	1.1%	<-1%	2.6%	1.9%	2.4%
Average per Year	--	1.8%	<1%	<1%	<-1%	<1%	<1%	<1%

(1) Source: U.S. Census

Source: City's 2010 Urban Water Management Plan.

Housing Units and Growth Projections. According to the City’s Housing Element a recent available land inventory has been conducted which concludes the City has additional land available for 3,477 new residential units within the City limits. In completing the recent update of the Housing Element, the City produced a number of studies regarding housing and residential land resources. This section focuses on the growth that may occur in the expansion areas. The following tables summarize the growth that is projected for these expansion areas.

Table 1-2: Estimated Housing Capacity in Expansion Areas

Expansion Area	Estimated Units in City
Orcutt-231 acres	979
Margarita-418 Acres	870
Edna Islay West	20
Minor Annexations/Cal Poly ⁽¹⁾	1,191
Totals	3,060

Sources: Housing Element, Appendix C Housing Constraints and Resources, City of San Luis Obispo, (1) Foothill Saddle, Luneta, CDF, Highland, Mioosi, Alrita, Maino, Cal Poly-900 student apartments

2. Infrastructure Needs & Deficiencies Location and Characteristics of any Disadvantaged Unincorporated Communities

LAFCO is responsible for determining the location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence. If a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to disadvantaged unincorporated communities within the sphere of influence or contiguous to the sphere of influence, it is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations are proposed by the agency or property owners. San Luis Obispo’s Sphere of Influence does not have any disadvantage communities that have a present and probable need for public facilities and services nor are the areas contiguous to the sphere of influence qualify as a disadvantage community. However, the State Water Board has tentatively identified the Higuera Street Apartments in need of water service by the City under SB88. Higuera Street Apartments is a failing private water system that is within the City’s Sphere of Influence. The City may be able to assist the owner and tenants with an adequate supply of water of good quality through an outside user agreement or annexation.

3. Infrastructure Needs & Deficiencies

LAFCO is responsible for determining that a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to serve areas already within the City and in the Sphere of Influence. It is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations are proposed by the City or property owners. In the case of this SOI Update, it is prudent for LAFCO to analyze present and long-term infrastructure demands and resource capabilities of the City of San Luis Obispo. LAFCO accomplishes this by evaluating 1) the resources and services that are currently available, and 2) the ability of the City to expand such resources and services in line with increasing demands.

Water

The City of San Luis Obispo's Water supply comes from five primary sources: Salinas Reservoir (Santa Margarita Lake) built in 1944, from Whale Rock Reservoir constructed in 1961, some limited use of groundwater started in 1989, most recently San Luis Obispo are participants in the Nacimiento Water Project, and recycled water is available from the City's Water Reclamation Facility. The table below shows the City's current water supply situation.

Table 1-3 – San Luis Obispo Current Water Supply

Source	Amount (acre feet)
Groundwater	89
Recycled Water	185
Salinas Res Water	2,851
Whale Rock Water	3,502
Nacimiento Water	5,482
Total	12,109

In 2015, the City reported annual water use of 4,990 acre-feet. The City anticipated future water demand to be 9,096 acre-feet per year (at 114 gpcd consumption rate) at build out under the existing General Plan.

Wastewater

The City operates the wastewater treatment/reclamation facility conveying approximately 4.5 million gallons of wastewater per day with a capacity of 5.1 million gallons per day. . The system is operating at 88% of capacity. The City is studying the options for expansion of the system to provide adequate capacity as the City continues to grow.

Roads

The Circulation Element of the City's General Plan describes how the City will manage transportation issues as the City grows and develops. The Circulation Element was updated in 2015 along with other elements in the General Plan.

According to the San Luis Obispo Council of Government's (SLOCOG) 2014 Regional Transportation Plan a significant increase in traffic volume on Highway 101 is projected from the 2008 number of 57,857 average daily trips to 87,000 average daily trips in 2035. The Level of Service in the San Luis Obispo area on Highway 101 is expected to drop to LOS F. The Central County segment of the route experiences some of the highest volumes in the region.

Fire

The Fire Department operates out of four stations with fifty-two full time employees. The fire department on average has a response time of 6.08 minutes over the City. The majority of the calls the Fire Department responses to are medical related with a handful of calls being outside of the City on mutual aid responses. In 2009, a Sacramento based Consulting Firm conducted a Fire Department Master Plan for the City of San Luis Obispo that reviewed the records for incidents between fiscal year 2004 and 2008. The study reported an average of 328.27 per month or 10.76 incidents per day. On average each incident logged an average of 2.13 apparatus responses.

Police

The City of San Luis Obispo provides law enforcement services for the residents of the City. The Police Station is located at the corner of Santa Rosa and Walnut. The Police Department consists of 84.5 employees, 59 of which are sworn police officers. The Department is divided into two bureaus, with a Police Captain commanding each.

4. Financing Constraints & Opportunities

The City prepares a five-year financial forecast on an annual basis. This forecast, completed in December 2014, indicated that the City no longer faces a continuing long term budget gap. In 2014-15, revenues sources such as sales tax and Transient Occupancy Tax (TOT) have been growing for the past three years with TOT exceeding its pre-recession peak. The 2015-17 Financial Plan focused on major new investments and important reinvestments in critical City infrastructure.

Measure G, a local ½ percent sales tax was reauthorized by the voters in 2014. The projected revenue is expected to generate \$7 million by 2016-17. The General Fund comprises 47% of the City's total expenditures. The 2015-2017 Financial Plan balances the budget while maintaining the reserves at the policy level of 20%.

5. Opportunities for Shared Facilities

The annexation of the SOI study areas to the City may lead to shared roadway infrastructure with the County and the State. The SOI area includes opportunities to created shared facilities such as:

- ▶ Roadway connections
- ▶ Coordinated open space preservation
- ▶ Linkages between City and County recreational trails
- ▶ Preservation and enhancement of Agricultural Lands

In the case of roadways and creek trails, the opportunity to coordinate connections between collector and arterial roadways will enhance regional traffic patterns, and will aid in emergency response times. The County has, on occasion, collected impact fees for a City that is affected by a project in the unincorporated areas. This type of coordination can lead to a reduction of impacts and a more positive solution to the problem of development on the City's fringe.

6. Accountability in Government Structure

The City Council is elected in compliance with California Election Laws. The City complies with the Brown Act Open-Meeting Law and provides the public with ample opportunities to obtain information about City issues, including website and phone access. The City's website contains

a wealth of information about all of the City's Departments and services. The City Council holds regular meetings at 7:00 p.m. on the first and third Tuesdays of each month in the City Hall Council Chambers, at 990 Palm Street. All Council meetings are televised live and videotaped for later playback.

San Luis Obispo does maintain various customer-oriented programs, including a mission statement for each City department, customer satisfaction programs, regular in-house safety training and management, and similar programs designed to enhance the experience for the City customer.

REGIONAL ISSUES

The following is a summary of issues that are relevant to the San Luis Obispo area, and if further explored could help improve public services to the residents of the area.

Emergency Services. An emerging emergency services trend is beginning to occur on the fringes and in open space preserve and trails areas. Costs associated with fire and emergency response services should be given special attention in these areas. The jurisdictions should continue to work to provide fire and emergency protection service to those areas and the people using the trails. As the areas become more popular with visitors and the needs arise to provide these services greater study and evaluation on coordination and cost sharing should be addressed to ensure emergency responses are efficiently being handled.

Regional Circulation. Regional circulation improvements such as Highway 227, Prado Road overcrossing, widening of Tank Farm Road, the LOVR traffic relief project, etc. are examples of regional issues that should be addressed not just by the City alone, but with coordination with the County, SLOCOG, Caltrans and others to assist in associated fiscal impacts and appropriate mitigation measures for development on the fringe. These agencies should work together to improve regional circulation such that future growth should provide for an improved circulation system that would promote maximum connectivity between different parts of the City by planning for and/or constructing new roads, walkways, bike paths, transit facilities, or other means based on Vehicle Miles Travel (VMT) data; cost sharing agreements associated with the future development of City's Capital Improvement Projects (CIPs) that have regional circulation benefits.

RECOMMENDATION

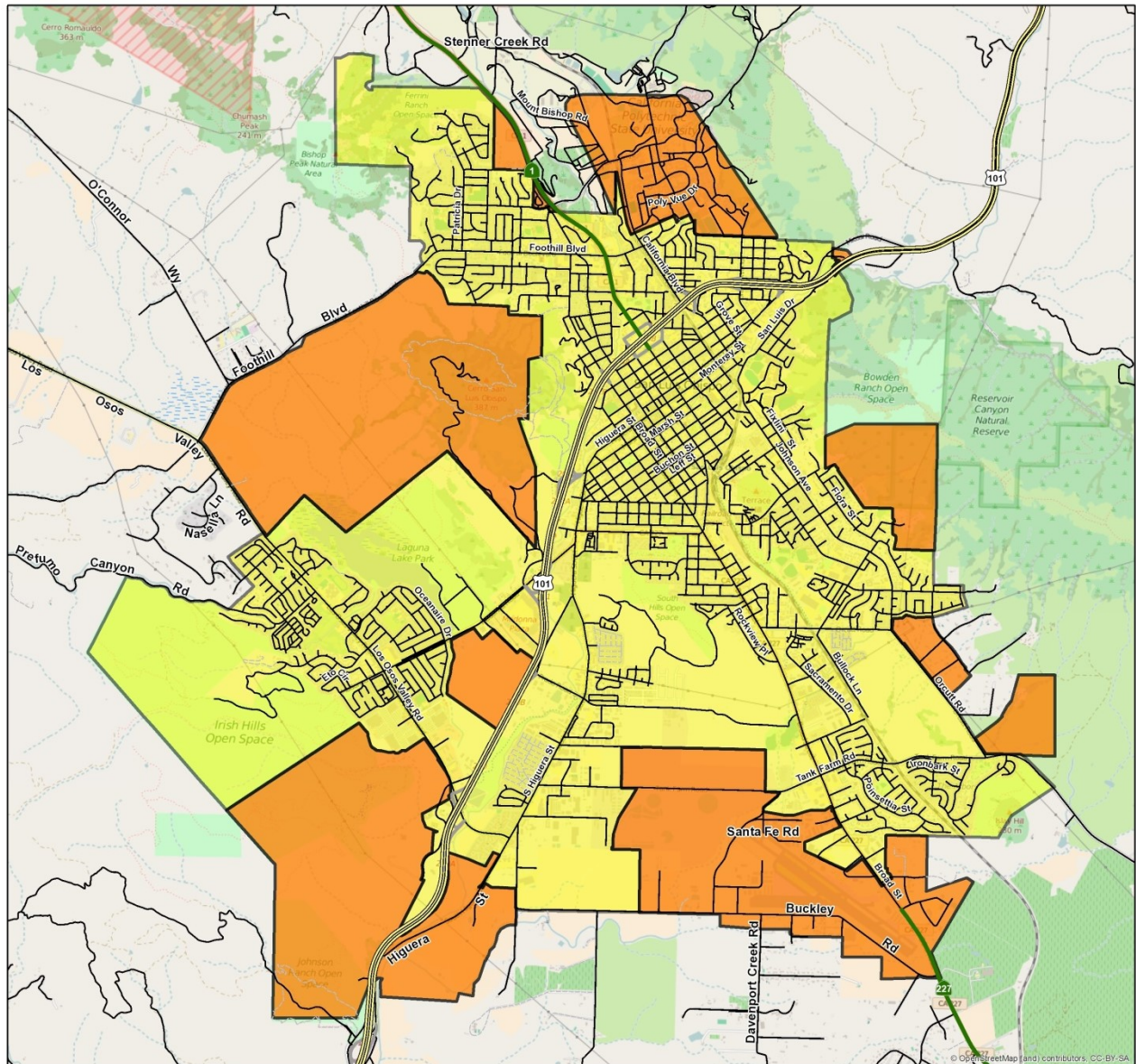
Based upon the information contained in Chapters 2 and 3 of this document, and the environmental determination, it is recommended that the San Luis Obispo Sphere of Influence remain unchanged and be re-adopted by LAFCO. Chapter 2, Sphere of Influence Update, provides more detailed information regarding the basis for this recommendation.

CHAPTER 2 SPHERE OF INFLUENCE UPDATE

The Sphere of Influence Chapter describes the requirements of the Cortese-Knox-Hertzberg Act and provides background regarding the existing SOI for the City. It also identifies the Study Areas that were evaluated in determining the SOI's, the City-County agreement for San Luis Obispo, and the LAFCO staff recommendation. The MOA for the City of San Luis Obispo can be found in Appendix B as well as summarized in this chapter. Also covered are the factors that are required by CKH for establishing a SOI. The Staff Recommendation is to maintain the existing SOI for City of San Luis Obispo.

Figure 1-1 – Recommended Sphere of Influence

City of San Luis Obispo City Limits & Sphere of Influence Recommended: 2016

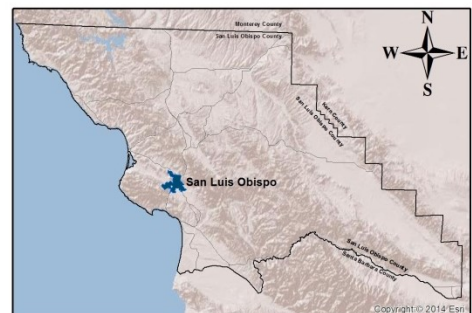


Legend

- Service Area
- Sphere of Influence



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Date: 6/6/2016



CHAPTER 2

SLO – SPHERE OF INFLUENCE UPDATE

INTRODUCTION

This Sphere of Influence (SOI) Update chapter is prepared for the City of San Luis Obispo and is based upon the following Municipal Service Review (Chapter 3) that analyzes the City's capability to serve existing and future residents. The SOI Update and Service Review were prepared to meet the requirements of the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH). The fundamental role of the Local Agency Formation Commission, LAFCO, is to implement the CKH Act, consistent with local conditions and circumstances. LAFCO's decisions are guided by the CKH Act, found in Government Code 56000, et seq. The major goals of LAFCO include:

- Encouraging orderly growth and development which are essential to the social, fiscal, and economic well-being of the state;
- Promoting orderly development by encouraging the logical formation and determination of boundaries and working to provide housing for families of all incomes;
- Discouraging urban sprawl;
- Preserving open space and prime agricultural lands by guiding development in a manner that minimizes resource loss;
- Promoting logical formation and boundary modifications that direct the burdens and benefits of additional growth to those local agencies that are best suited to provide necessary services and housing;
- Making studies and obtaining and furnishing information which will contribute to the logical and reasonable development of local agencies and shaping their development so as to advantageously provide for the present and future needs of each county and its communities;
- Determining whether new or existing agencies can feasibly provide needed services in a more efficient or accountable manner and, where deemed necessary, consider reorganization with other single purpose agencies that provide related services;
- Updating SOIs every five years or as necessary.

To carry out State policies, LAFCO has the power to conduct studies, approve or disapprove proposals, modify boundaries, and impose reasonable terms and conditions on approval of proposals. Existing law does not provide LAFCO with direct land use authority, although some of LAFCO's discretionary actions consider land use as a factor in the decision making process. LAFCO is expected to weigh, balance, deliberate, and make determinations regarding a specific action or proposal.

An important tool used in implementing the CKH Act is the adoption of a Sphere of Influence (SOI) for a jurisdiction. A SOI is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality...". A SOI represents an area adjacent to a city or district where a jurisdiction might be reasonably expected to provide services over the next 20 years. This chapter, along with the following Municipal Service Review, provides the basis for updating the City of San Luis Obispo's Sphere of Influence, which is required to be updated every five years or as needed.

This Sphere of Influence Update chapter addresses the key factors called for in the Cortese/Knox/Hertzberg Act by referring to information contained in the Service Review. Also, the following written determinations must be addressed according to section 56425(e)(1-4) of the Cortese/Knox/Hertzberg Act:

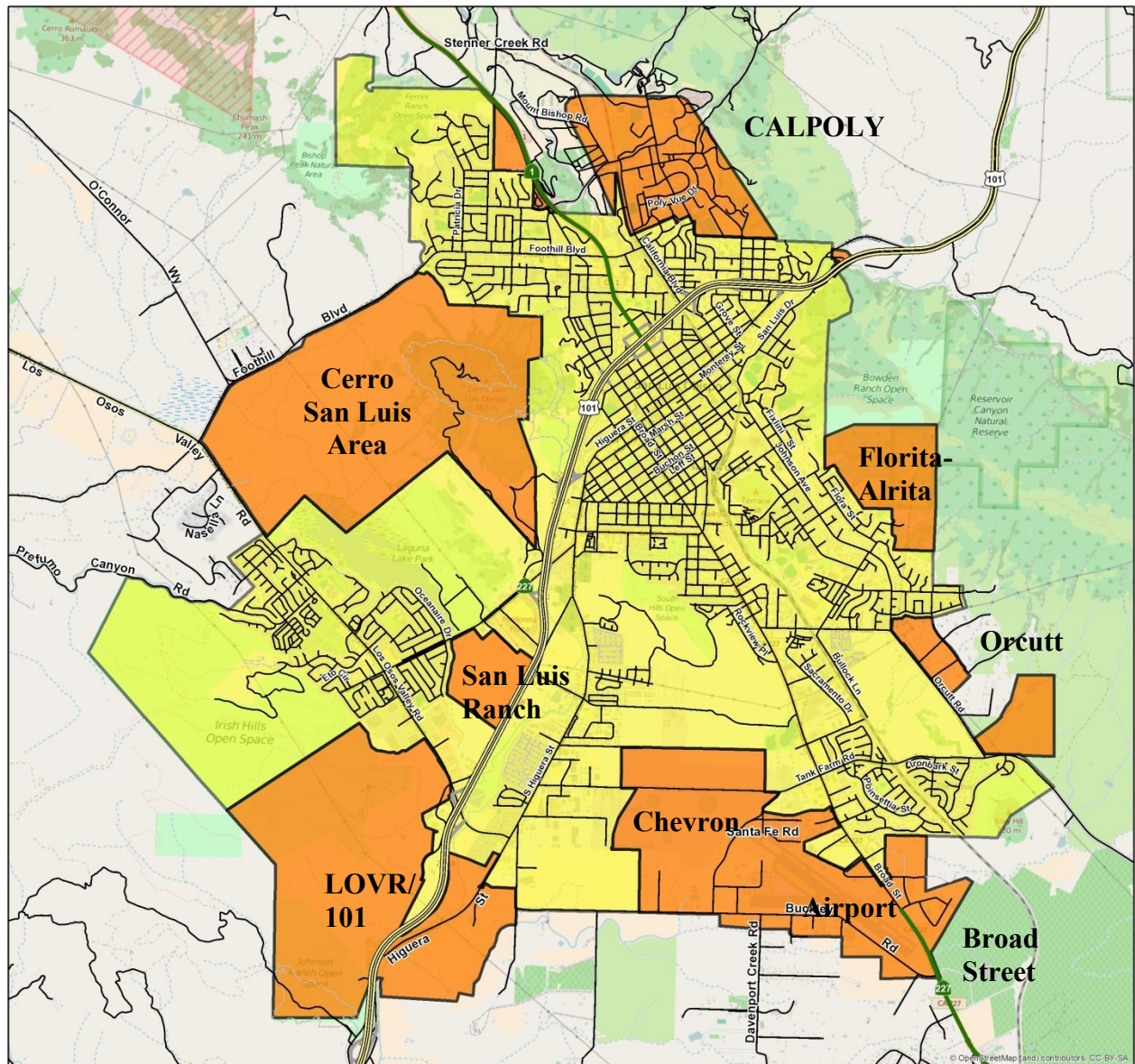
- Present and planned land uses in the area, including agriculture, and open space lands;
- Present and probable need for public facilities and services in the area;
- Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide; and
- Existence of social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
- The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

EXISTING SPHERE OF INFLUENCE

The City's existing Sphere of Influence is approximately 5,930+/- acres beyond the City limits and includes nine areas. The nine areas include CALPOLY, Florita-Alrita, Orcutt, Broad Street, Airport, Chevron, LOVR/101, San Luis Ranch and Cerro San Luis area. The map on the next page shows the existing Sphere of Influence of the City.

Figure 2-1 – SLO’s SOI

City of San Luis Obispo City Limits & Sphere of Influence April 2016



Legend

- Service Area
- Sphere of Influence



Prepared By SLOLAFCO
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Date: 4/18/2016



SPHERE OF INFLUENCE STUDY AREAS

For analysis purposes, the City of San Luis Obispo and LAFCO staff have agreed and prepared a map that includes the existing SOI properties to be re-considered for the Sphere of Influence. The Study Areas are used to help analyze and identify which properties should be included and which should be excluded from the Sphere of Influence. A summary of the Study Areas are listed in the table below:

Table 2-1: Study Areas

Study Areas	Acres	Land Use/Zoning	Existing Land Use	Build-Out Potential
Area #1 - CALPOLY	1,057	Public Facility	Residential/Grazing	Unknown student housing
Area #2 - Flora-Alrita	237	Rural Lands	Open Space	0 units
Area #3 - Orcutt	175	Agriculture/Residential Suburban	Residential Rural	17 units
Area #4 - Broad St.	96	Agricultural/Commercial	Commercial/Grazing	0 units
Area #5 - Airport	544	Agriculture/Comm. /Industrial	Commercial/Industrial /Grazing	0 units
Area #6 - Chevron	912	Agriculture/Rec	Grazing	Unk units
Area #7 – LOVR/Hwy101	1,180	Agriculture/Rural Lands	Grazing	Unk units
Area #8 – San Luis Ranch	130	Agriculture	Crops	500 units
Area #9 - Cerro San Luis	1,600	Agriculture	Grazing/Open Space	0 units

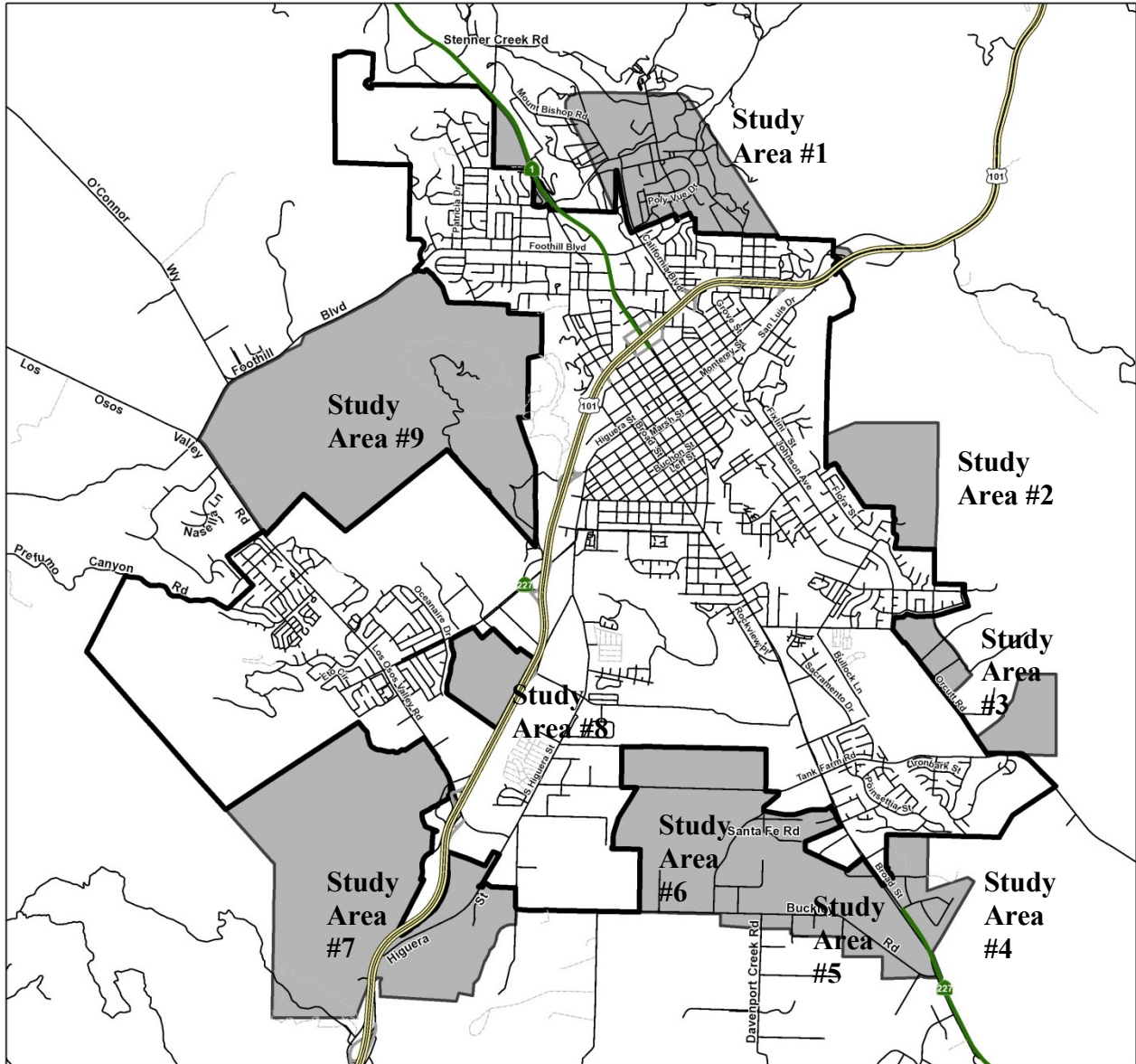
Source: SLO County Planning & Building Department, General Plan.

The Study Areas are described in more detail on the following pages and include: a map that focuses on the particular area, the recommendation made by LAFCO Staff and the recommendation by the Memorandum of Agreement (MOA). The discussion addresses the size and location of the area, current zoning, possible City zoning for each area and other relevant information. The MOA ensures a close coordination and cooperation between the City and County on the future planning and development of the areas within the City's SOI boundary. Greater detail is provided later in this chapter.




The City recently completed an update to their General Plan Land Use Element, Circulation Element and Housing Element that addressed potential expansion into the existing Sphere of Influence areas. Therefore, no additional properties are considered for addition into the Sphere of Influence consistent with the update to the General Plan and the City's vision for future growth based on resource constraints, land use issues, and/or infrastructure constraints.

Figure 2-2 – Study Areas

**City of San Luis Obispo
City Limits & Sphere of Influence
Adopted: April 2015**

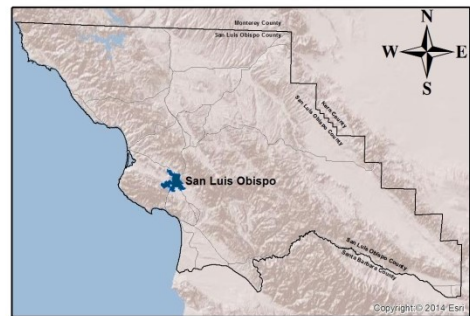


Legend

-  Major Roads
-  Service Area
-  Sphere of Influence



Prepared By SLOLAFCO
Name: City of San Luis Obispo_SOI Bndy
Date: 4/25/2016



SOI Study Area #1 – Calpoly Area (Located in SLO County; within the SOI)

The 1,057-acre area is just north of the City limits consists of six parcels primarily under Calpoly’s control. A 4-acre parcel is owned by Avila Frank Heirs and the City owns a 0.5 acre parcel. A portion of the area is located across from the college adjacent to Hwy 1 that is also owned by the school. The SOI covers the campus and surrounding areas. The California State University has various plans for expanding student and facility housing as well as campus facilities.

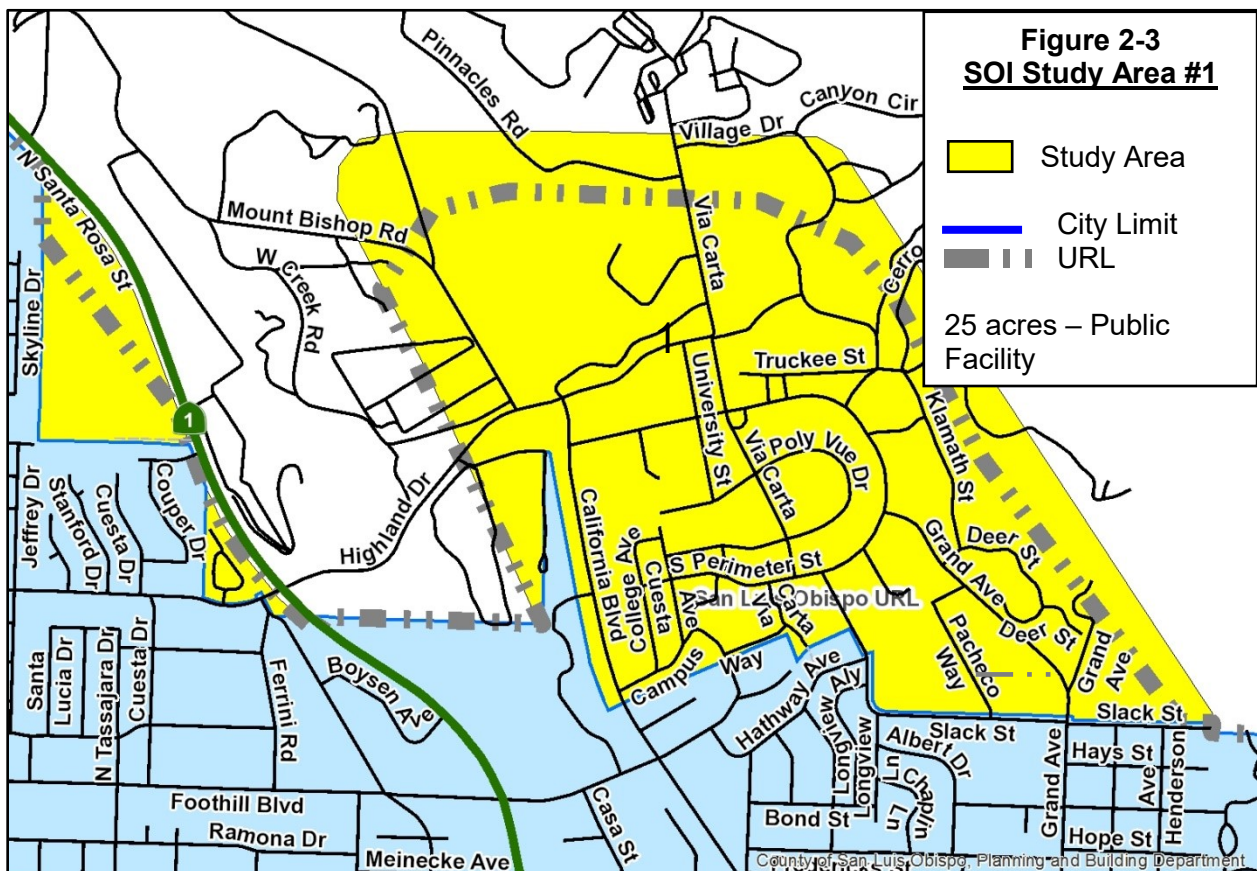
Cal Poly’s plan for the next 20 years calls for an ambitious rethinking of the campus that would expand north to create a new hub of student life, reroute cars out of the core and add thousands of new living units for students, faculty and staff.

In addition, the university wants to add a hotel and conference center, create space for Greek houses and clubs, and explore the idea of year-round instruction by expanding summer classes.

The university updated their Master Plan that proposes a variety of new uses aimed at making the most of campus property. All of the options and potential ideas for development are conceptual at this point.

City/County MOA. This area should be included in the SOI

LAFCO Staff Recommendation. The SOI should include Area One. The City and the University have a unique relationship with each other. Both the entities plans for future growth have a responsibility to consider each other given the impacts any changes would have on the City. It may become mutually beneficial for CALPOLY to be annexed to the City at some point.

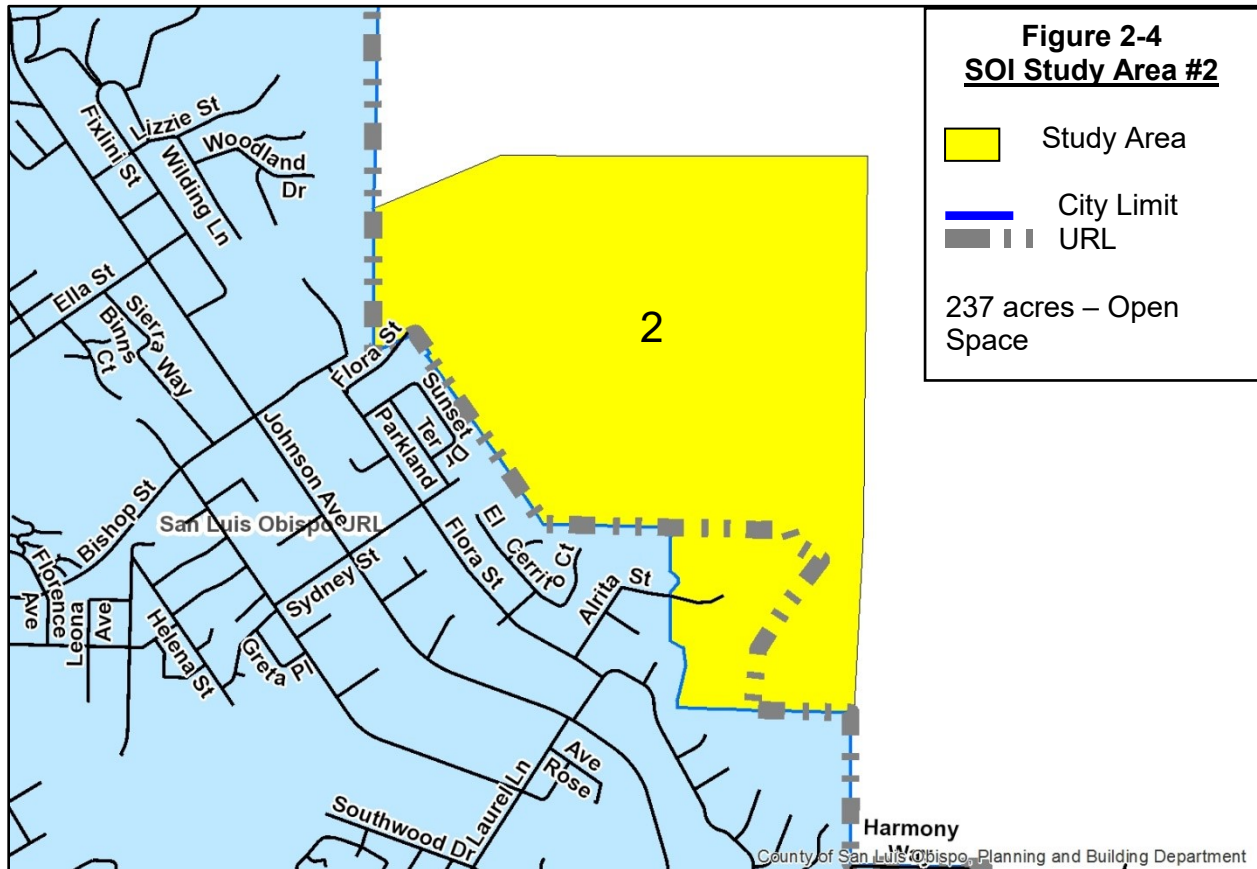


SOI Study Area #2 – Flora-Alrita (Located in SLO County; within the SOI).

This 237-acre area is adjacent to the City and is located above Flora and Alrita Streets. The area is identified in the General Plan as the Goldtree area. The area was included in the City’s Sphere of Influence because of the potential for additional residential development on the lower slopes of the parcels, and the possibility of securing open space dedication on the upper slopes. Providing water service to these parcels is made very difficult because of their height and steep terrain. Most of the area is above the 460-foot contour, the City’s hillside development limit. Water service could be provided, but the system would have to be properly designed and would be expensive. The City requires a 4 to 1 ratio of open space to developable land for this area, significantly limiting the size of development that could occur on the site.

City/County MOA. This area should be included in the SOI.

LAFCO Staff Recommendation. The SOI should include Area Two. This area is a logical extension of the City’s boundaries. The City’s Land Use and Open Space policies and standards would manage any development proposed in this area. The Existing SOI may be able to develop several residences in the area because they can meet the City’s open space requirements. Maintaining the properties in the SOI would also provide the City and property owners more flexibility in terms of future development proposals (i.e. meeting the 4:1 open space requirement). The City is capable of providing any services needed to serve the area. The City requires that the developer pay for infrastructure improvements and other needed facilities and resources.



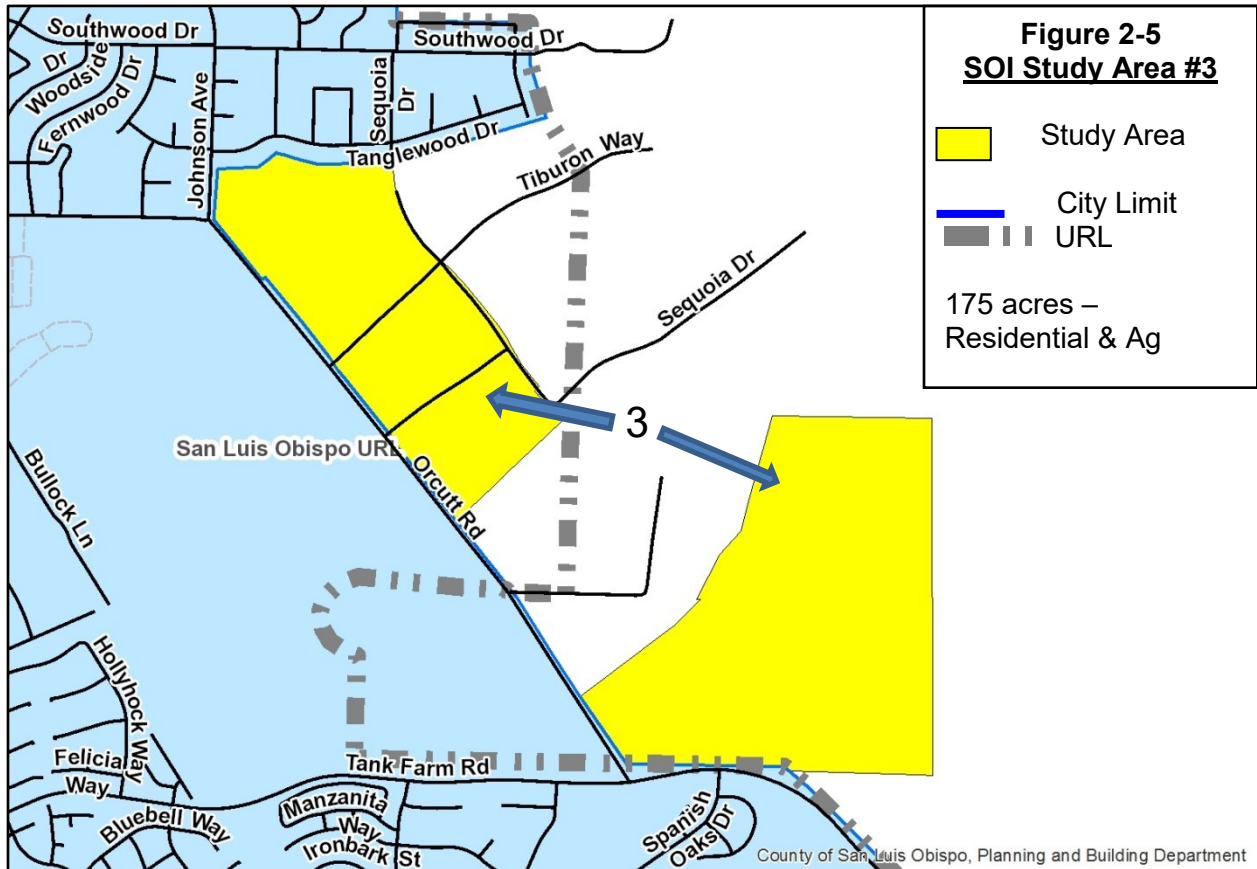
SOI Study Area #3 – Orcutt Area (Located in SLO County; within the SOI).

This 175-acre area is located northeast of Orcutt Road and is adjacent to the City. The area is zoned Residential Suburban and is largely built-out under the 1 unit per 5 acre density allowed under County standards. The area consists of 17 parcels with 9 existing residences. The County’s General Plan designates the north parcels of the study area as being part of the Urban Reserve Area, while the southern portion of the Study Area is not in the County’s Urban Reserve Area and is outside the City’s Urban Reserve Line designated as Agriculture (Wixom Ranch). It is unlikely that increased development of these parcels would be able to occur unless they were annexed to the City.

The area currently receives water service from groundwater and the homes are served by individual septic tanks to meet the wastewater needs. Law enforcement is handled by the County Sheriff and Fire response by the County Fire Department. The first responder to a call would likely be the City Police and Fire units given their closer proximity to the area and the Automatic and Mutual Aid Agreements that exist between the County and City emergency response organizations.

City/County MOA. This area should be included in the SOI.

LAFCO Staff Recommendation. The SOI should continue to include Area #3. If the property owners chose to develop in the County, it is unlikely that urban densities would be achieved because of the County’s open space and agricultural policies. The County’s clustering and open space policies may allow for the preservation of the rural character of the area and may be a more appropriate use.

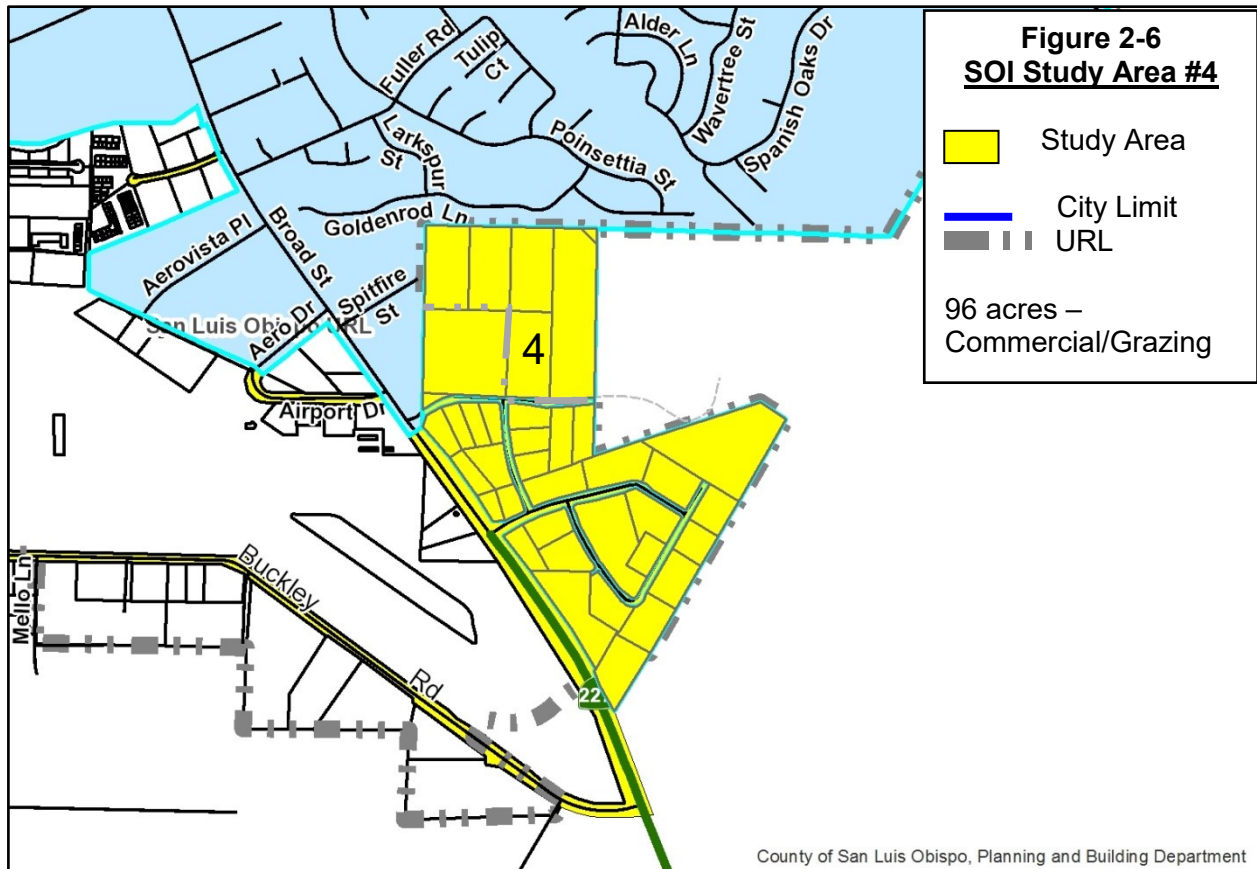


SOI Study Area #4 – Broad Street (Located in SLO County; within the SOI).

This 96-acre area is located on the southeast side of the City adjacent to Broad Street and includes 39 parcels. The Fiero Lane Water Company provides water service in the area. The private water company has had some difficulties with water quality. The zoning, water quality, permit approvals and location of this area may support its eventual annexation to the City. The large commercial development that has already been approved could reasonably be expected to be served by the City at some point in the next 20 years.

City/County MOA. This area should be included in the SOI.

LAFCO Staff Recommendation. The SOI should continue to include Area Four. This area is logical extension of the City’s boundaries. The proximity of this area to the City boundaries, a major roadway (Broad St.), and the type of land uses being approved make this area one that could be served by the City. The County has already approved major commercial development in the area. The City is capable of providing any urban services needed to serve the area. The private water company is facing difficulties providing water service in the area. The City has policies that require the developer to pay for infrastructure improvements and other needed facilities and resources.

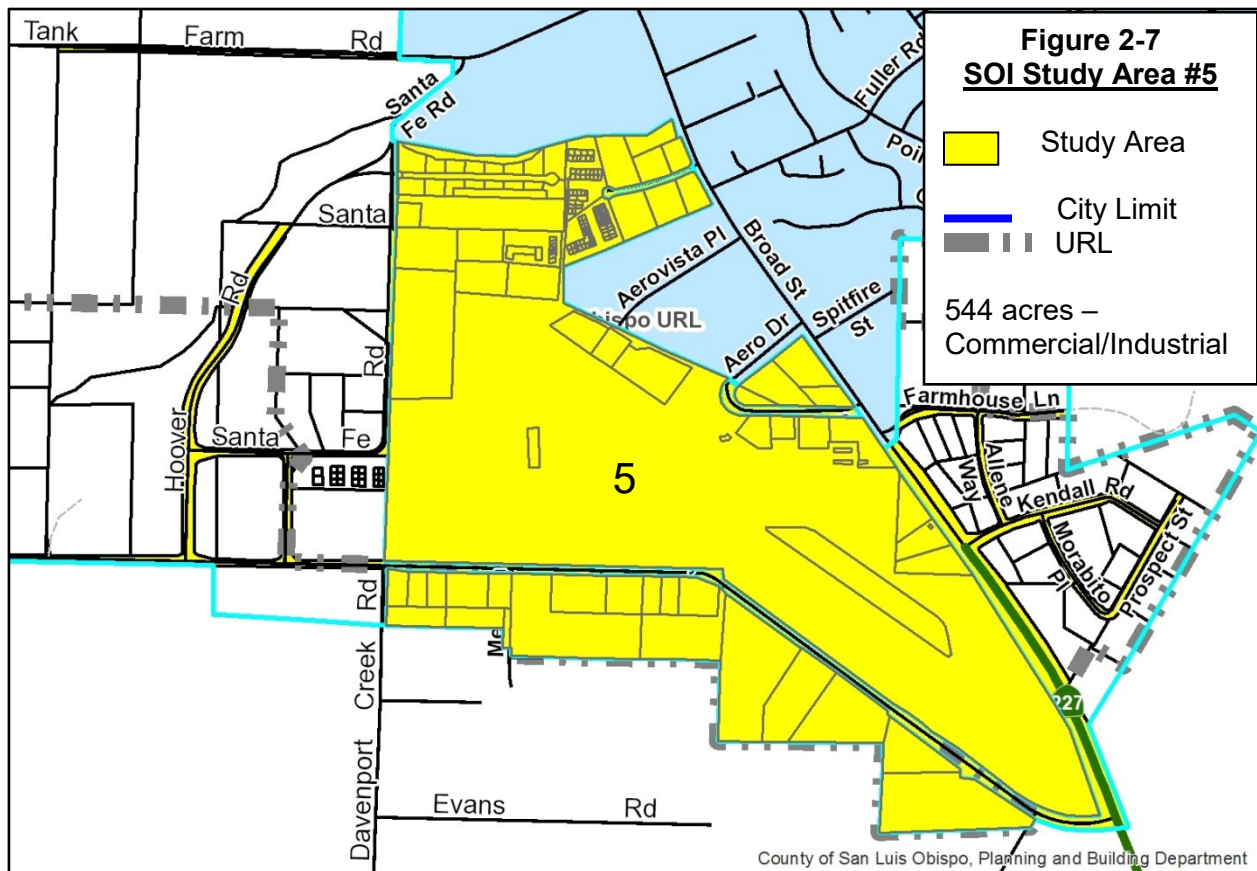


SOI Study Area #5 – Airport Area (Located in SLO County; within the SOI).

The Airport Area Specific Plan provides standards and policies for future development of the area. The EIR for this plan has been certified by the City and the Plan has been adopted. The Airport Area Specific Plan consists of 1,500 acres of land adjacent to the San Luis Obispo County Regional Airport bordered by the Margarita Area, South Higuera Street, South Broad Street and Buckley Road. For purposes of this SOI Study Area the Airport Area Specific Plan is divided into two Study Areas titled Airport Area and Chevron. The Airport Area consists of the County Airport and surrounding commercial and industrial area. Study Area #6 includes the balance of the Specific Plan. The Airport Specific Plan envisions a mixture of open space, agriculture, business park and industrial development.

City/County MOA. The SOI should continue to include Area #5.

LAFCO Staff Recommendation. The SOI should include Area Five. This area is presently in the SOI and is covered by the Airport Area Specific Plan. The vision is that the Airport Area be served by the City and the Specific Plan be implemented. The Commission approved and Outside User Agreement for the Fiero Lane Mutual Water Company to be served by the City for water and wastewater services with the condition an annexation application be submitted in the near-term.



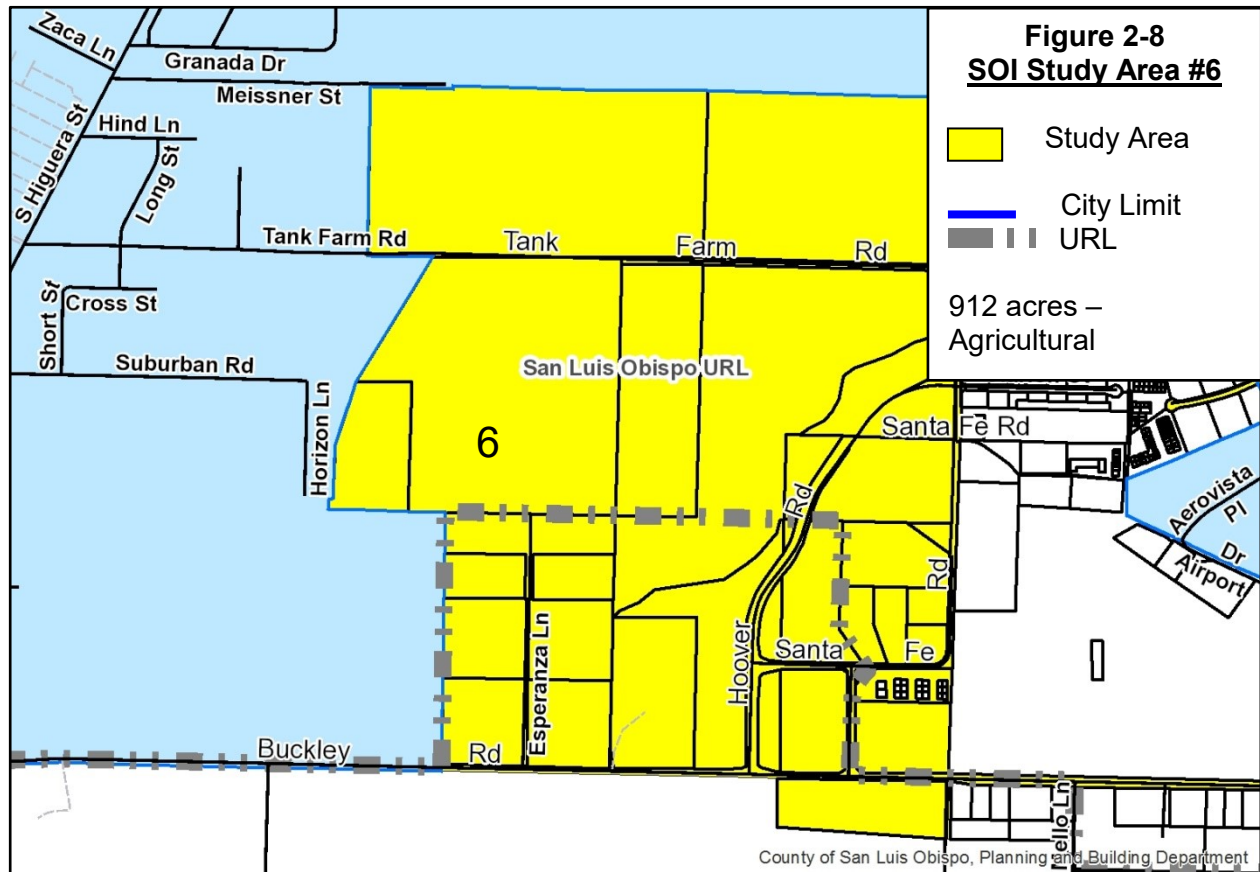
SOI Study Area #6 – Chevron (Located in SLO County; within the SOI).

This 912-acre area includes the Drake Farms north of Buckley (37 acres). The 37-acre area on the south side is zoned agriculture and is producing high-value row crops on some parcels. Continued industrial development of the area is likely and the need for City services will increase over the next 20 years. The City Council directed that the area north of Buckley Road be included in the Airport Area Specific Plan (AASP).

Chevron is currently undergoing remediation and development of the 332-acre tank farm property surrounding Tank Farm Road north of the airport. Remediation of the property requires several activities expected to occur over a 3-year period: demolishing existing buildings, excavating top soil, site re-contouring, and capping. Following the remediation project, approximately 250 acres of the property would become permanent open space. A portion of the property would be for future development of a business park and service-commercial uses. Up to 15 acres may also be reserved for a recreation area. Proposed development would occur in several phases over a 25-year period. Chevron is proposing a development agreement with the City. The project site is in the County but is within the City’s SOI and is designated in the AASP.

City/County MOA. The SOI should continue to include Area #6.

LAFCO Staff Recommendation. The SOI should include Area Six. This area is a logical extension of the City’s boundaries. The proximity of this area to the City boundaries, a major roadway (Tank Farm, Buckley Rd.), and the type of land uses being approved make this area one that could be served by the City. The City is capable of providing for any services needed to serve the area.

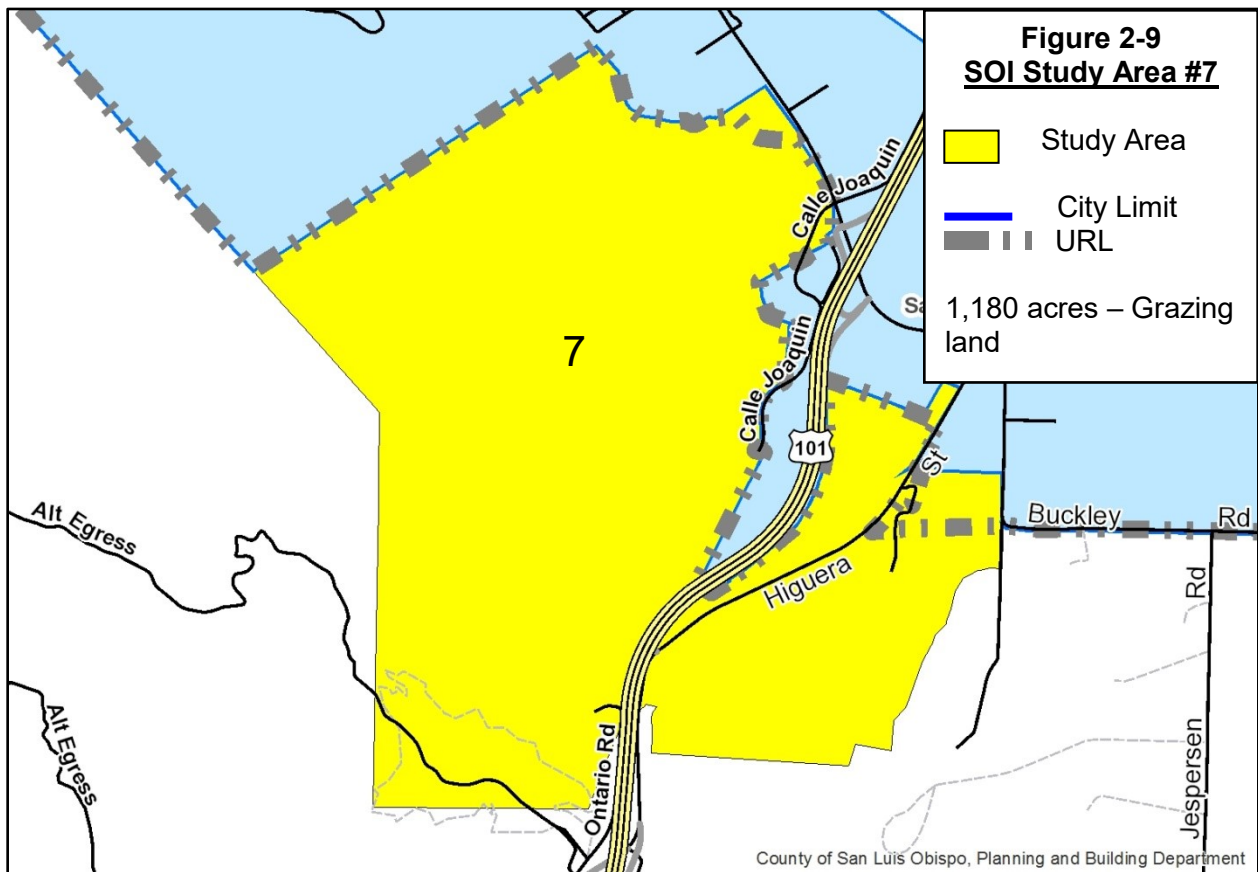


SOI Study Area #7 – LOVR/101 (Located in SLO County; within the SOI).

This 1,180-acre area is located southwest of the City next to Los Osos Valley Road (LOVR) and includes land that is zoned agriculture. Home Depot is located to the north, auto sales to the east, commercial development and Highway 101 to the south, and agricultural land (grazing) to the west. It is anticipated that this area would develop with commercial land uses located nearer to the Highway and roads. The balance of the properties may be used to meet the City’s open space requirements. The area to the south includes three parcels and approximately 470 acres. Much of the area is steep hillside and would likely be used to meet the City’s greenbelt policies. The property west of the Mountainbrook Church is the Filipponi (West) Ranch (approximately 220 acres). The parcel just to the south is the City-owned Johnson Ranch (242 acres). It has been the City’s practice to include City-owned open space lands within the city limits so that city open space regulations can be enforced. Under General Plan policies, wetlands must be preserved as open space. If eventually annexed, portions closest to LOVR may have development potential; wetlands would be identified and designated as Open Space at a 4:1 ratio of open space to developable land.

City/County MOA. The SOI should continue to include Area #7.

LAFCO Staff Recommendation. The SOI should include Area Seven. This area is a logical extension of the City’s boundaries. The proximity of this area to the City boundaries, major roadways (101, Higuera, Buckley Rd.), and the type of land uses being approved make this area one that could be served by the City. The City also owns 220 acres that have been dedicated to open space. If this property were annexed into the City, the City would not have to pay property taxes on the parcel. The City is capable of providing any services needed to serve the area. The City has policies that require the developer to pay for infrastructure improvements and other needed facilities. Two Open Space Easements exists in the area.

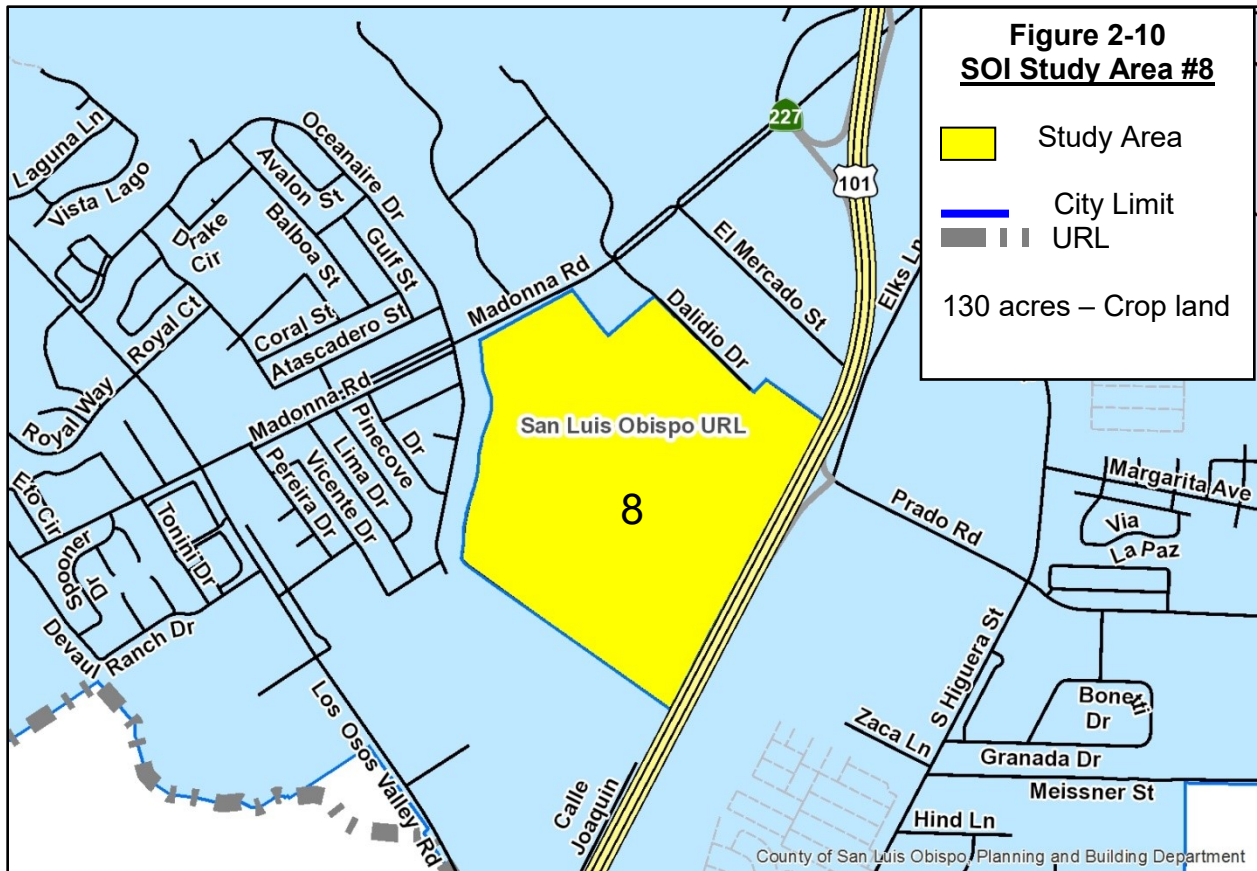


SOI Study Area #8 – San Luis Ranch (Located in SLO County; within the SOI).

The San Luis Ranch development includes partial development of the 130 acres. The City has development a preliminary draft Specific Plan for the area. Activity would involve a 200-room hotel and conference center, commercial office space, Commercial-retail center and residential. San Luis Ranch Specific Plan Area shall not exceed 500 units (excluding affordable units). Infrastructure requirement would include roads, water and wastewater, and stormwater conveyance systems. The Plan calls for setting aside land for open space and agriculture (approximately 62 acres). The set aside includes 50 acres of agriculture. Interim Open Space (4.41 acres) is the existing heron habitat.

City/County MOA. The SOI should continue to include Area #8.

LAFCO Staff Recommendation. The SOI should continue to include Area Eight. This area is presently zoned agriculture and has long been envisioned to annex into the City.

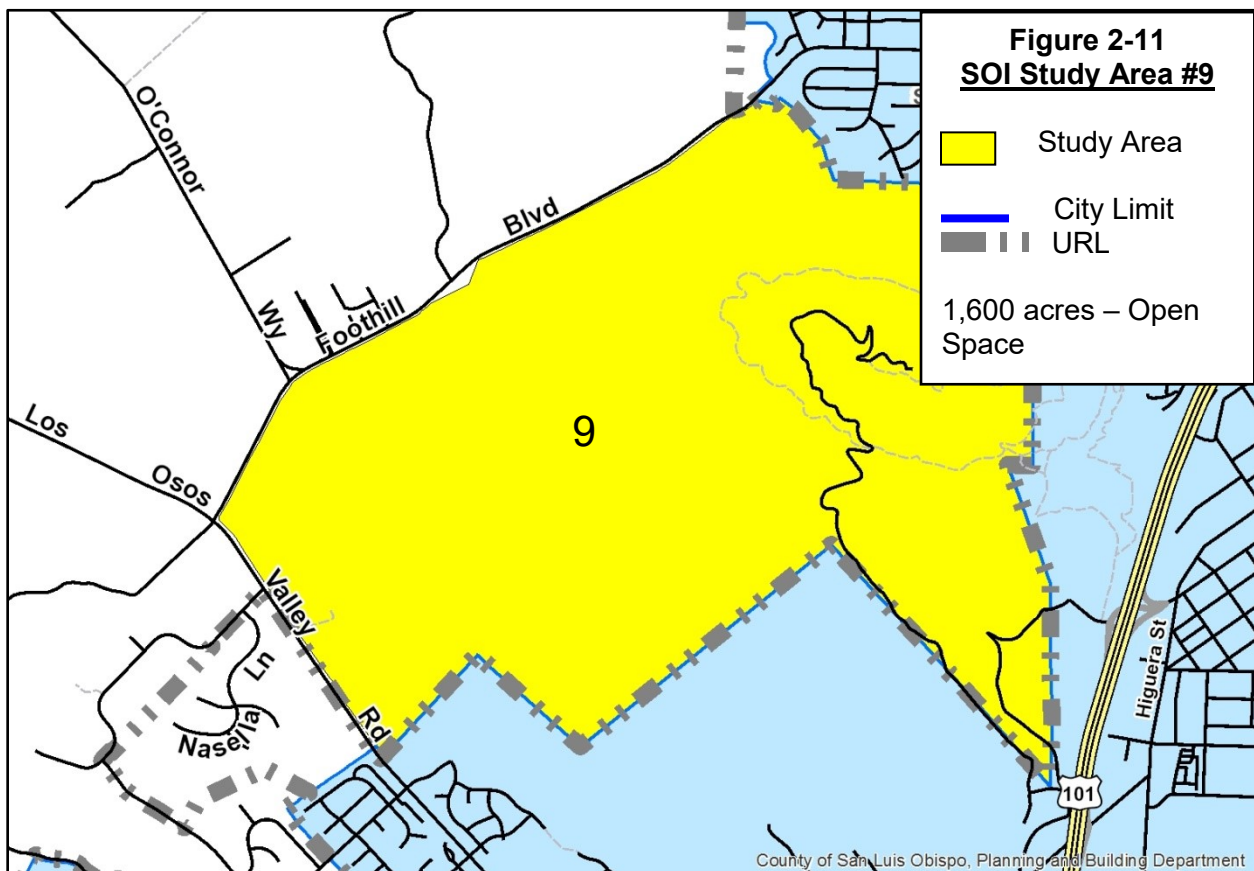


SOI Study Area #9 – Cerro San Luis (Located in SLO County; within the SOI).

This 1,600-acre Study Area is located on the northwest side of the City with Foothill Blvd. as the northern boundary and Los Osos Valley Road as the border to the west. The area includes land that is zoned Agriculture and nine single-family residences that exist along the south side of Foothill Boulevard. These are mostly half-acre lots that have already been developed. Ten of the properties (1,202 acres-87%) are owned by the Madonna Family. Congregation Beth-David has received approval from the County to build a worship facility at the corner of LOVR and Foothill. The property just south of the Congregation is owned by Mr. Dan DeVaul. A large portion of this area includes Cerro San Luis and would be considered for inclusion into the City’s open space program if annexed into the City because of the steep topography, wetlands and sensitive habitat.

City/County MOA. The SOI should continue to include area #9.

LAFCO Staff Recommendation. The SOI should continue to include Area Nine. This area is a logical extension of the City’s boundaries. The proximity of this area to the City’s boundaries, major roadways, and the type of land uses being approved by the County (churches, schools, residences, etc.) make this area one that could eventually be served by the City. The City’s emergency response agencies are often the first responder in this area in emergency situations. Also, Cerro San Luis is often identified as part of the City and would be a rational addition to the City’s open space program. Foothill and Los Osos Valley Road make logical boundaries for the City Limits. The City is capable of providing any services needed to serve the area. The City has policies that require the developer to pay for infrastructure improvements and other needed facilities and resources.



Memorandum of Agreement

The City Council and County Board of Supervisors will be considering the Memorandum of Agreement (MOA) between the City of San Luis Obispo and the County of San Luis Obispo in summer of 2016. That MOA covers the areas of most interest to the City and will be in place under this update. The MOA is included as Appendix B. The CKH Act requires that this agreement be given “great weight” by the Commission in making its decision regarding the update of the City’s SOI. The City and the County agreed upon the extent of the City’s Sphere of Influence, the development standards and zoning process. The general approach of the MOA is to ensure close coordination and cooperation between the City and County on the future planning and development of the areas within the City’s SOI boundary. Key provisions of the MOA include the following:

- Written documentation to use other jurisdictions’ services as a way to mitigate an impact to services;
- Referral of projects in the fringe area to the City and County;
- Inclusion of growth management policies;
- Fair distribution of mitigation/impact fees;
- Meetings among emergency response agencies to discuss impacts and fiscal issues;
- Prior City review of projects submitted to County & written documentation that the City will not consider annexing the project; and
- Coordination of City and County agricultural and open space policies.

The MOA helps enhance the communication between the City and the County and helps to clarify the process for developing the SOI areas. Also included in the MOA are the relevant goals from the each jurisdiction’s General Plan.

Conditions of Approval

The following conditions of approval are adopted based on this updated Sphere of Influence Update, Municipal Service Review, Memorandum of Agreement, the environmental review, and public input. These reflect the current situation for services and protection of agricultural and open space lands.

WATER

- a. As a condition of an annexation application being filed with LAFCO, the City shall document with a water supply analysis that an adequate, reliable, and sustainable water supply is available and deliverable to serve the areas proposed for annexation.

AGRICULTURE & OPEN SPACE

- a. The City shall identify all agricultural and open space lands to be protected in the annexation areas when rezoning or preparing land use entitlements for an area.
- b. Prior to LAFCO filing with the Board of Equalization the certificate of completion (if an annexation is approved), conservation easement(s) or other appropriate mitigation measures as listed in LAFCO's Agricultural Policy 12, shall be recorded on the deed(s) of the properties affected by the annexation specifying the areas to be protected in perpetuity.

PRESENT AND PLANNED LAND USE

The land use zoning within the proposed Study Areas of the Sphere of Influence is Agriculture to industrial and open space. The planned use for areas might include commercial, residential, and open space. The proposed SOI area compares favorably with the existing pattern of development and would promote the efficient provision of public services, focus development to the existing urban area, encourage the preservation of open space and agricultural land and would further discourage urban sprawl in the area. The City's General Plan policies enable the City to effectively manage the growth and development within this area. The policies would encourage a more compact urban form, preservation of agricultural and open space, efficient provision of public services, and a more efficient circulation pattern. The recommend SOI area would promote the efficient provision of public services, focus development towards the existing urban area, encourage the preservation of open space and agricultural land and would further discourage urban sprawl. Pursuant to the CKH Act the following determinations must be made by LAFCO to approve the Sphere of Influence.

PRESENT/PROBABLE NEED FOR PUBLIC SERVICES

The present need for public services in the proposed SOI area varies in the different areas. Many of the properties' current uses are for agricultural and open space purposes. The probable need for public services in these areas is low. In other areas such as San Luis Ranch (Study Area #8), Chevron (Study Area #6), and Broad Street (Study Area #4) the probable need for public services will be greater when development occurs. It's likely that urban levels of development will be proposed in the Sphere of Influence.

SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST

The City of San Luis Obispo has a variety of social and economic communities of interest, including numerous businesses, schools, churches, public sector facilities, and other Community Service programs that serve residents. If the development of the SOI is managed pursuant to the policies of the City, these areas should be a net benefit to the social and economic communities of interest.

The existing social fabric of the City will change by adding this area into the Sphere. It is likely, however, that this change will be positive, bringing in new families and economic buying power as well as possible revenues that could help the City's budget. Industrial, commercial, and retail areas could bring jobs and economic growth into the City. Chapter Three of this report provides information that documents the effect of the proposed Sphere of Influence on the City and evaluates the City's ability to manage expansions in these areas.

Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities

The City of San Luis Obispo has a variety of economic diversity that lives within the City limits and surrounding area. Disadvantaged community means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. Generally the City of San Luis Obispo's Sphere of Influence does not qualify under the definition of disadvantage community for the present and probable need for public facilities and services. The State Water Board has identified the Higuera Street Apartments as a potential disadvantaged community with a failing private water system that could be extended services from the City by either an outside user agreement or annexation.

LOCAL SPHERE OF INFLUENCE GUIDELINES

The Cortese/Knox/Hertzberg Act (CKH Act) requires that each Commission establish written policies and procedures. The Act also states that LAFCOs are to exercise their powers consistent with those policies and procedures. San Luis Obispo LAFCO policies encourage and provide for well-ordered, efficient urban development patterns, balanced with preserving open space and agriculture land while discouraging urban sprawl. This Sphere of Influence Update and Municipal Service Review for the City of San Luis Obispo is consistent with those policies and the purposes of LAFCO. The recommended SOI discourages urban sprawl and encourages the preservation of open space and agricultural land through the implementation of the City's Open Space program and policies by maintaining the existing Sphere of Influence. Inclusion in the City's SOI also provides for the more efficient provision of public services and is consistent with the policies of the San Luis Obispo LAFCO. The City and County have adopted programs and policies in their General Plans to preserve the agricultural lands and natural resources surrounding the City which is consistent with LAFCO's policies.

CHAPTER 3

SAN LUIS OBISPO – MUNICIPAL SERVICE REVIEW



The legislative authority for conducting Municipal Service Reviews is provided in Section 56430 of the Cortese-Knox-Hertzberg Act (CKH). The Act states that, in order to update Spheres of Influence in accordance with Government Code Section 56425, LAFCOs are required to conduct a service review of the municipal services provided by the jurisdiction. The Municipal Service Review factors that need to be addressed include:

1. Growth and Population projections for the affected area
2. Location and characteristics of any disadvantaged unincorporated communities
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
4. Financial ability of agency to provide services
5. Status of, and opportunity for, shared facilities
6. Accountability for community service needs including governmental structure and operational efficiencies
7. Any other matter related to effective or efficient service delivery, as required by commission policy

The above-listed factors are addressed in this chapter and written determinations are included for each factor as called for in the CKH Act.

The table below indicates both the existing and possible agencies that could provide services to the SOI area. This assumes that the properties in the SOI area are eventually annexed into the City and are not served through an Outside User Agreement or some other mechanism. Typically, upon annexation, the City provides a full array of public services to the property or area being annexed.

Table 3-1: Existing & Proposed Service Providers within SOI

Service	Existing Agency Providing Services for SOI Areas	Agency to Provide Services for SOI Areas
General Government (including Governing Board, Counsel, Assessor, Finance and General Administration)	County of San Luis Obispo	City of San Luis Obispo and County of San Luis Obispo
Water Service	Individual Wells or community water system	City of San Luis Obispo
Wastewater collection, treatment and disposal	County of San Luis Obispo Public Works or Septic Systems	City of San Luis Obispo
Storm water drainage, flood control	County of San Luis Obispo Public Works	City of San Luis Obispo
Roads, Circulation, Street Maintenance Street Lighting	County of San Luis Obispo	City of San Luis Obispo
Public Transportation	SLO Transit Authority	City of San Luis Obispo
Law Enforcement and Fire Protection Services	County Sheriff/County Fire Department	City of San Luis Obispo Police and Fire Departments
Community Development/Planning and Building Services, Code Enforcement	County of San Luis Obispo	City of San Luis Obispo
Solid Waste	County of San Luis Obispo-via contractor or individual responsibility	City of San Luis Obispo
Parks and Recreation	County of San Luis Obispo	City of San Luis Obispo
Library	County of San Luis Obispo	City of San Luis Obispo

The San Luis Obispo Sphere of Influence was most recently updated in 2006, and included eight study areas, which expanded or added to the six existing areas, totaling 5,930 acres Sphere of Influence. The eight areas included were 24ac Filliponi, 169ac expansion of Florita-Alrita, 105ac Wixcom, 70ac Righetti Hill (now part of the Orcutt Specific Plan Annexation #79), 185ac Broad Street, 519ac Avlia Ranch, 870ac LOVR/101, and 1,386ac Cerro San Luis area. The existing areas were reconfirmed and included 64ac Florita-Alrita, 274ac Orcutt Area (portions annexed in 2011), 1,100ac Airport Area (portions annexed in 2007), 185ac Dalidio/McBride, 118ac Madonna (annexed in 2010), and 520ac Calpoly area. The now nine sites comprise the present day San Luis Obispo SOI. Figure 3-1 shows the adopted Sphere of Influence. Figure 3-2 shows the City of San Luis Obispo “Greenbelt” which indicates where outside the urban reserve line, undeveloped land should be permanently protected as open space.

Table 3-2: Existing & Added SOI Areas in 2006 Update

SOI Area	Acres	Existing or added to SOI in 2006	Status
Filliponi	24ac	added	SOI
Florita-Alrita	169ac	expanded	SOI
Wixcom	105ac	added	SOI
Righetti Hill	70ac	expanded	Annexed
Broad Street	185ac	added	SOI
Avlia Ranch	519ac	added	SOI
LOVR/101	870ac	added	SOI
Cerro San Luis area	1,386ac	added	SOI
Florita-Alrita	64ac	existing	SOI
Orcutt	274ac	existing	Annexed
Airport Area	1,100ac	existing	SOI
Dalidio/McBride	185ac	existing	SOI portion Anx
Madonna/Gap	118ac	existing	Annexed
Calpoly	520ac	existing	SOI

Table 3-3: Study Areas in 2016 Update

Study Areas	Acres	Land Use/Zoning	Existing Land Use	Build-Out Potential
Area #1 - CALPOLY	1,057	Public Facility	Residential/Grazing	Unknown student housing
Area #2 - Flora-Alrita	237	Rural Lands	Open Space	0 units
Area #3 - Orcutt	175	Agriculture/Residential Suburban	Residential Rural	17 units
Area #4 - Broad St.	96	Agricultural/Commercial	Commercial/Grazing	0 units
Area #5 - Airport	544	Agriculture/Comm. /Industrial	Commercial/Industrial /Grazing	0 units
Area #6 - Chevron	912	Agriculture/Rec	Grazing	Unk units
Area #7 – LOVR/Hwy101	1,180	Agriculture/Rural Lands	Grazing	Unk units
Area #8 – San Luis Ranch	130	Agriculture	Crops	500 units
Area #9 - Cerro San Luis	1,600	Agriculture	Grazing/Open Space	0 units

Source: SLO County Planning & Building Department, General Plan

Figure 3-1 - San Luis Obispo's Existing SOI

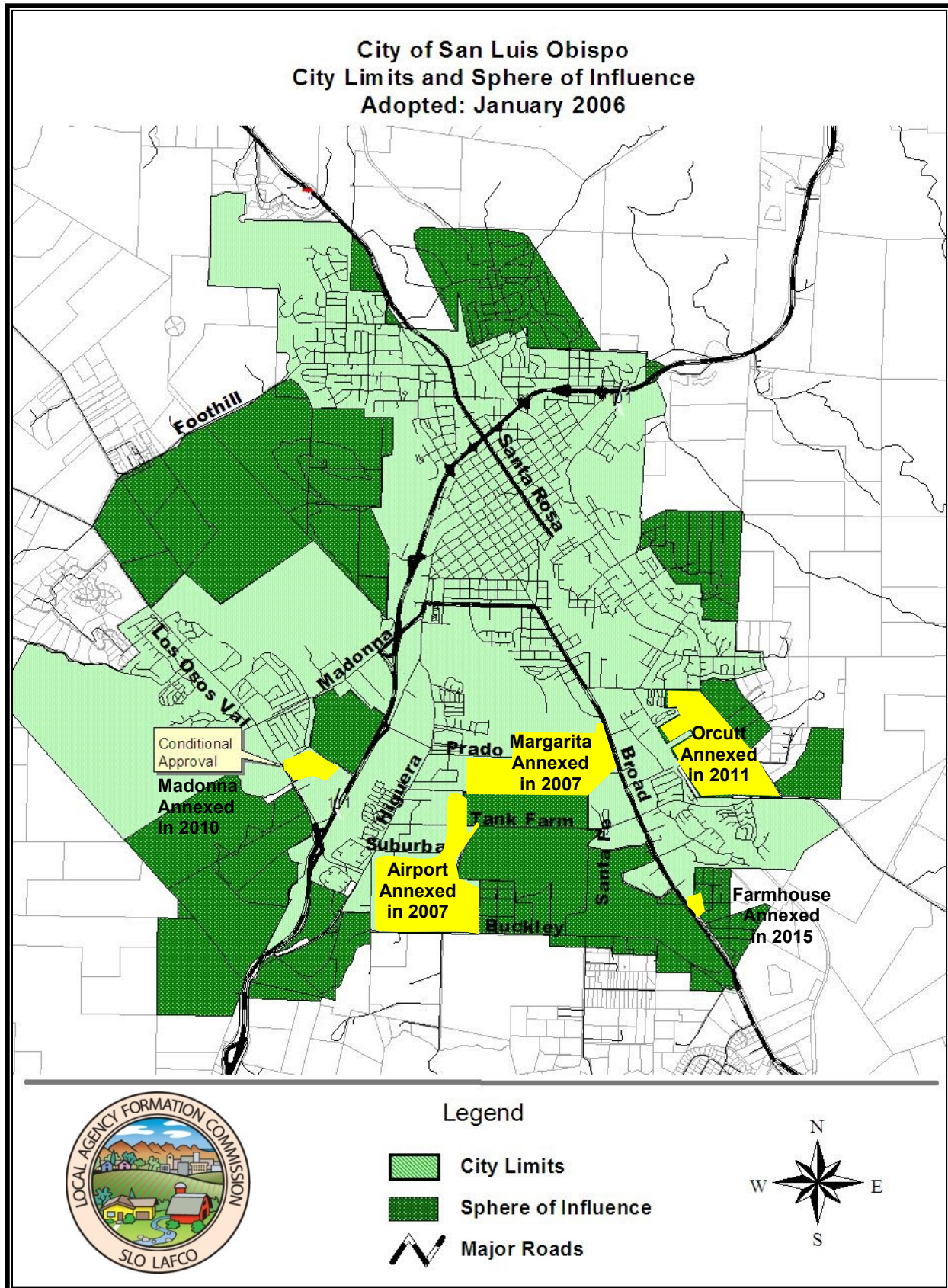
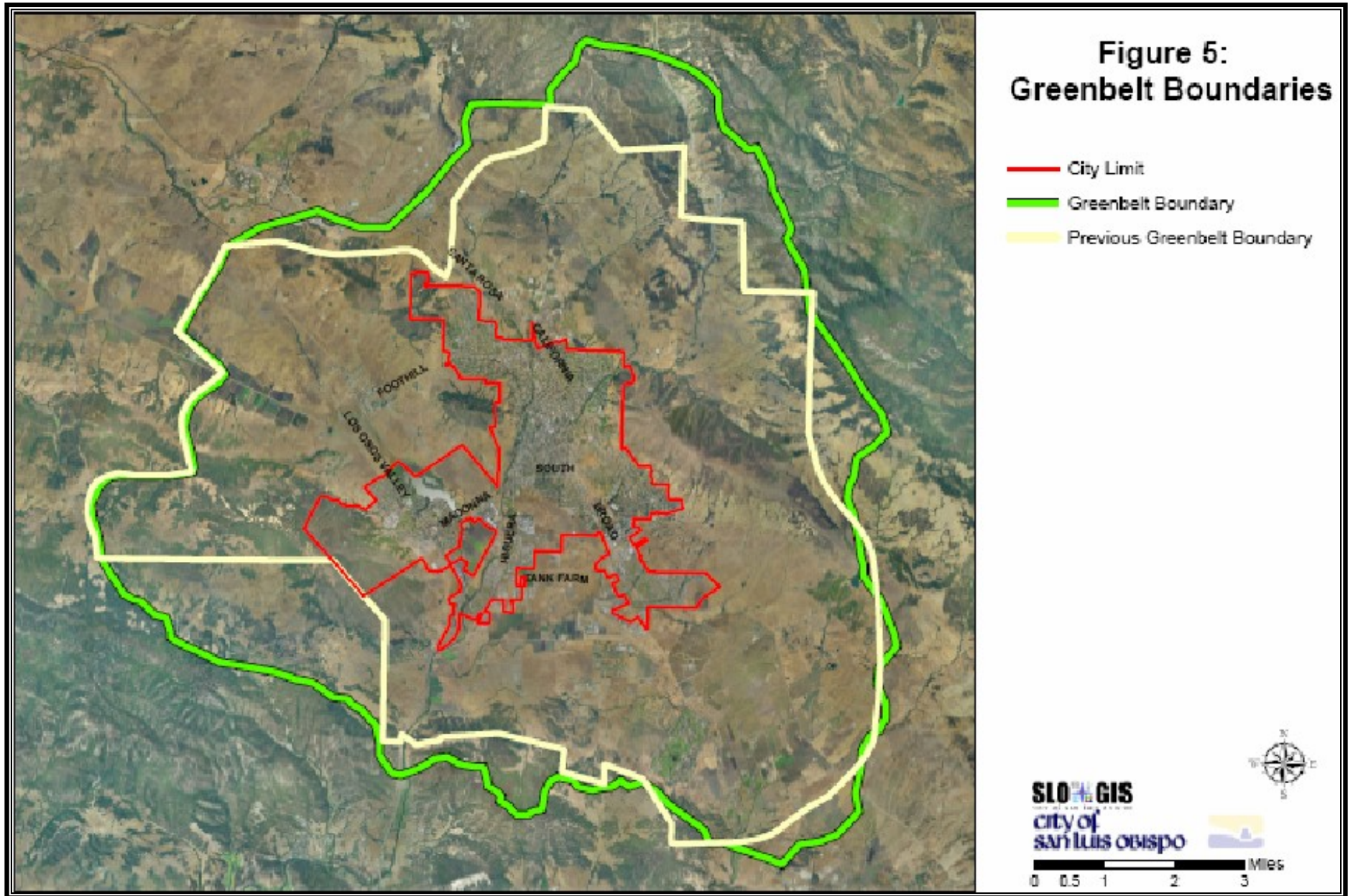


Figure 3-2 – Greenbelt



3.1 GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

Purpose: To identify future growth patterns and project population increases.

POPULATION

This factor is intended to identify growth and population projections for the affected areas of a jurisdiction. This section will use various sources of information to project growth and population for the City of San Luis Obispo. The previous Sphere of Influence and Municipal Service Review Update for San Luis Obispo provides background information. The table below summarizes proposals considered by LAFCO since 2004 to the present.

Table 3-4 –Proposals Since 2004

Date	Action	Proposal	Acreage	Status
4/16/2015	Annexation	Anx #78 to SLO (Farmhouse)	0.74	Approved 4/16/15
4/21/2011	Annexation	Anx #79 to SLO (Orcutt Area)	231	Approved 11/16/11
06/13/05	Annexation	Anx #74 to SLO (Madonna/Gap)	31	Approved 01/21/10
05/02/07	Annexation	Anx #77 to SLO (Airport/Margarita Areas)	620	Approved 4/17/08
07/27/04	Annexation	Anx #71 to SLO (McBride)	26	Approved 10/20/05
07/01/04	Annexation	Anx #70 - Bishop Knoll Estates	9.77	Inactive
03/05/04	Annexation	Anx #69 - Dalidio –	131	Inactive

The Growth and Population factor includes a summary of population data and land use and zoning in the area as well as growth trends.

According to the 2010 US Census, the City had a population of 45,119. Total housing units were estimated to be 20,779 units. The City estimated build-out population within the current City limits is 56,750. This assumes an existing population of 43,937, plus 4,495 units occupied at a rate 2.2 people per unit.

The City's population grew by 2.1% from 2000 to 2010. In addition to this permanent population, the City has a high number of visitor-serving uses such as hotels, vacation rentals, and restaurants. Water use, wastewater flows and traffic conditions are all affected by these uses and are not reflected in population figures.

California Department of Finance Population Estimates-2005 to 2015

The California Department of Finance (DOF) population estimates come from administrative records of several state and federal government agencies, as well as numerous local jurisdictions. According to the DOF, the total state estimate was within one-half of one percent (0.5%) of the census count. The table below reflects the DOF estimates for San Luis Obispo and the County of San Luis Obispo over the last decade. DOF estimates San Luis Obispo's current population as 45,400.

Table 3-5: Population Estimates

	2005	2006	2007	2008	2009	2010*	2011	2012	2013	2014	2015
SLO	44,687	44,559	44,433	44,579	44,829	44,948	45,269	45,308	45,400	47,120	48,800
County Total	261,699	263,939	266,043	268,636	270,901	269,637	270,305	271,483	271,754	272,773	273,792

Source: DOF E-4; E-1; P-1 Population Estimates for Cities, Counties and State, 2005-2015

* DOF made an adjustment after the 2010 Census was released for San Luis Obispo County.

Council of Governments Population Projections - 2011

The Council of Governments had the consulting firm of AECOM Technical Services update population projections for San Luis Obispo County, including the City of San Luis Obispo. The original study was completed in 2006 and was updated in 2011 to take into account the economic downturn. These projections use a variety of data sources and assumptions to project the future population of the cities and unincorporated areas of the County. These projections incorporate information from the State of California about future population increases, past and present County growth trends, and projected changes within the region. The consultants worked with local planners to anticipate future growth in the various areas of the County to estimate the potential for increases in population. The updated report presents low, medium, and high population growth projections for areas in the County including the City of San Luis Obispo. The table below shows those results:

**Table 3-6: Projected Population Growth San Luis Obispo
San Luis Obispo Council of Governments Projections**

	2010	2015	2020	2025	2030	2035	2040
LOW	43,937	44,667	45,964	46,602	47,401	48,208	49,037
MEDIUM	43,937	44,668	45,969	46,704	47,622	48,550	49,487
HIGH	43,937	44,669	45,972	46,792	47,822	48,860	49,897

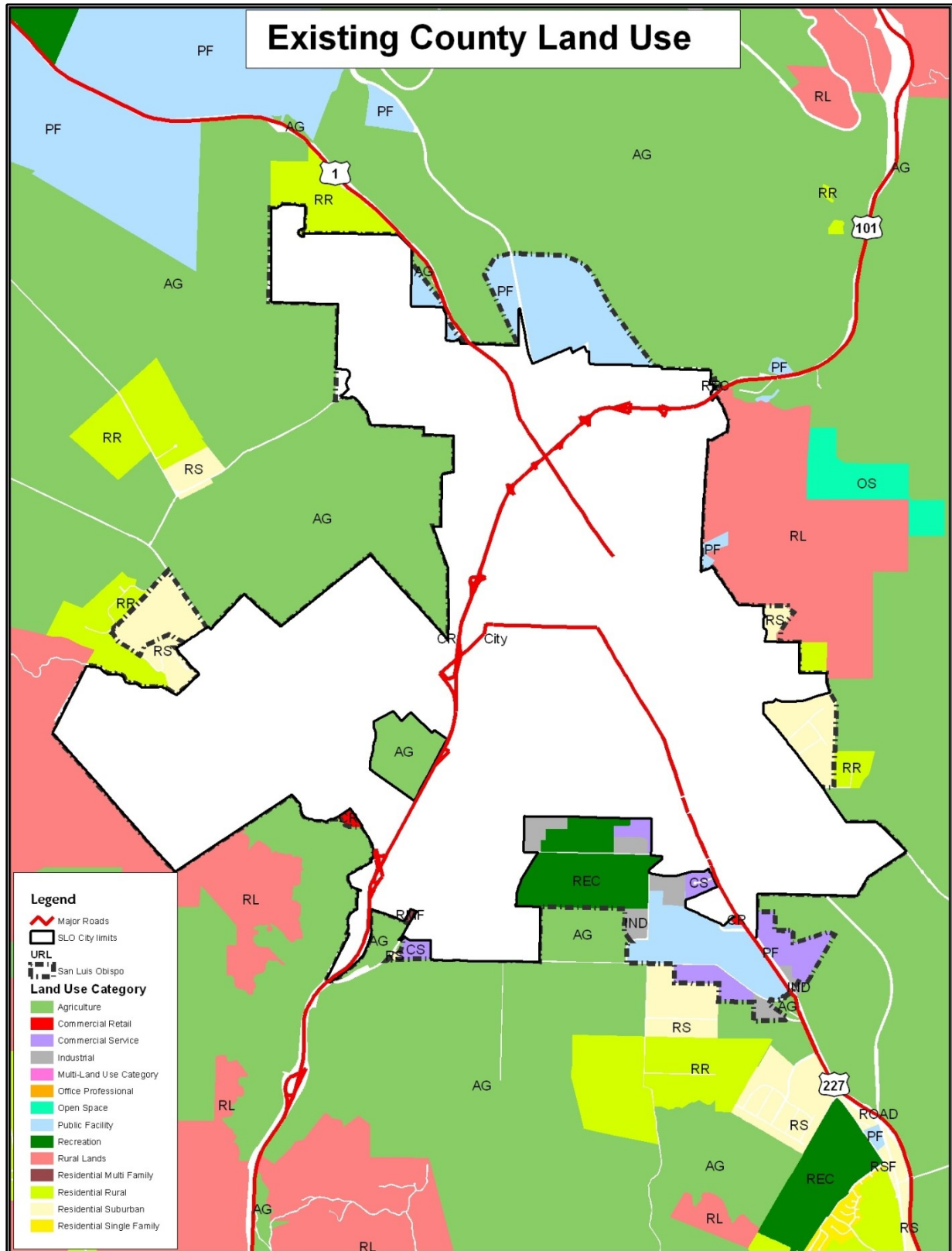
San Luis Obispo is the County seat and the most populous of the seven cities in the county. The 2010 AECOM Technical Services population for the City was 43,937, down only 242 residents from 2000. In 2010, there were 20,553 housing units with 2.2 persons per household and a 3.45% vacancy rate.

COUNTY'S GENERAL PLAN

The County's San Luis Obispo Inland Planning Area of its General Plan establishes land use policy in the unincorporated areas around the City of San Luis Obispo. The urban reserve line identifies where the County anticipates urban development over the next 20-years. The URL of San Luis Obispo encompasses approximately 2,300 acres beyond the existing City limits. Areas within the urban reserve line around San Luis Obispo and within the Los Ranchos/Edna Village have been planned for urban density development, while areas outside of the urban or village reserve lines are maintained in larger parcels and in uses compatible with the production agricultural and visual values they contain. The County's Plan generally promotes the preservation of prime agricultural lands and open space corridors. It has a number of policies that call for guiding growth away from agricultural areas and promoting infill or other non-prime agricultural use.

The County's Conservation and Open Space Element (COSE) consolidated five individual elements of the General Plan (conservation and open space, historic, esthetic, and energy elements). The COSE is utilized as a tool to protect and preserve the unique community resources. The element addresses many issues with regard to conservation, development, and utilization of natural resources. The element includes policies and strategies that address reducing greenhouse gas emissions, directing growth away from areas with constrained natural resources, water and energy conservation, use of low impact development and green building techniques, increased protection of community separators and scenic corridors. The County's overarching land use planning framework Strategic Growth Principles guided the element to direct growth to occur in a more sustainable manner.

Figure 3-3 (E) Land Use



The San Luis Obispo County Inland Area Plan envisions continued opportunities for economic vitality and growth, along with the opportunity to maintain the environmental attributes that have contributed to the area's historically healthy economy. The community's excellent living environment and educational opportunities can act to attract or retain businesses providing high quality job opportunities for local residents, enabling them to afford housing within the area, while also enhancing local tax revenues needed for public services. The planning area should maintain a rural character in harmony with agriculture, business, recreational, environmental and residential opportunities. Conservation of the area's resources is an integral part of economic development in order to have a lasting economy that is strengthened by the region's environmental assets.

RMS Biennial Report – 2010-2012

The County's most recent biennial Resource Management System (RMS) was adopted for 2012-2014. However, this report was reformatted to look at topic on a regional basis, such as, water and wastewater versus looking at each specific community as a whole on how these services are provided and evaluating them on the rating system like the previous report from 2010-2012. So for purposes of this report the 2010-2012 RMS will be used to discuss the City of San Luis Obispo's performance. The Resource Management System (RMS) provides information to guide decisions about balancing land development with the resources necessary to sustain such development. It focuses on, 1) Collecting data, 2) Identifying resource problems and 3) Recommending solutions.

According to the 2010-2012 Resource Management System Biennial Report, the City estimates that it now serves approximately 44,229 residents in 2012 compared to an estimated 42,312 in 2000. Over the last 12 years, San Luis Obispo's population has increased by approximately 1,917 people. This equates to 0.3% of population increase over the 12 year period. The table below reflects the population data from the census and the County's Resource Management System Biennial Report: The year 2030 population estimate is 47,622. Buildout population is approximately 56,750.

**Table 3-7: Historical & Projected Population Growth
San Luis Obispo California: Census and RMS Data**

	1990 ¹⁾	2000 ¹⁾	2010 ²⁾	2015 ²⁾	2020 ²⁾	2025 ²⁾	2030 ²⁾
Population	41,958	42,312	43,937	44,590	45,969	46,704	47,622
10 Year Increase	--	354	1,625	653	1,379	735	918
10 year % Incr.	--	<1%	3.6%	1.4%	2.9%	1.5%	1.9%

Sources: 1) US Census, 2) Resource Management System Biennial Report, 2010-2012

City of San Luis Obispo Urban Water Management Plan, 2015

Housing Units and Growth Projections. In the 2015 Urban Water Management Plan, the City of San Luis Obispo estimates that 45,802 people lived in the City. In 2010, the U.S. Census stated the total number of dwelling units as 20,375 with an average household size of 2.2 persons and an occupancy rate of about 96.5%. The City's Urban Water Management Plan projects the current City limit boundaries to yield a population of 57,200 persons. The 2015 UWMP based its projections from the City's 2015 General Plan. The City of San Luis Obispo has updated its General Plan in 2015 which establishes a growth rate of 1% per year which estimates a build-out population of 56,750 persons.

The Urban Water Management Plan estimates the population build-out for the year 2035 will be 56,686 persons with an urban reserve capacity of 57,200. The use of 2.3 persons per household is based on current occupancy patterns. The table below is taken from the 2010 Urban Water Management Plan and shows historic and projected growth rates:

Table 3-8: Historical & Projected Population Growth

	1980 ⁽¹⁾	1990 ⁽¹⁾	2000 ⁽¹⁾	2010 ⁽¹⁾	2015 ⁽²⁾	2020 ⁽²⁾	2025 ⁽²⁾	2030 ⁽²⁾	2035 ⁽²⁾
Population	34,252	41,958	44,619	45,119	45,802	48,826	51,317	53,934	56,686
10 Year Increase	--	7,706	2,661	500	683	3,024	2,491	2,617	2,752
10 year Avg. Increase	--	18.3%	6%	1.1%	1%	6.1%	4.8%	4.8%	4.8%
Average per Year	--	1.8%	<1%	<1%	<1%	<1%	<1%	<1%	<1%

(1) Source: U.S. Census

(2) Source: City's 2015 Urban Water Management Plan.

CITY OF SAN LUIS OBISPO GENERAL PLAN, 2015

The City of San Luis Obispo recently updated its General Plan Land Use and Circulation Elements in January 2015. Over the past 40 years, the City experienced a slow-down in the rate of growth since 1980. From 1970 to 1980 the City's population increased at an average growth rate of 2.2% per year. In the 1980's (1980-1990) the City's population again grew at a rate of 2.2% per year. Over the past 10 years the City has grown at a rate of approximately 0.5% per year. From 1990 to 2000 population growth slowed to about a rate of 0.5% per year.

San Luis Obispo's growth is likely to remain at a nominal level as the economic recovery continues to evolve over the next few years. In 2010, the City's Community Development Department estimated the City is about 81% built out with a potential for approximately 4,452 new dwellings in the community at this time. Under the certified Housing Element 2010 the City estimates a total of 3,773 new dwelling units as a realistic build-out. Since that estimate the City annexed the Orcutt Area (231 acres) with the potential to add an additional 1,000 homes and the Margarita Area with 870 residential units. Under the 2014 Housing Element Update an estimated 3,477 new dwelling units could be accommodated.

If the City were to continue growth at their maximum 1% growth rate allowed by the General Plan, slightly more than 1,113 new units per year would reach build-out within six years. Before a residential expansion area is developed, the City must have adopted a specific plan or a development plan for the project. Such plans for residential expansion projects will provide for phased development, consistent with the population growth outlined in the table below. The City's policies encourage in-fill development, mixed-use, and higher densities within the core to accommodate the growth at build-out. The following table summarizes the growth potential within the City, expansion areas and SOI study areas.

Table 3-9
Anticipated Population Growth

Year	Approx. Maximum No of Dwellings	Anticipated No. of People (based on 2.3 persons per dwelling)
2009	20,222*	44,521*
2014	21,253	48,881
2019	22,337	51,375
2024	23,477	53,997
2029	24,674	56,750
Estimated urban reserve capacity:		57,200

* Actual Number from 2010 Housing Element. Remaining dwellings and population numbers based on 1% annual growth.

** Dwelling count of 24,300 would be reached in approximately 2028.

Note: the City's Housing Element was adopted prior to the annexation of Orcutt Area which potentially could add an additional 1,000 homes, or estimated 2,251 people.

The City has some potential for 3,000 housing units to be development within the City limits under current zoning. The newly annexed areas of Orcutt and Margarita adds an additional 2,000 housing units potential. The remaining Sphere of Influence could add additional 1,200 residential housing units to the City's inventory.

Table 3-10
Build-out Summary: Vacant Land within City plus Expansion & SOI

Zone	Description	Acres	Approx. Units	Population
R-1	Low-density Residential	1,644	522	1,200
R-2	Medium-density Residential	566	871	2,003
R-3	Medium-high-density Residential	175	360	828
R-4	High-density Residential	200	266	611
C/OS	Conservation/Open Space	2,420	266	611
AG	Agricultural	0	0	0
C-C	Community Commercial	50	87	200
C-D	Downtown Commercial	46	99	227
C-R	General Commercial	164	300	690
C-N	Neighborhood Commercial	25	79	181
C-T	Tourist Commercial	113	10	23
C-S	Commercial Service	458	112	257
M	Manufacturing	257	190	437
O	Office	191	67	154
Orcutt (annexed 2011)	Mixed	231	979	2,251
Margarita (annexed 2007)	Mixed	418	870	2,001
Total Vacant Sites within City Limits		6,958	5,078	11,674
Edna-Islay West	Mixed		20	46
Minor Annexation Areas	Residential		1,191	2,739
Total		6,958	6,289	14,459

Source: City of San Luis Obispo 2013, SLO County Planning & Building Department.

Figure 3-4
Development Capacity by Zone and Outside City

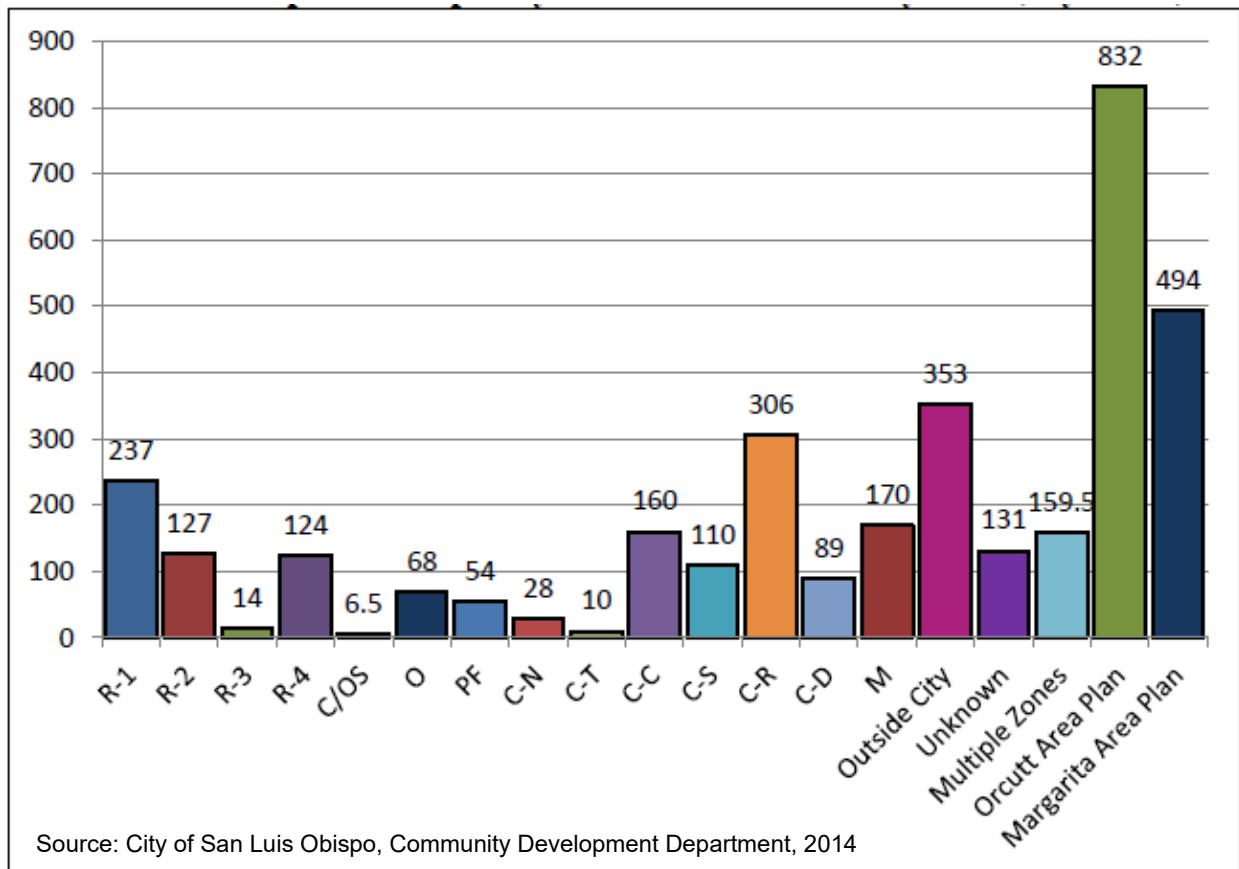


Table 3-11
Major Expansion Areas Phasing Plan, 2008

	calendar years:	Number of Dwellings Permitted (a, b)								2002 - 2022 Total
		1999-2001	2002-04	2005-07	2008-10	2011-13	2014-16	2017-19	2020-22	
assumed	demolitions	-40	-40	-60	-75	-80	-50	-50	-50	-445
assumed	new in-city (c)	290	110	350	140	140	140	100	100	1,370
allowed	Dalidio	0	0	0	0	60	0	0	0	60
allowed	Irish Hills North	190	80	0	0	0	0	0	0	270
allowed	Irish Hills South	53	70	0	0	0	0	0	0	123
allowed	Orcutt	0	0	0	170	200	360	270	0	1,000
allowed	Margarita	0	0	80	368	300	120	0	0	868
assumed	other annexations	5	10	5	5	5	5	5	5	45
calculated	Interval total:	498	230	375	608	625	575	325	55	3,291
	average annual % change (d)	0.85	0.40	0.64	1.00	1.00	0.90	0.50	0.08	0.55 (e)

- (a) Dwellings affordable to residents with very low, low, or moderate incomes, as defined in the Housing Element, are exempt.
- (b) This is a simple count of dwellings and is not meant to reflect the Zoning Regulations method for calculating fractional dwellings.

- (c) Includes the incorporated area in 1994 and certain annexations during 1994-1998.
- (d) A calculated result: dwellings permitted (new construction minus demolitions), divided by three, divided by the total number of dwellings projected to be in the city at the middle of the interval, times 100; assumes that the maximum amounts are achieved in previous intervals.
- (e) A calculated result: the compound growth rate that over 24 years would result in the total net increase.

Visitor-Serving. The City attracts many tourists to the County and promotes a strong and vibrant tourism industry that contributes economically to the County and other jurisdictions in the area. San Luis Obispo has an inventory of 1,935 hotel rooms. Beyond these established hotels, motels and RV parks, San Luis Obispo has a number of vacation rentals consisting of single-family homes or condominium units. The 2,000 or so visitor accommodations in San Luis Obispo represent approximately 23% of the total available accommodations Countywide (EVC; 2008). With regard to hotels that could be built within the City, the Community Development Department estimates that approximately 400 units could be developed on properties zoned for hotel/motel development. This number is speculative, since it is difficult to know if a commercial property would indeed be used as a hotel site. The City has added an additional 100 rooms since 2005 to reach the 1,935 room inventory noted.

Recent Building Permit Activity

Building Permits have been compiled for San Luis Obispo from the Community Development Department. The table below shows the building permits by year from 2006 through 2013. Since 2006 the City has finalized 161 new single-family units and 401 multi-family units.

Table 3-12: Building Permits Issued 2006-2013

	SF	MF
2015	151	16
2014	79	22
2013	54	9
2012	32	8
2011	2	65
2010	32	57
2009	19	39
2008	30	27
2007	21	104
2006	21	19
Total	441	366

Source: San Luis Obispo Community Development Department 2016

The trend over the last decade had been a decrease in construction of office space and services and manufacturing buildings, with sporadic retail development. In 2015, nonresidential development has increase, with the majority being commercial components of mixed-use projects. The table below describes project in process.

Table 3-13: Future Non-Residential Planning Project

Project Name	Non-res. Sq. Ft.	Status
Mixed-Use		
*Santa Rosa Street Infill	98,000	Pre-application
*Freemont Square	64,600	Pre-application
*Laurel Lane Mixed Use	2,306	In Planning
San Luis Square	21,322	In Planning
*San Luis Ranch	200,000	In Planning
*Avila Ranch	20,000	In Planning
*Froom Ranch	45,000	In Planning
*Public Mkt-Long-Bonetti Ranch	46,932	In Planning
*Olive Mixed Use	3,500	In Planning
*Caudill Mixed Use	5,327	In Planning
*22 Chorro	2,041	In Planning
*956 Monterey	5,180	Entitled
*Iron Works	4,400	Entitled
*Wingate	5,000	Entitled
*Ellsworth Tract	TBD	Entitled
*Jones Property	15,070	Public Improvement Plan
Garden Street Terraces	25,047	Building Review
Monterey Place (Leitcher)	25,000	Building Review
Broad St. mixed	9,500	Building Review
*Santa Rosa Mixed use	5,942	Building Review
*The Junction	1,200	Building Review
Chinatown	46,140	Under Construction
Pacific Courtyards	8,000	Under Construction
Commercial		
Chevron Tank Farm	800,000	In Planning
*279 Bridge	23,309	In Planning
*Perry Ford	16,673	In Planning
Digital West	80,000	Entitled
Aerovista Place	37,230	Entitled
*Santa Rosa St. Development	10,000	Entitled
*BMW Dealership	23,945	Building review
*Discovery SLO	25,210	Building review
*SLO Brew Production	31,000	Under construction
*University Square	20,000	Under construction

*Foothill Plaza	68,531	Under construction
Aerovista Office	44,000	Under construction
Airport Business Center	47,000	Under construction
Other		
*TownPlace Suites	56,975	In Planning
*Motel Inn	40,000	Entitled
*Homeless Services Center	20,000	Building review
*Granada Hotel expansion	9,871	Building review
1845 Monterey Hotel	60,368	Building review

Source: San Luis Obispo Community Development Department 2016

* New project since 2014

Land Use

The General Plan allows for new growth within the City based on an analysis of available resources (water, sewer, etc) and demand for those resources. The policies and standards in the City's General Plan provide for growth in the current SOI if it can be demonstrated that water, sewer and other resources are available by the developer or services can be made available without adversely affecting existing residents. There are no growth limits to commercial or visitor-serving growth in place under the General Plan. The City will consider establishing limits for the rate of nonresidential development if the increase in nonresidential floor area for any five-year period exceeds five percent.

It should be noted that the City's General Plan provides a clear and detailed policy base with regard to future growth and development within the City. It comprehensively addresses the various facets of development, provides clear information to the public, and gives decision-makers a sound foundation for considering future projects. The City has planned for areas in the SOI in approving Specific Plans for Airport/Margarita and Orcutt area. Both of these have been annexed into the City.

General Plan Annual Report

The City Community Development Department prepares an annual report regarding the implementation and status of the General Plan. The report is organized into two key sections: the administration of the General Plan including element updates and amendments, and the implementation of the various elements and policies found in the General Plan. Under each of these categories the following General Plan matters are discussed:

Table 3-14: Summary of General Plan Annual Report

Section	Specific Issue	
Administration of General Plan	General Plan Status	
	Workshops & Meetings	
	Council Goals	
Implementation of General Plan	Housing & Population	Water Supply
	Growth Management	Circulation
	Open Space Protection	Safety
	Major Implementation Plans	Neighborhood Wellness
	Historic Preservation	Parks and Recreation

The following section will highlight key portions of this report that are relevant to the Municipal Service Review.

Element Updates. The City adopted the updated Land Use Element and Circulation Element in January 2015; the Housing Element was adopted in January 2015 as well. In order to be prepared to evaluate the changes to the Land Use and Circulation Element, a revision to the City's circulation model was initiated in 2009 with the City being awarded a grant in 2011 for ongoing efforts and the update was completed in 2015. Amendments to the Safety Element were updated in 2012 in order to implement updates to the State Fire Hazards maps.

General Plan Amendments. In 2015, the City is amending the General Plan with text and map amendments. Map amendments typically change the zoning of a particular site or area. Amendments to a City's General Plan are not unusual and are evaluated by the Planning Commission and City Council on a case-by-case basis. Amendments can be initiated by the City or by a property owner. The most significant changes were associated with the Madonna/Gap annexation from Open Space to Commercial-Retail Zoning designation to allow for large retail development (Target) and open space acquisition.

Growth Management. The City implements growth management policies by phasing housing construction in large annexation areas. These locations would include the Irish Hills, Margarita and Orcutt areas. The City has adopted a phasing schedule that allows for a specific number of residential units to be constructed over a three-year period. The Council considers the phasing schedule as needed and adjusts it (if appropriate) to meet the needs of project proponents and

residents of the City. The Margarita and Orcutt areas are expected to be built out during the three-year period. Amendments to the phasing schedule will likely be considered to reflect work being completed on the Margarita and Orcutt Area Specific Plans, as well as revisions to the Housing Element.

Open Space Protection. The City has adopted many policies regarding the protection of open space and sensitive areas in and surrounding the City. The City has identified a large greenbelt area that encompasses the City and surrounding environs. The City is working toward protecting the biological, agricultural, aesthetic, and/or recreational resources that are found in and around the City. The Figure 3-2 above shows the Greenbelt adopted by the City.

Policies Specific to SOI. San Luis Obispo's General Plan Policy 1.12 Annexation and Services addresses the criteria to be used when considering annexation and development projects.

1.12.1 Water and Sewer Service

"The City shall not provide nor permit delivery of City potable water or sewer services to the following areas. However, the City will serve those parties having valid previous connections or contracts with the City. A. Outside the City limits; B. Outside the urban reserve line; C. Above elevations reliably served by gravity-flow in the City water system; D. Below elevations reliably served by gravity-flow or pumps in the City sewer system.

1.12.2 Annexation Purpose and Timing

The City may use annexation as a growth management tool, both to enable appropriate urban development and to protect open space. Areas within the urban reserve line which are to be developed with urban uses should be annexed before urban development occurs. The City may annex an area long before such development is to occur, and the City may annex areas which are to remain permanently as open space. An area may be annexed in phases, consistent with the city-approved specific plan or development plan for the area. Phasing of annexation and development will reflect topography, needed capital facilities and funding, open space objectives, and existing and proposed land uses and roads.

1.12.5 Required Plans

The City shall not allow development of any newly annexed private land until the City has adopted a specific or development plan for land uses, open space protection, roads, utilities, the overall pattern of subdivision, and financing of public facilities for the area.

1.12.6 Development and Services

The City shall approve development in newly annexed areas only when adequate City services can be provided for that development, without reducing the level of public services or increasing the cost of services for existing development and for build-out within the City limits.

1.12.7 Open Space

The City shall require that each annexation help secure permanent protection for areas designated Open Space, and for the habitat types and wildlife corridors within the annexation area that are identified in the Conservation and Open Space Element. Properties, which are both along the urban reserve line and on hillsides, shall dedicate land or easements for about four times the area to be developed (developed area includes building lots, roads, parking and other

paved areas, and setbacks required by zoning). (See also the Hillside Planning policies, Section 6.2). The following standards shall apply to the indicated areas:

- A. *Airport Area Specific Plan properties shall secure protection for any on-site resources as identified in the Conservation and Open Space Element. These properties, to help maintain the greenbelt, shall also secure open space protection for any contiguous, commonly owned land outside the urban reserve. If it is not feasible to directly obtain protection for such land, fees in lieu of dedication shall be paid when the property is developed, to help secure the greenbelt in the area south of the City's southerly urban reserve line.*
- B. *Foothill Annexation: The northern portion of the Foothill property, and the creek area shall be annexed as open space. Development on this site should be clustered or located near Foothill Boulevard, with the northern portion of the site and creek area preserved as open space.*

Policy 7.3.4 discusses the "Airport Area" properties that may be annexed in the future.

7.3.4 City Annexation and Services

The City shall actively pursue annexation of the Airport Area as noted in the Airport Area Specific Plan. Airport Area land inside the urban reserve shall be considered for annexation if it meets the criteria stated in Policy 1.12.4 and provisions in the Airport Area Specific Plan.

7.3.5 Greenbelt Protection

The City shall ensure annexation of the Airport Area Specific Plan is consistent with the growth management objectives of maintaining areas outside the urban reserve line in rural, predominantly open space uses. Annexation shall not take effect unless the annexed area helps protect an appropriate part of the greenbelt near the Airport Area, through one or more of the following methods:

- A. *Dedicating an open-space easement or fee ownership to the City or to a responsible land-conservation organization.*
- B. *Paying fees to the City in-lieu of dedication that shall be used within a reasonable time to secure greenbelt open space near the Airport Area.*

7.3.7 Development Before Annexation

A. *Areas which are designated for eventual urban development in the Airport Area Specific Plan may be developed during the interim with rural residential or rural commercial uses. In such areas, County development standards and discretionary review should assure that projects will not preclude options for future urban development consistent with the City's planning policies and standards. Before any discretionary County land-use or land-division approval for such areas, a development plan for the site should be prepared, showing that circulation, water and other utility, and drainage proposals will be compatible with future annexation and urban development; and conditions of approval should include payment of City fees required to mitigate traffic, housing, and open space impacts.*

B. *Any development within the urban reserve approved by the County prior to annexation should comply with City standards for roadway cross-sections, bus stops, walking and bicycle paths, landscaping, view protection, setbacks, preferred site layouts, and architectural character."*

The General Plan also encourages "proactive planning." This is to say that the City should be establishing goals for land use and development within the City, within the planned expansion

areas comprising the Sphere of Influence. The Memorandum of Agreement between the City and County provides for this type of collaboration. The Memorandum of Agreement will be reviewed and updated as part of the Sphere of Influence and Municipal Service Review process.

Housing Element. The City's Housing Element was adopted by the City Council and certified by the State Department of Housing and Community Development (HCD) in 2015. The Goals, Policies and Programs found in the Housing Element are the Housing Implementation Plan for the period from January 1, 2014 through July 1, 2019. Under the planning cycle January 1, 2014 through July 1, 2019 the City must provide zoning for 1,144 residential units. Because HCD completed the review and certified the Housing Element in 2010 that required a larger residential potential and the fact that the City did not build a large number of residential units, the current cycle is a lower total therefore the City should be able to meet its targets.

Table 3-15: 2014-2019 - SLOCOG Regional Housing Needs Allocation

	Units By Income Category					Totals	% of Units
	Very Low	Low	Moderate	Above Moderate			
Arroyo Grande	60	38	43	101	242	5.8%	
Atascadero	98	62	69	164	393	9.5%	
Grover Beach	41	25	29	69	166	5.8%	
Morro Bay	39	24	27	65	154	3.7%	
Paso Robles	123	77	87	206	492	11.8%	
Pismo Beach	38	24	27	64	152	3.6%	
San Luis Obispo	285	179	201	478	1,144	27.3%	
County Unincorp.	336	211	237	563	1,347	32.5%	
Total Units	1020	640	720	1710	4,090	100%	

Source: SLOCOG RHNA 2013

The Housing Element is one of the seven State mandated elements of the City's General Plan and is updated every six years to identify recent demographic and employment trends and can be correlated with the three-year cycle of transportation planning, which may affect existing and future housing demand and supply. The Housing Element is used to identify and provide for the housing needs of the community. The Housing Element addresses the City's ability to meet the State assigned regional housing needs shown in the above table. It specifies the number of units to be zoned for in terms of affordability. The City has developed a set of objectives and

specific policies and programs to prepare for the production of housing in the City of San Luis Obispo.

A Housing Element is required by California law to establish policies and programs that will support the provision of an adequate housing supply for citizens of all income levels. The intent of State law is to assure that jurisdictions in the State provide adequate housing to all members of the community. While the State Department of Housing and Community Development (HCD) reviews the Housing Element to assure compliance with housing law, each jurisdiction must identify its particular issues to successfully address its housing needs.

The Housing Element provides a detailed assessment of the housing stock in San Luis Obispo, including data on housing types, physical condition, cost and availability. The Element also examines special housing needs of the population such as the elderly, farm workers and the homeless. It identifies opportunities for energy conservation when housing is constructed or remodeled. The Element assesses the effectiveness of past housing programs. The availability and capacity of land and public services for housing development are examined along with factors that may constrain the production of affordable housing. Particular attention has been paid to the need for affordable housing.

An understanding of existing housing conditions in the City is necessary as a basis for new Housing Element policies to guide the use and development of housing that will be adequate and affordable. In addition to this focused information, throughout the document comparisons to San Luis Obispo County demographics and statistics are used to identify possible issues or pertinent relationships. This assessment is representative of the larger area and informative of the trends the entire county is experiencing, helping to gain a better understanding of the City in a regional context.

State law is more specific about the content of Housing Elements than any other portion of the General Plan. That specificity is reflected in the detailed demographics and other data contained herein. The Housing Element is also the only part of the General Plan that is subject to mandatory deadlines for periodic updates. Except for the Local Coastal Plan, it is the only element that is subject to review and "certification" by the state. The City's Housing Element for the planning period 2014 to 2019 has been certified by the State.

According to the City's Housing Element a recent available land inventory has been conducted which concludes the City has additional land available for 3,477 new residential units within the City limits. The Housing Element also evaluated the City's infrastructure to accommodate these new potential residential developments. The Housing Element states that the City is at 65% capacity for water service and 88% capacity for wastewater. The City is in the process of increasing the treatment capacity to 5.5 mgd, which demonstrates the City's ability to provide these services to the 3,477 residential units with planned capacity. These services are further discussed in the next section.

The **Circulation** Element plans for improvements to the City's transportation system that will accommodate existing residents and future growth. Principals, Policies Standards, and programs supporting these goals are provided in detail in the Circulation Element.

The **Water and Wastewater** Element addresses issues regarding water supply, wastewater, and collection system services. Many of these policies, programs and standards related to the Sphere of Influence require the payment of fees to offset the infrastructure and service needs to serve the new development from annexing properties.

***Policy B 2.2.1** states **Service Outside the City Limits.** "To receive City wastewater service, property must be annexed to the City. The City Council may authorize exceptions to this policy provided it is found to be consistent with the General Plan."*

The **Conservation and Open Space** Element addresses natural resources such as water, soils, creeks, riparian habitat, air quality as well as archaeological resources. This Element is important in updating the Sphere of Influence because it contains detailed principals, policies, standards, and programs targeted at preserving open space lands. It is important to note that the City has adopted a policy base with regard to preserving prime agricultural and open space lands. This policy base will be referenced in the Memorandum of Agreement. Key policies include:

6.1.1 Open Space and Greenbelt Designations

The City shall designate the following types of land as open space:

- A. *Upland and valley sensitive habitats or unique resources, as defined in the Conservation and Open Space Element, including corridors which connect habitats.*

- B. *Undeveloped prime agricultural soils which are to remain in agricultural use as provided in policy 1.8.2.*
- C. *Those areas which are best suited to non-urban uses due to: infeasibility of providing proper access or utilities; excessive slope or slope instability; wildland fire hazard; noise exposure; flood hazard; scenic value; wildlife habitat value, including sensitive habitats or unique resources as defined in the Conservation and Open Space Element; agricultural value; and value for passive recreation.*
- D. *A greenbelt, outside the urban reserve, that surrounds the ultimate boundaries of the urban area, and which should connect with wildlife corridors that cross the urbanized area.*
- E. *Sufficient area of each habitat type to ensure the ecological integrity of that habitat type within the urban reserve and the greenbelt, including connections between habitats for wildlife movement and dispersal; these habitat types will be as identified in the natural resource inventory, as discussed in the "Background to this Land Use Element Update" and in Community Goal #8.*

Public lands suited for active recreation will be designated Park on the General Plan Land Use Element Map. The City may establish an agricultural designation. (See the Conservation and Open Space Element for refinements of these policies.)

8.1 Greenbelt. Open space outside the urban area

Secure and maintain a healthy and attractive Greenbelt around the urban area, comprised of diverse and connected natural habitats, and productive agricultural land that reflects the City's watershed and topographic boundaries.

8.2.1 Open space preserved.

The City will preserve as open space or agriculture the undeveloped and agricultural land outside the urban reserve line, including the designated Greenbelt as shown in Figure 5, and will encourage individuals, organizations and other agencies to do likewise.

8.2.2 GOAL: Open space within the urban area.

Within the urban area, the City will secure and maintain a diverse network of open land encompassing particularly valuable natural and agricultural resources, connected with the landscape around the urban area. Particularly valuable resources are:

- A. *Creek corridors, including open channels with natural banks and vegetation.*
- B. *Laguna Lake and its undeveloped margins.*
- C. *Wetlands and vernal pools.*
- D. *Undeveloped land within the Urban Reserve not intended for urban uses.*
- E. *Grassland communities and woodlands.*
- F. *Wildlife habitat and corridors for the health and mobility of individuals and of the species.*
- G. *The habitat of species listed as threatened or endangered by the State or Federal governments.*
- H. *Prime agricultural soils and economically viable farmland (Figure 10).*
- I. *Groundwater recharge areas.*
- J. *Historically open-space settings for cultural resources, native and traditional landscapes.*
- K. *Hills, ridgelines and the Morros.*
- L. *Scenic rock outcroppings and other significant geological features.*
- M. *Unique plant and animal communities, including "species of local concern."*

8.6.3 Required mitigation.

Loss or harm shall be mitigated to the maximum extent feasible. Mitigation must at least comply with Federal and State requirements. Mitigation shall be implemented and monitored in

compliance with State and Federal requirements, by qualified professionals, and shall be funded by the project applicant.

- A. For natural habitat that is relatively limited in extent (such as riparian or wetland habitat) mitigation shall consist of creating twice the area of habitat lost, of equal quality,*
- B. Habitat created as mitigation should be located and designed to minimize the need for long-term artificial support (such as supplying wetlands from a well requiring energy and maintenance).*
- C. For a widespread habitat type or for farmland, mitigation shall consist of permanently protecting an equal area of equal quality, which does not already have permanent protection, within the San Luis Obispo Planning Area.*
- D. For projects involving enlargement of the urban reserve, mitigation shall consist of permanently protecting an area not previously protected, that is located and that has sufficient size (generally four times the area to be developed) to secure a permanent edge to the city.*

1.8.1 Agricultural Protection

The City shall support preservation of economically viable agricultural operations and land within the urban reserve and city limits. The City should provide for the continuation of farming through steps such as provision of appropriate general plan designations and zoning.

1.8.2 Prime Agricultural Land

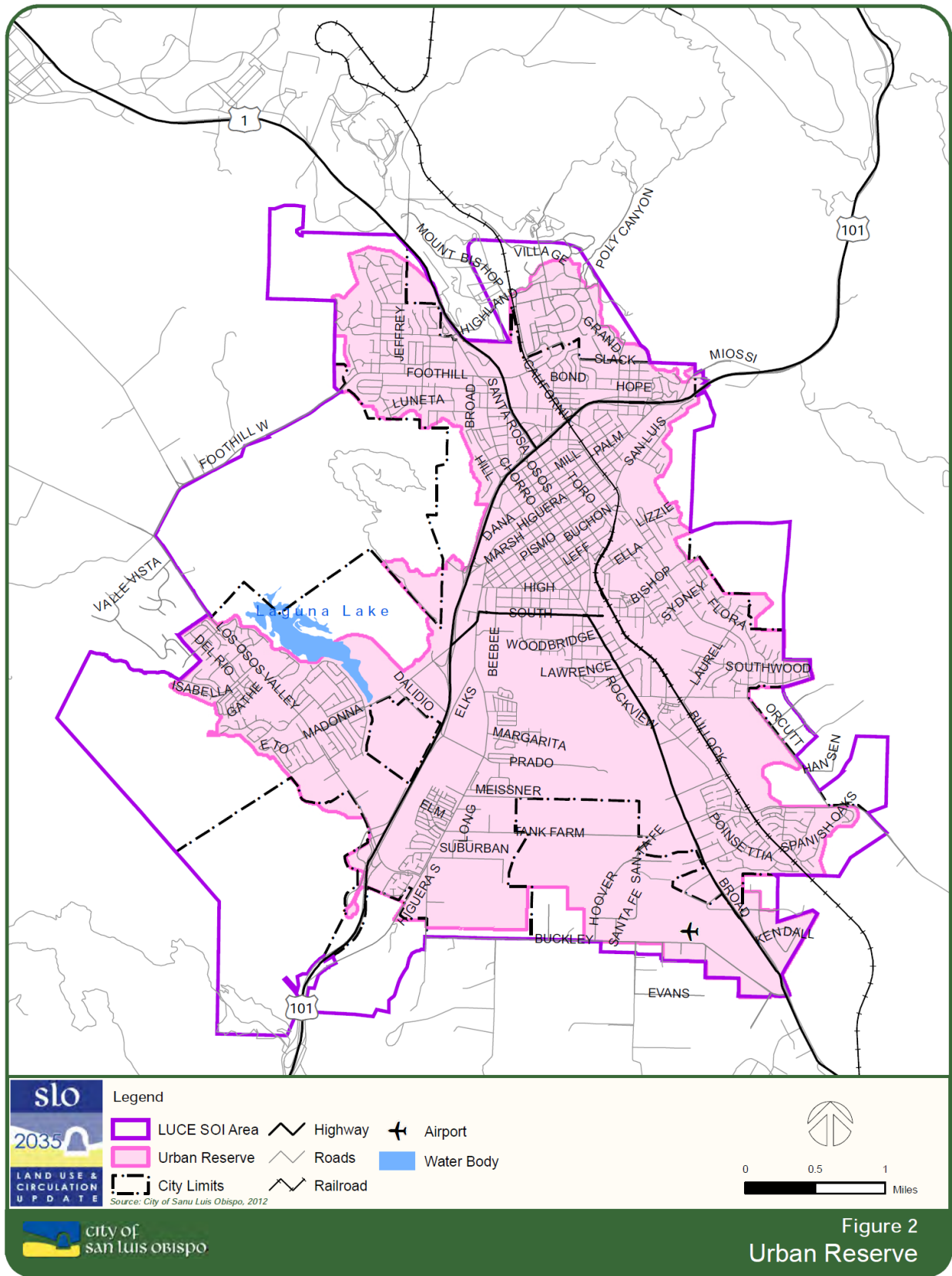
The City may allow development on prime agricultural land, if the development contributes to the protection of agricultural land in the urban reserve or greenbelt by one or more of the following methods, or an equally effective method: acting as a receiver site for transfer of development credit from prime agricultural land of equal quantity; securing for the City or for a suitable land conservation organization open space or agricultural easements or fee ownership with deed restrictions; helping to directly fund the acquisition of fee ownership or open space easements by the City or a suitable land conservation organization. Development of small parcels which are essentially surrounded by urbanization need not contribute to agricultural land protection.

The **Parks and Recreation, Safety** Elements of the General Plan each have principals, policies, standards, and programs that provide guidance and clarification for the public and decision makers. These are important topics that the City addresses to ensure a healthful, safe, and economically viable environment for residents and visitors alike. The policies and programs in these elements would be applied to the Sphere of Influence.

The City's current General Plan is based on the ability of the City to accommodate a population of 56,750. Currently, the City's population is approximately 45,119 people. The year in which the City reaches their projected build-out is driven by a number of factors, including economic and real-estate market conditions. The City projects build-out no sooner than year 2029.

In the City's Land Use Element land uses are designated in general terms, as are potential expansion areas. The map on the following page is from the Land Use Element and shows the urban reserve line, possible land uses, and expansion areas for the City.

Figure 3-5 Urban Reserve Line



In completing the recent update of the Housing Element, the City produced a number of studies regarding housing and residential land resources. This section focuses on the growth that may occur in the unincorporated expansion areas. The following tables summarize the growth that is projected for these expansion areas. The County's build out numbers are based on the following assumptions: 1) 7 units per acre density for Single Family Zoning, 2) a 75% absorption rate, and 3) 629 acres of Residential Single Family land.

Table 3-16: Estimated Housing Capacity in Expansion Areas, 2010

Expansion Area	Estimated Units in City	Estimated Units in County ⁽¹⁾
Orcutt-231 acres	979	2,311
Margarita-418 Acres	870	991
Edna Islay West	20	N/A
Minor Annexations/Cal Poly ⁽²⁾	1,191	0
Totals	3,060	3,302

Sources: Housing Element, Appendix C Housing Constraints and Resources, City of San Luis Obispo, 2010 County Land Use Element, San Luis Obispo Area Plan, 2000

(1) Residential Single Family Zoning in the unincorporated urban area

(2) Foothill Saddle, Luneta, CDF, Highland, Mioosi, Alrita, Maino, Cal Poly-900 student apartments

In some cases, the projects have caused the City to provide emergency response services outside the City Limits due to the nature of mutual and automatic aid agreements between the City and the County. Emergency situations that present an imminent threat to public health and safety require the response of the closest emergency response resources. On the fringes of the northern and central City, the County Fire Department cannot respond to these situations as quickly as the City can. The County contracts with the California Department of Forestry for emergency response services. The closest station is located at the Airport.

Another issue is the construction of package sewer plants and individual wells to serve developments in the unincorporated areas. Building infrastructure to serve individual development projects can be inefficient. The City and County should consider working with property owners toward the goal of having the City provide services in areas that could be more efficiently and effectively served by the City. The Memorandum of Agreement (MOA) between the City and the County provides for early coordination regarding these issues.

WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding Growth and Population:

1. The City's General Plan provides for the logical and reasonable growth and development of the City and was updated in 2015.
2. According to both the County's Resource Management System and the Council of Governments Population Projections the City of San Luis Obispo is projected to grow at a rate of 1% per year.
3. The projected number of people in the City of San Luis Obispo over the next 5, 10, 15 & 20 years based on the San Luis Obispo Council of Government's 2011 Update to Long Range Socio-Economic Projections can be accommodated within the existing City limits and Sphere of Influence.
4. The City's current General Plan is based on the ability of the City to accommodate a population of 56,750. Currently, the City's population is approximately 45,802 people.
5. Development of the proposed Sphere of Influence areas in the City, under its land use policies and procedures, would allow for areas to be served with City services including water, sewer, and road infrastructure and fire and police.
6. The City implements growth management policies by phasing housing construction in large annexation areas. These locations would include the Irish Hills, Margarita and Orcutt areas. The City has adopted a phasing schedule that allows for a specific number of residential units to be constructed over a period of time.
7. The City Community Development Department prepares an annual report regarding the implementation and status of the General Plan. The report is organized into two key sections: the administration of the General Plan including element updates and amendments, and the implementation of the various elements and policies found in the General Plan.

3.2 LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES

Purpose: To identify any disadvantaged unincorporated communities.

LAFCO is responsible for determining the location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence of a jurisdiction. If a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to disadvantaged unincorporated communities within the sphere of influence or contiguous to the sphere of influence, it is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations are proposed by the District or property owners.

The community of San Luis Obispo has a variety of economic diversity that reside within the city boundary and surrounding area. A Disadvantaged community is defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income. San Luis Obispo's Sphere of Influence does not have any disadvantage communities that have a present and probable need for public facilities and services nor are the areas contiguous to the sphere of influence qualify as a disadvantage community.

WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding disadvantaged unincorporated communities:

1. The City of San Luis Obispo's Sphere of Influence does not have disadvantaged unincorporated community located within or adjacent to its boundaries.
2. The State Water Board has tentatively identified the Higuera Street Apartments in need of water service by the City under SB88.
3. Higuera Street Apartments is a failing private water system that is within the City's Sphere of Influence. The City may be able to assist the owner and tenants with an adequate supply of water of good quality through an outside user agreement or annexation.

3.3 PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES

Purpose: To identify the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and ability to provide services.

LAFCO is responsible for determining that a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to serve areas already within the City and in the Sphere of Influence. It is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations are proposed by the City or property owners.

The MSR analyzes present and long-term infrastructure demands and resource capabilities of the City of San Luis Obispo. LAFCO reviews and evaluates: 1) the resources and services that are currently available and 2) the ability of the City to expand such resources and services in line with increasing demands. The City's General Plan contemplates expansion for annexations in the future (within the existing SOI), and Urban Reserve Line.

The most important infrastructure needs are the provision of water and wastewater services. Beyond these basic services, police and fire protection, and circulation/road services are considered high priority needs for future growth of the City.

This section evaluates the City's resources and capabilities to provide services to existing and future residents. The key topics addressed include water supply and demand, water pipeline system, sewer system capacity and condition, fire and police protection, traffic and roads, as well as, other services.

WATER

The City updated its Urban Water Management Plan in 2015, Water and Wastewater Management Element in 2010, and prepares an annual Water Resources Status Report. The County updated its Urban Water Management Plan in 2010. These plans, and other documents, are the basis for this section of the Municipal Service Review. The City and County are currently updating their Water Master Plans. Updating the Urban Water Management Plan is due every five years, in years ending in “5” and “0” for water suppliers having more than 3,000 connections or selling at least 3,000 acre-feet of water per year. A jurisdiction’s ability to provide water to existing residents and the Sphere of Influence areas is a key consideration in updating the SOI. Because a Sphere is the area that is envisioned for eventual annexation and service by a jurisdiction, it is important that an adequate water supply be documented. Also to be considered are a jurisdiction’s policies with regard to growth and the provision of water.

Water Supply

The City of San Luis Obispo’s Water supply comes from five primary sources: Salinas Reservoir (Santa Margarita Lake) built in 1944, from Whale Rock Reservoir constructed in 1961, some limited use of groundwater started in 1989, most recently San Luis Obispo are participants in the Nacimiento Water Project, and recycled water is available from the City’s Water Reclamation Facility.

Salinas Reservoir (Santa Margarita Lake). The Salinas Dam was built in 1941 by the War Department to supply water to Camp San Luis Obispo and, secondarily, to meet the water needs of the City. The Salinas Reservoir (Santa Margarita Lake) captures water from a 112 square mile watershed and can currently store up to 23,843 acre-feet. In 1947, the Salinas Dam and delivery system was transferred from the regular Army to the U.S. Army Corps of Engineers. Since 1965, the San Luis Obispo County Flood Control and Water Conservation District has operated this water supply for the City under a lease from the U.S. Army Corps of Engineers. Water from the reservoir is pumped through the Cuesta Tunnel (a one mile long tunnel through the mountains of the Cuesta Ridge) and then flows by gravity to the City’s Water Treatment Plant on Stenner Creek Road.

The City has water rights to store up to 45,000 acre-feet. The original design of the dam included a gate in the spillway to increase the storage capacity.

Whale Rock Reservoir. The Whale Rock Reservoir is a 40,662 acre-foot reservoir created by the construction an earthen dam on Old Creek near the town of Cayucos. The dam was designed and constructed by the State Department of Water Resources in 1961 to provide water to the City of San Luis Obispo, Cal Poly State University and California Men's Colony. The Whale Rock Dam captures water from a 20.3 square mile watershed and water is delivered to the three agencies through 17.6 miles of 30-inch pipeline and two pumping stations. The City of San Luis Obispo owns 55.05 percent of the water storage rights at the reservoir. The remaining water storage rights are divided between the two State agencies with Cal Poly owning 33.71 percent and the California Men's Colony owning 11.24 percent.

The City's safe annual yield for 2015, from the coordinated operation of Salinas and Whale Rock Reservoirs is 6,940 acre feet. This includes reductions due to siltation at both reservoirs to the year 2010.

Groundwater. The groundwater basin beneath the City is relatively small and recharges very quickly following normal rainfall periods. The groundwater basin also lowers relatively quickly during periods of below-average rainfall. Extensive use of groundwater sustained the City through most of the drought of 1986-1991. Groundwater was not relied upon in the recent four-year drought conditions. The City's two largest producing wells, the Auto Parkway and Denny's (Calle Joaquin) wells, have been shut down do to elevated nitrate levels. Additionally, portions of the groundwater basin are contaminated with a chemical solvent (tetrachloroethylene) which would require treatment facilities to remove. Therefore, the City does not rely that much on its groundwater source to supply the City's needs.

The City operates one well for domestic potable water use that produces approximately 11 acre-feet per month or approximately two-percent of the City's total water use. The City also maintains a non-potable well at the City's Corporation Yard for use by contractors for construction activities such as dust control and soil compaction. The City's Laguna Lake Golf Course also has two wells that meet a portion of the irrigation demand for the course. The remainder of the irrigation demand for the golf course is met using recycled water from the City's Water Reclamation Facility.

Nacimiento Water Allocation. The Nacimiento Reservoir provides flood protection and is a source of supply for groundwater recharge for the Salinas Valley. It is owned and operated by

the Monterey County Water Resources Agency. Since 1959, the San Luis Obispo County Flood Control and Water Conservation District has had an entitlement to 17,500 acre-feet per year (AFY) of water from the reservoir for use in San Luis Obispo County.

Approximately 1,750 AFY have been designated for uses around the lake, leaving 15,750 AFY for allocation to other areas within the County of San Luis Obispo. In 2007 the County constructed a 45-mile pipeline project to deliver water from the Nacimiento Reservoir to five participating agencies and cities. The City initially had a contractual entitlement to 3,380 AFY of water from the project. In 2016, the participating parties agreed to allocate the remaining entitlements with the City obtaining an additional 2,102 AFY for a total allocation of 5,482 AFY of Nacimiento surface water.

Recycled Water. Recycled water is highly treated wastewater approved for reuse by the California Department of Public Health for a variety of applications, including landscape irrigation and construction dust control. Completed in 2006, the Water Reuse Project created the first new source of water for the City since 1961 following construction of Whale Rock Dam. The Project resulted in improvements at the City's Water Reclamation Facility and an initial eight miles of distribution pipeline. The City's first delivery of recycled water took place in 2006. The City estimates demand exists for approximately 1,000 acre feet of recycled water for landscape irrigation and other approved uses.

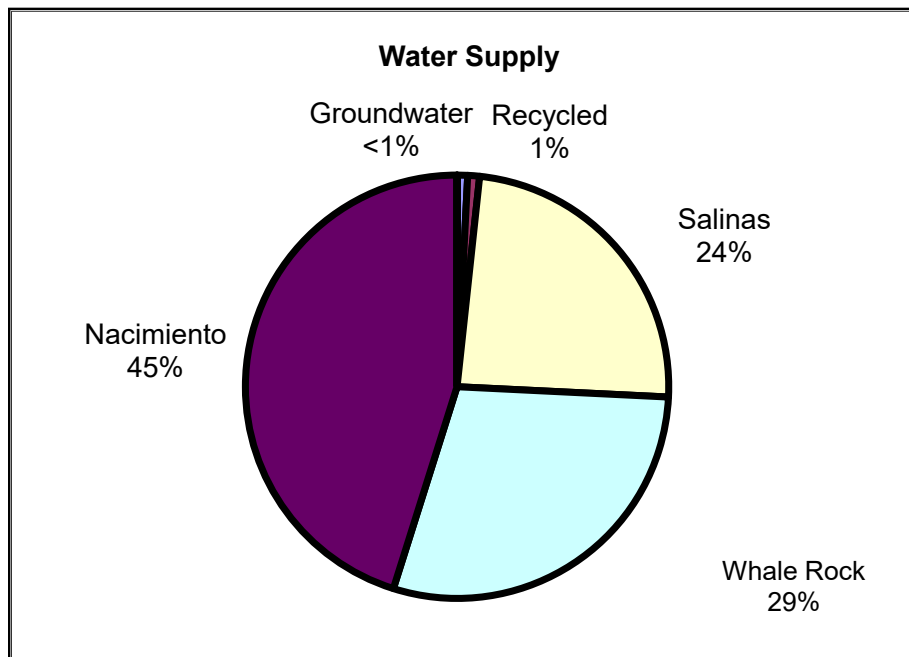
With an average influent flow of approximately 3.5 million gallons per day (2015), the City's Water Reclamation Facility produces over 5,100 acre-feet of disinfected tertiary-treated effluent per year. A minimum of 1,807 acre-feet is discharged to San Luis Obispo Creek annually to provide satisfactory habitat and flow volume for fish species (steelhead trout) within the San Luis Obispo Creek environment. The balance makes up the City's available recycled water resource

The sources of water described above are all presently supplied by the City of San Luis Obispo and delivered to their customers. The table below shows the City's current water supply situation. The chart shows the water supply by percentage.

Table 3-17 – San Luis Obispo Current Water Supply

Source	Amount (acre feet)
Groundwater	89
Recycled Water	185
Salinas Res Water	2,851
Whale Rock Water	3,502
Nacimiento Water	5,482
Total	12,109

Figure 3-6



In 2010, the City adopted revisions to the City’s Water and Wastewater Management Element. Relative to water resources, the new policies establish that the City will account for water supplies necessary to meet three specific community needs.

1. Primary Water Supply – The primary water supply is the amount needed to meet the General Plan build-out of the City. The quantity of water needed for the City’s primary water supply needs is calculated using a ten-year average of actual per-capita water use and the City’s build-out population as identified in the City’s adopted Land Use Element of the General Plan.
2. Reliability Reserve – The reliability reserve provides a buffer for future unforeseen or unpredictable long-term impacts to the City’s available water resources such as loss

of yield from an existing water supply source and impacts due to climate change. The amount of the reserve is established as the current City population times twenty percent of the ten-year average of actual per-capita water use.

3. Secondary Water Supply – The secondary water supply is the amount needed to meet peak water demand periods or short-term loss of City water supply sources. The City’s secondary water supply is identified as any water supply resources above those needed to meet primary water supply and reliability reserve.

Table 3-18 - Water Available for Development

Year	Population	Present Water Demand @ 114 gpcd	Safe Annual Yield	Water Available for Allocation
2015	45,802	4,990 AF	10,005 AF	1,174 AF

Source: City of San Luis Obispo, Annual Water Resources Status Report 2015

The City can meet the water supplies needed for full build-out of the General Plan, which includes the Orcutt Area annexation (recent addition), as well as providing water for the reliability reserve and secondary water supply.

Table 3-19 2012 Water Supply Accounting

Total Water Supplies	Primary Water Supply	Reliability Reserve	Secondary Water Supply
10,005 AF	7,330 AF	1,174 AF	1,501 AF

Source: City of San Luis Obispo, 2015 Water Resources Status Report

Supplemental Water Options. The City prepares an annual Water Resources Status Report to inform the Council about the water situation. This report was released in November 2013. The City is currently reviewing the following options for supplemental water: The Water Reuse Project, additional water from the Nacimiento Pipeline Project, additional water conservation measures, additional groundwater resources, a possible desalination facility, and the Salinas Reservoir expansion project. The City also continues to implement an aggressive water conservation program that is very effective. The following table lists the supplemental water supply projects:

Table 3-20: Potential Supplemental Water Sources

Project	Current Status	Potential Yield (AFY)
Water Reuse	160 af for 2012, additional 10 af each year	1,200
Additional Conservation Measures	In the process of being implemented	340
Salinas Reservoir Expansion Project	City is not actively pursuing this option	1,650

Source: City of San Luis Obispo, 2012 Water Resources Status Report

The City uses an average per capita water use rate, moderated by the use of the ten-year running average to normalize weather events. In 2015, the ten-year average is 114 gpcd. This water use rate is used with the City's build-out population and current population to project the primary water supply and reliability reserve. The City's remaining water resources make up secondary water supply.

The table below shows water production by the City of San Luis Obispo from 2001 to 2015. The Water and Wastewater Management Element projects the source of water over the next 20 years. It is estimated that by 2030 the current water supply will continue to supply the same safe yields of water.

Table 3-21 San Luis Obispo Water Use

Year	Population	Total Water Use	Per Capita Water Use
2001	44,347	5,886	118
2002	44,482	6,032	121
2003	44,357	5,968	120
2004	44,298	6,239	126
2005	44,687	6,098	122
2006	44,559	5,999	120
2007	44,433	6,493	130
2008	44,579	6,359	127
2009	44,829	6,134	122
2010	44,948	5,489	109
2011	45,418	5,285	104
2012	45,308	5,541	109
2013	45,541	5,338	105
2014	45,473	5,524	109
2015	45,802	4,990	97

Source: City of San Luis Obispo General Plan Water and Wastewater Management Element, 2010, and the City of San Luis Obispo Water Department 2016. Units of Measure; Acre Feet per Year

The following Policies were taken from the General Plan Water and Wastewater Management Element regarding water resources:

3.2.1 Basis for Planning *The City will plan for future development through the Land Use Element taking into consideration available water resources from the Salinas, Whale Rock, and Nacimiento Reservoirs and recycled water.*

3.2.3 Groundwater *Due to limitations for the use of the groundwater resources, the City will continue to use groundwater for domestic purposes when available, but will not consider this source of supply as part of its water resource availability.*

3.3.1 *An update on the water resource availability will be presented to the City Council as part of an annual Water Resources Status Report.*

3.3.2 *The City will update the safe annual yield computer model for Salinas and Whale Rock Reservoirs following severe drought periods to determine if any changes are necessary to the safe annual yield amount.*

3.3.3 *The City will monitor ongoing research on the potential for long-term impacts associated with climate change to water supply resources.*

5.2.3 Reliability Reserve *The City will establish a reliability reserve that is 20-percent of the water use rate established in Policy A 5.2.1 multiplied by the current population. The water supply designated as the reliability reserve may not be used to serve future development.*

5.2.5 Paying for Water for New Development *New development shall pay its proportionate or "fair share" for water supplies, expanded treatment and distribution system capacity and upgrades.*

County Biennial Resource Summary Report – 2010-2012

The County Department of Planning and Building prepares the Biennial Resources Summary Report that summarizes the resource situation (including water) of San Luis Obispo and other incorporated cities of the County. The Report evaluates the capability of incorporated cities and unincorporated communities to provide public services. The Biennial Report uses a Level of Severity rating system for water supply and water delivery systems. The rating system for water includes evaluating the available supply and the production and distribution system for a particular jurisdiction. The following rating system is used:

The RMS utilizes three alert levels called levels of severity (LOS) to identify differing levels of resource deficiencies.

- Level I is the first alert level. Level I occurs when sufficient lead time exists either to expand the capacity of the resource, or to decrease the rate at which the resource is being depleted.
- Level II identifies the crucial point at which some moderation of the rate of resource use must occur to prevent exceeding the resource capacity.
- Finally, Level III occurs when the demand for the resource equals or exceeds its supply. It is the most critical level of concern. The County should take actions to address resource deficiencies before Level III is reached.

The following is an excerpt from the 2010-2012 Biennial Resource Summary Report for City of San Luis Obispo:

The City of San Luis Obispo has a diverse water supply. Water sources include Santa Margarita Lake, Whale Rock reservoir, a water reuse project, a small amount of groundwater and Lake Nacimiento water. These sources will be adequate for full development under the City's general plan.

Total water supply= 9,950 acre feet per year (AFY)

**Table 3-22 San Luis Obispo Water Use
Estimates, AFY**

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
5,911	6,273	5,923	5,972	6,439	6,418	6295	5,833	5,909	6,000

Source: 2010-2012 RMS

Water Demand

The City completes water demand projections in order to know how much water might be needed to serve residents, businesses and other uses as growth and development occur in the City. The City's Water and Wastewater Management Element provides information and establishes policies for meeting the current water demand and for projecting future water demand. This document is a valuable water resource planning tool and was updated in 2010.

In 2015, the City reported annual water use of 4,990 acre-feet. The City has adopted the following key policies related to projecting water demand:

Figure 3-7: City of San Luis Obispo – Water Demand Policies

POLICIES

- 3.2.1 Basis of Projections.** The City will plan for future development through the Land Use Element taking into consideration available water resources from the Salinas, Whale Rock, and Nacimiento Reservoirs and recycled water.
- 5.2.1 Water use Rate.** The City will calculate the per capita water use rate based on a ten-year running average of the City's actual per capita water use.
- 4.2.2 Accounting for Siltation.** The City will account for estimated safe annual yield losses at Salinas and Whale Rock Reservoirs for the next 50 years (2060) by deducting 500 acre feet of available water supplies to account for these future losses. The siltation rate will be updated as information becomes available from subsequent siltation analyses.
- 5.2.2 Primary Water Supply.** The City shall establish the amount of water needed for General Plan build-out using the water use rate established in Policy A 5.2.1 multiplied by the projected General Plan build-out population identified in the Land Use Element.
- 5.2.3 Reliability Reserve.** The City will establish a reliability reserve that is 20-percent of the water use rate established in Policy A 5.2.1 multiplied by the current population. The water supply designated as the reliability reserve may not be used to serve future development.
- 5.2.4 Secondary Water Supply.** After accounting for primary water supply and a reliability reserve, any remaining water supplies shall be utilized for meeting short-term water supply shortages or peak water demands.
- 7.2.2 Accounting for Recycled Water.** The City will add total recycled water usage from the prior year to the City's water resource availability on an annual basis.

Water Conservation. The City has one of the most effective water conservation program in the County. In 1988, the year before drought, conservation measures were implemented by the City, the average number of gallons used per person was 175. Because of the experience during the drought of 1986 to 1991, the City developed a *Water Shortage Contingency Plan (Plan)* to deal with immediate, short-term water shortages. The *Plan* is designed to require mandatory actions when there is a projected three year supply of water remaining from available water resources. The City's aggressive approach to water conservation during drought years produces significant results in a relatively short period of time. The City can implement this water conservation program in drought situations by phasing in water-saving measures.

The City also recognizes the importance of long-term water efficiency by supporting programs that will enhance water supply reliability and comply with any current and/or future state mandates in water use reductions. In 2009, Senate Bill X7-7 was passed requiring water agencies to reduce per capita water use by 20 percent by the year 2020. There are three options (with a fourth being developed) on how to determine the year 2020 target for the City. Using the methodology which best corresponds to the City's situation and recognizes the City's past investment in conservation, the City's target per capita water use would be 117 gpcd which is an additional five percent reduction from 2010 per capita water use. However, the city reduced their per capita down even further in 2011 to 104 gpcd and in 2012 their per capita use was 109 gpcd, and in 2015 the per capita is 97 gpcd.

The City's water conservation practices are based on research and experience and include:

- Water conservation pricing and rate structures
- Technical assistance for water customers
- Incentives for indoor and outdoor water saving technologies
- Public information and outreach
- Water audits

Recent Drought (2011-2015). The statewide drought has continued and is now well into the fourth year. Governor Brown declared a drought emergency on January 17, 2014 and, as part of the response, directed the State Water Resources Control Board (State Water Board) to draft water conservation regulations to respond to the emergency. The State Water Board adopted regulations prohibiting water waste in July 2014, and issued directives to reduce water use statewide. In response to the continuing drought conditions, the State Water Board extended the 2014 emergency regulations and added new measures on March 17, 2015. On April 1, 2015, the Governor issued Executive Order B-29-15 mandating increased enforcement against water waste and declared a statewide water use reduction goal of 25 percent. This action was followed by the State Water Board adopting regulations that require specific water purveyors to reduce water use in a range of 8 to 36 percent compared to their 2013 water usage. The amount of the mandated reduction is dependent on the water purveyor's per capita use in 2013. The City's required reduction is 12 percent.

The impacts of the 1987-1991 drought enculturated a strong water conservation ethic in San Luis Obispo along with an urgency to develop new water supply sources. The current statewide drought brought about unprecedented regulatory action from the State of California which resulted in a mandatory average 12 percent reduction in water use from June 2015 to February 2016, when compared with 2013 water use numbers. To achieve this mandate, the City Council adopted a drought response strategy in June 2015. This strategy includes:

1. Adoption of a resolution declaring a drought emergency;
2. Adoption of a resolution to defer new landscape installation or the use of modified landscape plans during the drought emergency;
3. Introduction of an ordinance amending Chapter 13.07 of the City's Municipal Code to include two-day-a-week and time-of-day restrictions for outdoor watering;
4. Approval of an incentive program for high efficiency toilets and washing machines; and
5. Adoption of a resolution establishing a permit fee for the use of the Corporation Yard groundwater well. This strategy relies on active enforcement of water waste prohibitions, with a core focus on providing information and resources to the public.

Water Supply and Demand

The City's existing water supply is found adequate to serve the anticipated build out of its General Plan. The Supply/Safe Yield available to the City is currently estimated at 11,080 acre-feet per year. The demand in 2015 was estimated to be 4,990 acre-feet per year. The City anticipated future water demand to be 9,096 acre-feet per year (at 114 gpcd consumption rate) at build out under the existing General Plan.

Water use in the City includes single-family, multi-family, commercial (includes institutional and industrial), and irrigation customers. No agricultural uses are supplied by City water and the City does not sell water to other agencies. The historical and projected number of connections and deliveries to the City's customers are presented in the table below.

Table 3-23 Past, Current, and Projected Water Deliveries

		Water Use Sectors				
		Single Family	Multi-Family	Commercial, Industrial, & Institutional	Irrigation	Total
2005	# of metered accounts	10,582	1,589	1,895	474	14,540
	Deliveries ac-ft/yr	2,483	1,182	1,668	551	5,884
2010	# of metered accounts	10,680	1,760	1,695	524	14,812
	Deliveries ac-ft/yr	2,193	1,093	1,408	524	5,218
2015	# of metered accounts	10,940	1,800	1,730	540	15,010
	Deliveries ac-ft/yr	2,391	1,192	1,535	571	5,689
2020	# of metered accounts	11,200	1,840	1,770	550	15,360
	Deliveries ac-ft/yr	2,455	1,224	1,577	587	5,843
2025	# of metered accounts	11,500	1,890	1,810	560	15,760
	Deliveries ac-ft/yr	2,503	1,247	1,607	599	5,956
2030	# of metered accounts	11,780	1,940	1,600	570	15,890
	Deliveries ac-ft/yr	2,567	1,280	1,648	614	6,109
2035	# of metered accounts	12,070	1,990	1,640	590	16,290
	Deliveries ac-ft/yr	2,627	1,309	1,687	628	6,251

Notes: Source: City of San Luis Obispo Utilities Department, 2011

1. Department of Water Resources, Tables 3 through 7
2. The City has no unmetered accounts

Water Treatment

The City operates and maintains water treatment facilities that treat the water from the sources described above. The City's Treatment Plant is located on Stenner Creek Road northwest of the Cal Poly campus. The Salinas Reservoir is located nine miles southeast of the community of Santa Margarita with Whale Rock Reservoir located about ½ mile east of Cayucos. A pipeline system connects these facilities. The following description of those treatment facilities comes from the City's website:

The purpose of a water treatment plant is to produce safe and pleasant drinking water, free of disease-causing organisms and toxic substances. The City of San Luis Obispo has a state-of-the-art treatment process that includes ozone and ensures a high level of protection to our customers.

Each year the City Utilities Department mails a Water Quality Report to all of its customers. San Luis Obispo water continues to meet or exceed all State and Federal Safe Drinking Water standards.

City water comes from four sources: Salinas Reservoir (Santa Margarita Lake), Whale Rock Reservoir, Nacimiento Reservoir and ground water. Nacimiento and Salinas Reservoirs are our primary source of water. Whale Rock is our backup supply. Groundwater supplies a very small percentage (less than 2%) of the City's demand for water.

The source of the City's water is important because it sets the required level of treatment. Many communities rely solely on groundwater to meet their water needs. Groundwater typically requires only minimal treatment (such as the addition of chlorine) to meet state and federal standards, because water is filtered as it percolates through soil. This level of treatment results in very low operating and maintenance costs.

In contrast, water from lakes or rivers (surface water) such as the Nacimiento, Salinas and Whale Rock Reservoirs, requires a significantly greater level of treatment to meet state and federal standards. The regulations require multiple treatment processes to provide multiple levels of protection from potential contamination sources. In addition, the City's water supply reservoirs are patrolled on a daily basis to ensure that potential water quality problems at the source are minimized and eliminated. Increased treatment results in higher operating and maintenance costs.

Water Distribution and Storage System

The City operates and maintains an extensive water transmission and distribution system. It consists of wells, storage tanks, pump stations, pressure relief valves and zone valves. The City is divided into 18 different pressure zones to ensure adequate water pressure throughout the City.

Water Distribution: The water distribution system delivers potable water to approximately 15,000 metered customers. The goals of the program are to provide uninterrupted water flow at

adequate pressures, to meet all fire and domestic flow requirements, and to minimize system water loss due to leakage. In order to accomplish these goals, the water distribution program has seven major work objectives. They are as follows:

- Pump station and tank maintenance
- Water main maintenance and repair
- Water service installation and service renewal
- Fire hydrant installation
- Fire hydrant maintenance
- Cross connection control
- Underground Service Alert (USA) markouts

Because of the geographic setting of San Luis Obispo, the water distribution system is a very complex structure of pipes, pumps, storage tanks, and pressure reducing valves. The water distribution program delivers potable water from the water treatment plant and wells to customers and fire hydrants via two storage reservoirs, eight pump stations, twelve storage facilities, and approximately 185 miles of water mains. It is unlikely this basic distribution pattern will change, since the water treatment plant will continue to be the principal source of treated water for the City.

Growth within the City has placed increased demands on the water distribution system. Additionally, many pipes throughout the City are over 100 years old, and do not provide adequate capacity to meet current fire-flow requirements. Even without growth or fire protection requirements, aging pipes must be replaced to avoid major service disruptions and leaks due to deterioration.

There are approximately 185 miles of water distribution pipelines throughout the City. The engineering estimate for the life expectancy of these facilities is 50 years. Complete replacement within the term of life expectancy would require that the City replace an average of 2% of the system infrastructure each year.

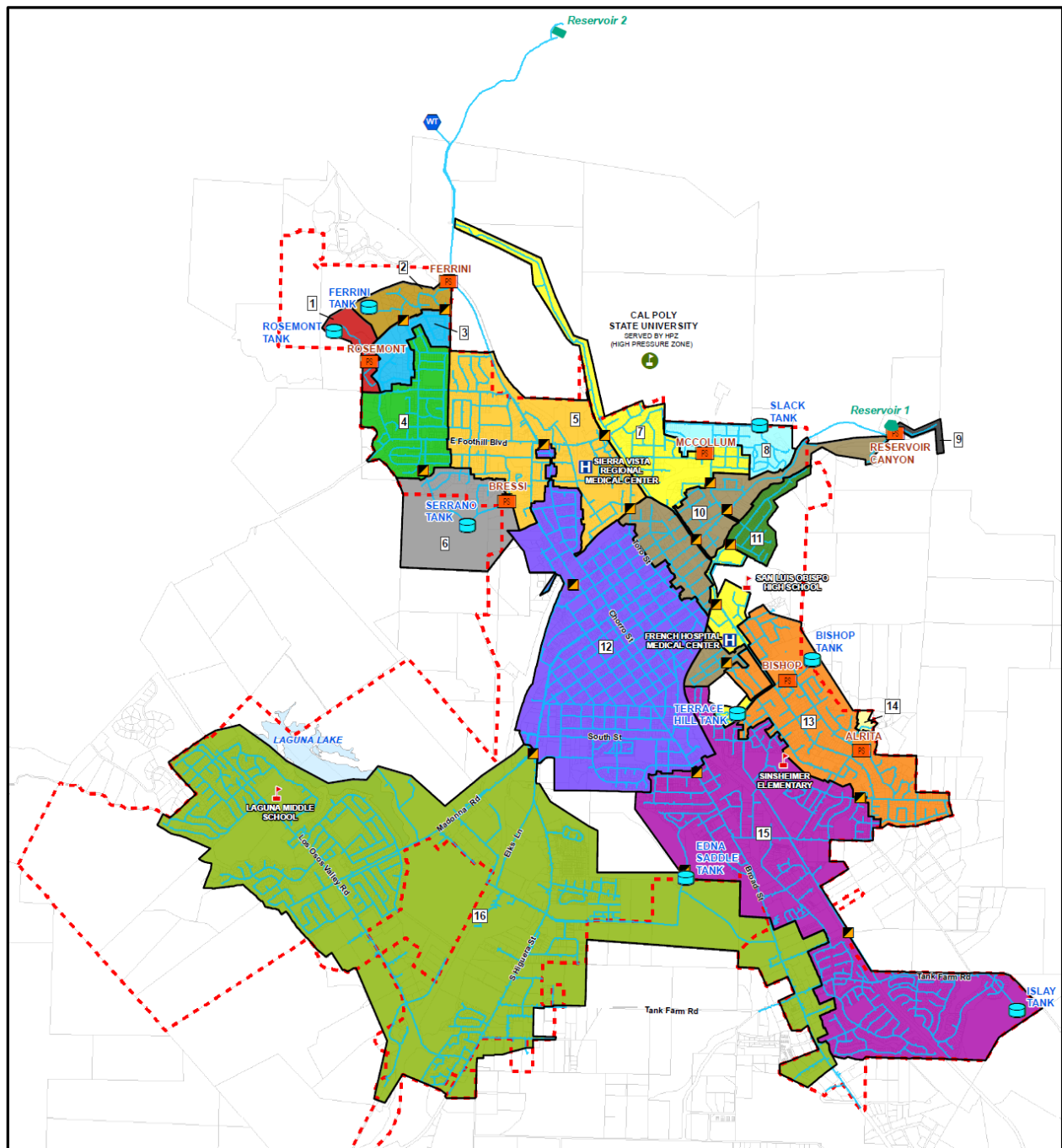
Pressure Zones. The water delivered from the treatment plant is split into two main distribution networks. About 52% flows into the City by gravity and the other 48% is pumped to a storage reservoir at a higher elevation and then flows into the various service areas by gravity and

through pressure reducing valves (PRVs). The most apparent strain is in the pumped delivery system. Since electrical power for pumping water is a major expense, a goal is to develop a system that minimizes pumping. The goal of the water supply system is to deliver water at pressures between 40 pounds per square inch and 80 pounds per square inch at the customer's meter without using a pressure-reducing valve on the pipe connecting the water main to the meter. This pressure range will meet the needs of most irrigation sprinklers and other uses, and provide adequate pressure for fire sprinkler systems. Pressure zones are established in the distribution system to maintain these pressure ranges. The City currently has 18 pressure zones divided between the gravity and pumped delivery systems.

Mains and Services. Once raw water has been converted to drinking water, it must be delivered to the customer with its quality intact. Additionally, it must be at a pressure that assures adequate flow from the tap. The effort put into constructing a wide-ranging distribution system is enormous in terms of cost, work, and disruption to the community. The elements of a distribution system (pipes, pumping stations, valves, storage structures, and so forth) are expected to operate over a long time frame, as they are all expensive to replace. In particular, the piping network (placed largely below ground) is expected to have a very long service life. Replacement and rehabilitation work is very costly and difficult. Presumably research and development will continue in this area and new products, techniques, and new concepts in engineering practice will help keep the network flowing smoothly.

Storage Facilities. Water storage facilities are necessary to provide water during peak demand periods and emergency situations such as fires. The City has twelve water storage facilities, nine of which are steel storage tanks ranging in size from .04 to 4 million gallons, three concrete facilities with a capacity of .03 to 7.5 million gallons. The combined storage capacity is 26.22 million gallons.

Figure 3-8 Pressure Zones



Capital Improvement Plan-Water System. The City's Capital Improvement Plan (CIP) comprehensively schedules and finances all capital projects and equipment purchases over \$15,000. The City's Capital Improvement Plan contains detailed project-by-project information and provides for aligning the goals of the City with project implementation.

The City systematically plans schedules and finances capital projects to ensure cost-effectiveness and conformance with established policies and longer-term plans. The City's approach considers the current fiscal situation and makes adjustments based on the City's ability to pay for improvements. Two years ago, the City characterized its fiscal outlook as the best in many years largely due to the passage of a ½-cent City sales tax in 2006. Unfortunately, this is not the case today. The City is facing another very tough budget season. In order to balance the budget, the City made reductions in the CIP by over 40%. Because of this, the CIP focused on maintaining, repairing or replacing the facilities, infrastructure and equipment already in place based on the goal-setting process.

Planned water system improvements are included in the City's Capital Improvements Program that was adopted by the City Council July 1, 2009. The program is prepared in two-year increments and is updated annually. The Water System Master Plan has prioritized the projects that are most needed to improve the system. This plan was adopted along with the Airport and Margarita Specific Plans and focus on the backbone water distribution facilities in order to fully develop these properties.

Projects Budgeted 2015/2016

- ▶ Water Distribution System Improvements, budgeted \$1,487,300. -- total project cost \$3,508,700
- ▶ Water Storage Reservoir Maintenance and Tank Replacement design, budgeted \$60,000
- ▶ Water Storage Reservoir Maintenance and Tank Replacement, budgeted \$181,000-- total project cost \$567,000
- ▶ Distribution Pump Station Upgrade, budgeted \$50,000
- ▶ Air Compressor Replacements at Water Treatment Plant, budgeted \$100,000. -- total project cost \$300,000
- ▶ Water Division Asset Management Plan Development, budgeted \$100,000

2014/2015

- ▶ Water Distribution System Improvements, budgeted \$1,487,300. -- total project cost \$3,508,700
- ▶ Water Storage Reservoir Maintenance and Tank Replacement, budgeted \$181,000-- total project cost \$567,000
- ▶ Air Compressor Replacements at Water Treatment Plant, budgeted \$100,000. -- total project cost \$300,000
- ▶ Utilities Generator Replacement, budgeted \$55,000

Other Water Providers

In addition to the City of San Luis Obispo, twenty-two other private water purveyors provide water services to area residents. Some providers are located within the City limits. The primary source for all of these water providers is groundwater pumped water from Groundwater Basin.

These include:

- Madonna Inn Water Company
- Laureate Water Company
- Elks Lodge #322
- Tiger Water Supply
- Bear Valley Water Company
- Afuera De Chorro Water Company
- Sunset Drive-In Snack Bar
- Parsons Water Supply
- Toyota San Luis Obispo
- Tank Farm Business Park
- Hidden Hills Mobilodge
- SLO County Farm Bureau
- Whitson Industrial Park
- Ernie Ball Inc
- Horizon Lane Water Supply
- Higuera Apartments
- CB&I Construction Inc.
- SLO Partners
- Fiero Lane Water Company
- R. Howard Strabaugh Inc.
- Golden State Water Company - Edna

Figure 3-9 Other Water Providers



WASTEWATER COLLECTION & TREATMENT SYSTEM

Facility Description. The City of San Luis Obispo operates the wastewater treatment/reclamation facility, which has 13,500 hook-ups within the City limits. The City's wastewater collection system consists of one hundred fifty miles of sewer pipe, ranging in size from 6 to 30 inches in diameter (at an average depth of six feet), over 2,500 manholes, and eight sewage pump stations. This system conveys approximately 4.5 million gallons of wastewater per day to the City's Water Reclamation Facility, which has a capacity of 5.1 million gallons per day.

To ensure system reliability, the collection system is regularly inspected, hydro-cleaned, and repaired. Work is performed in response to work orders (updated daily) and area maintenance of a particular drainage basin. The goal is to completely clean the system every three years. Maintenance is performed bi-monthly on the eight sewage pump stations. Trucks known as Wastewater Collection Combination Units clean City sewers using water pressure and are also capable of vacuuming debris from the sewer system.

The City of San Luis Obispo has its own pipeline inspection unit. This unit allows collection system problems to be quickly located and repaired using a closed-circuit video camera system. If an overflow occurs during normal working hours, customers are urged to contact the wastewater collection department. After hours emergencies should be reported to the San Luis Obispo Police Department, who will contact on-call utility staff.

The City of San Luis Obispo's Pretreatment Program was established in 1983 to provide protection to the Water Reclamation Facility (WRF) and the sewer collection system by controlling the introduction of non-domestic pollutants to the WRF and system. This program uses the Federal General Pretreatment Regulations (40 CFR 403) to enforce general discharge prohibitions and categorical standards. The City was required by the state to establish the program to protect the WRF from non-domestic wastes that may upset or inhibit the plant's processes, contaminate the sludge or pass through treatment and end up in San Luis Creek, the receiving water for the facility's effluent discharge. An upset or inhibition in the facility can mean reduced treatment of wastes, contaminated sludge that can result in expensive handling and disposal costs, and pass-through which may result in a violation of the facility's discharge requirements and degradation of the creek's environment.

The City of San Luis Obispo's Water Reclamation Facility is responsible for treating all of the wastewater (sewage) within the City, Cal Poly and the County airport. The facility treats 4.5 million gallons of wastewater daily, twenty-four hours a day, 365 days a year. Staffing of operators, laboratory analysts and maintenance technicians ensure the WRF is operated and maintained in the most efficient manner possible and complies with federal, state, and local discharge requirements.

The most recent upgrade to the WRF was completed to improve the quality of water discharged into San Luis Obispo Creek. The WRF has very stringent discharge requirements and now produces a high-quality effluent that surpasses drinking water standards for many constituents. Plans to use a portion of this effluent to irrigate parks, median strips, landscape and other appropriate uses are being developed under the City's Water Reuse Program.

Capacity. The treatment system currently has the capacity to process 5.1 million gallons per day of wastewater on an average dry day. The system is operating at 88% of capacity with an estimated 4.5 million gallons per day currently being processed at the treatment facility. The plant has the capacity to serve a population of up to 50,000. The City is studying the options for expansion of the system to provide adequate capacity as the City continues to grow. Serving future developments that are proposed would be studied as part of the environmental review (CEQA) process. Expanding the capacity would likely be required if the City's processing capability was found to be inadequate.

Wastewater Collection. The existing wastewater collection system within the City is made of a network of roughly 66 miles of pipeline, and 12 wastewater-pumping stations.

Projects Budgeted 2015/2016

- ▶ Wastewater Collection System, replace aging and inadequate sewer infrastructure, ensure uninterrupted wastewater collection, and reduce required maintenance. , budgeted \$1,470,000. -- total project cost \$5,725,000
- ▶ Margarita Sewer Lift Station Replacement, budgeted \$500,000
- ▶ Foothill Sewer Lift Station Replacement, budgeted \$100,000
- ▶ Wastewater Collections Sewer Camera Cargo Van, budgeted \$160,600
- ▶ Water Reclamation Facility Major Maintenance, budgeted \$505,000. -- total

project cost \$2,080,000

2014/2015

- ▶ Wastewater Collection System, replace aging and inadequate sewer infrastructure, ensure uninterrupted wastewater collection, and reduce required maintenance. , budgeted \$800,000. -- total project cost \$5,725,000
- ▶ Madonna Sewer Lift Station Replacement, budgeted \$500,000
- ▶ Margarita Sewer Lift Station Replacement design, budgeted \$100,000
- ▶ Wastewater Collections Portable Generators, budgeted \$309,300
- ▶ Water Reclamation Facility Major Maintenance, budgeted \$320,000. -- total project cost \$2,080,000
- ▶ Water Reclamation Facility Upgrade, budgeted \$56,300,000
- ▶ Water Reclamation Facility Upgrade CM, budgeted \$4,500,000

Water and Sewer Rates Comparison

The following tables compare the water and sewer rates of the seven cities. The sample monthly bill was calculated using 10 units of water as a base. This information was gathered from website research from each City.

Table 3-24 – Single-Family Water Rates

Rate/Fee	Pismo Beach	Arroyo Grande	Grover Beach	Morro Bay	Paso Robles	Atascadero	San Luis Obispo
Monthly Service Meter Charge	\$32.57	\$7.19	\$10.06	\$24.18	\$0.00	\$18.00	\$8.00
Water (per 100 cubic feet)	\$2.72	\$3.42	\$3.34	\$7.00	\$4.40	\$2.10	\$7.90
Other Charges	\$0.00	\$20.33 (Lopez Treatment)	\$0.00	\$0.00	\$0.00	\$2.50 (Nacimiento)	\$9.88 (over 8 units) + 5% tax
Sample Monthly Bill (10 units of water)	\$59.77	\$61.72	\$76.86	\$71.18	\$44.00	\$41.50	\$94.66

Table 3-25 – Single-Family Sewer Rates

Rate/Fee	Pismo Beach	Arroyo Grande	Grover Beach	Morro Bay	Paso Robles	Atascadero	San Luis Obispo
Flat Monthly Rate	\$63.53	\$2.40	\$9.92	\$62.50	\$0	\$20.18	\$8.32
Sewer (per 100 cubic feet water)	\$0.00	\$0.67	\$0.00	\$0.00	\$7.80	\$0.00	\$9.17
Other Charges	\$0.00	\$14.86	\$14.86	\$0.00	\$0.00	\$0.00	\$0.00
Sample monthly bill (10 units of water)	\$63.53	\$23.96	\$24.78	\$62.50	\$78.00	\$20.18	\$100.02

Figures 3-10 and 3-11 show a rate comparison for all seven cities in the County. Overall, San Luis Obispo's water and sewer rates for residential customers are one of the highest among other county cities. The charts are based upon a sample billing using "10 units" of water as a basis.

Figure 3-10

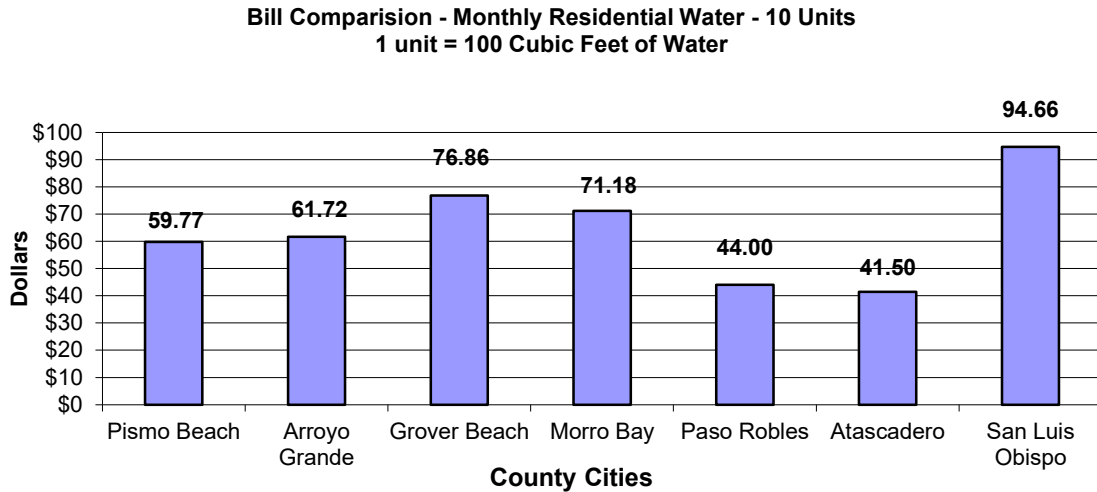


Figure 3-11

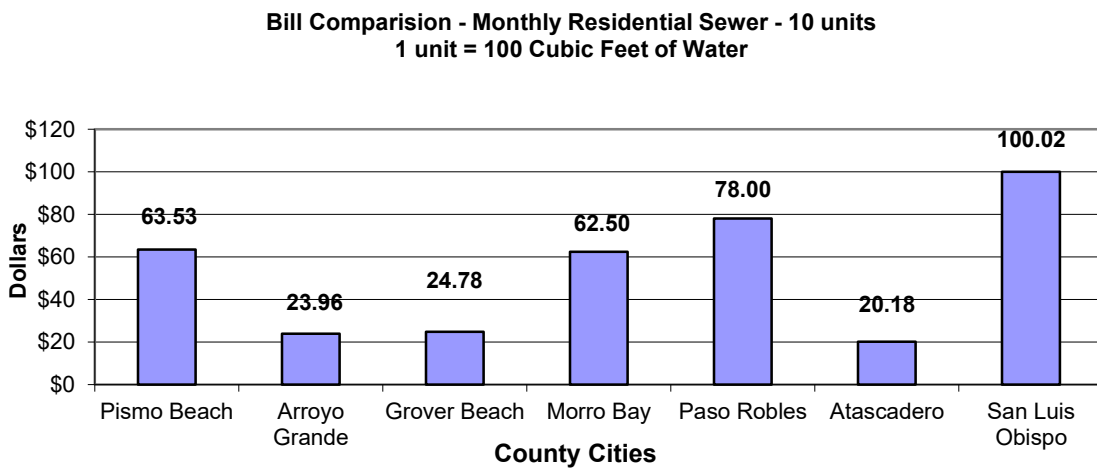
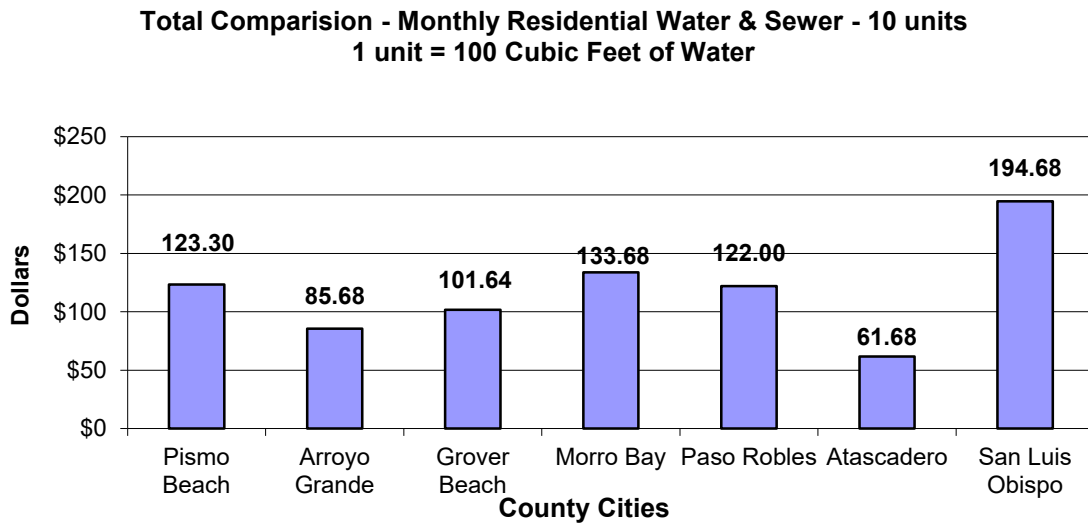


Figure 3-12



TRANSPORTATION - STREETS – ROADS

City of San Luis Obispo General Plan, Circulation Element 2015

The Circulation Element of the City’s General Plan describes how the City will manage transportation issues as the City grows and develops. The Circulation Element was updated in 2015 along with other elements in the General Plan. The Element contains goals, policies and implementation standards and programs to guide the future development of the City’s circulation system.

The City prepares an annual report regarding the implementation of the General Plan, including the Circulation Element. This report documents the progress made toward achieving the goals of the Circulation Element and is broken down into the following categories:

- Transportation Network Improvements,
- Transportation Planning Improvements,
- Neighborhood Traffic Management, and
- Parking Management.

In 2009, the City completed a number of important projects regarding the transportation system including:

Table 3-26 – Transportation Network Improvements

Transportation Network Improvements
Vehicular
Widening of Orcutt Road was completed from Broad Street to Laurel Lane including signalization of the Laurel Lane intersection, integration of a bicycle signal at that location and additional lanes to accommodate future growth in the Orcutt Area Specific Plan.
Sacramento Drive was extended to Orcutt Road providing an additional access point in and out of the Sacramento Drive area.
The City worked with SLO County Airports, Caltrans and area developers to realign and signalize the intersection of Aero Drive and Broad Street to improve safety and operations along HWY 227.
The Council directed staff to perform final analysis and return to Council in 2010 with recommendations for relinquishing HWY 227 from State control to City jurisdiction pursuant to Circulation Element program recommendations.
The City worked with Caltrans to construct the South Street “road diet” from Broad Street to Higuera to address public safety concerns and speed of traffic along HWY 227.
The realignment and safety improvements were completed to the intersection of Buena Vista/Garfield/Monterey and aesthetic improvements were installed at this gateway to the City.
The signal at the intersection of Santa Rosa/Marsh Street was reconstructed to improve operations and safety.
The signal at the intersection of Marsh/Osos was reconstructed improve operations and safety.

The City completed its first bi-annual traffic operations report addressing citywide traffic congestion.
Construction began on the Safe Route to School improvements at Hawthorne, Sinsheimer, & San Luis Obispo High schools.
The City collaborated with Caltrans on the construction of pedestrian and bicycle access improvements at the Marsh Street underpass of Highway 101.
Bicycle
Phase 4 of the Railroad Safety Trail (Foothill to Taft) was completed and opened to the public.
The City completed construction on the Bill Roalman Bike Blvd on Morro Street.
As part of a pilot program to reduce bicycle collisions, the City installed shared lane markings on upper Monterey Street to notify motorists and bicyclists the minimum distance bicyclists should ride from on-street parked cars to prevent “dooring”.
Design began on the Madonna Inn Class I bike path that will connect Marsh Street to Madonna Road across the Madonna Inn property.
The City collaborated with the Rotary Club of San Luis Obispo to develop a fundraising effort for the Railroad Safety Trail.
Design of the Bob Jones City to Sea Trail bridge connection at Prado Road was completed. Construction to commence in 2010. Continued to work with Caltrans for the final design and location of the Los Osos valley Road bridge connection for the Bob Jones trail.
In September, the City’s Police and Parks and Recreation Departments held its annual Bicycle Rodeo instructing City youths on safe bicycling techniques and proper riding habits.
The City’s supply of short term bicycle parking continued to expand during the fifth year of the City’s “Racks with Plaques” bicycle rack donation program.
In May 2009 the City participated in Bike to Work Month activities encouraging the public to use alternative transportation.
Bike valet parking service continued for its fourth year at the weekly Thursday night Farmer’s Market. By the end of 2008, almost 11,000 bicyclists made use of the free weekly service.
The City collaborated with the San Luis Obispo Bicycle Coalition and other community volunteers to offer bicycle safety education training.
Transit
Starting in September 2008, SLO Transit extended the evening service trips running Monday thru Friday, funded largely by a State Transportation Assistance (STA) grant of \$205,000.
SLO Transit carried 1,007,807 riders during calendar year 2009 and averaged 29.32 passengers per hour.
Carried 49,544 evening passengers on routes 2, 3, 4 and 6a & 6b in Fiscal year 2009 and averaged 19.87 passengers per hour.
Continued to monitor the Free Fare Subsidy Program for Cal Poly faculty and students.
Secured \$1,023,660 in American Recovery and Reinvestment Act (ARRA) funding for Transit related Capital projects.
Continued to utilize the new color scheme and branding utilizing City of San Luis Obispo colors for all new transit vehicles starting with the October 2007 bus deliveries.
Purchased a new double deck bus to increase capacity for high demand routes at a lower operation cost than standard 40’ buses.
Continued basic service levels for 2009 even with significant state funding reductions and takeaways to balance the State’s general fund obligations.

Source: City of San Luis Obispo Annual Report of the General Plan 2009

Table 3-27 – Transportation Planning Improvements

Transportation Planning Improvements
Vehicular
The City published its eighth annual Traffic Safety Report identifying high crash locations within the City and recommending mitigation measures to reduce the crash rates. This was the first report that fully integrated Public Works and Police activities. This report also marked the lowest number of annual collisions reported since Public Works began tracking in 1999, 30% down from 2002 when the Traffic Safety Report project first began.
The City completed its first Traffic Operations Program report intended to address traffic congestion issues using the same methodology as the City's Annual Traffic Safety Program.
The City received the prestigious Institute of Transportation Engineers "Public Agency of the Year" award for its Annual Traffic Safety and Annual Operation programs.
The City completed its first bi-annual report highlighting the City's efforts to improve bicycling during the past two years.
The City began development on a new Travel Demand Model in preparation of a Circulation Element update.
A Caltrans Project Report and Environmental Determination for the Los Osos Valley Road interchange improvements were submitted for public circulation and approval.
Secured approximately \$1.2 million in American Recovery and Reinvestment Act (ARRA) funding for rehabilitation and improvements on upper Monterey Street.
Pedestrian
The City conducted its fourth annual Halloween Traffic Safety campaign passing out over 4000 reflective Halloween bags to elementary school students in the City.
Implementing a Safe Routes to School grant, the City completed its design for a bicycle and pedestrian path and bridge over Prefumo Creek which will provide non-vehicular access between the Oceanaire and Laguna neighborhoods.

Source: City of San Luis Obispo Annual Report of the General Plan 2009

Table 3-28 – Parking Management

Parking Management
In 2009, the following efforts implemented parking management policies in the Circulation Element:
Parking Services researched car sharing programs and began work with local providers on a pilot project to locate two car share vehicles in the City Hall parking lot.
Parking Services continued its financial assistance to the Downtown Access Pass program (formally the Gold Pass)
The City established a policy for notifying neighboring businesses and property owners of on-street parking spaces proposed for removal or conversion to other uses and establishing a process for providing input before a decision is made.
Progress on the design of the Palm Nipomo parking structure resumed after the City concurred with a consultant's financial report and Ad Hoc Committee review confirming that funding was available for the project and that demand for the structure at this location can be met.
Parking Services continued to monitor public parking in the downtown core.
As part of the City's annual review of the Parking Fund, public parking fees and fines were raised to reflect rising costs.

Source: City of San Luis Obispo Annual Report of the General Plan 2009

Table 3-29 – Neighborhood Traffic Management

Neighborhood Traffic Management
Five (5) neighborhoods actively pursued the preparation of Neighborhood Traffic Management (NTM) Plans for their neighborhoods. Staff proceeded with the most critical NTM request, the Pismo/Buchon Neighborhood. The Pismo/Buchon Neighborhood voted to support the formation of an NTM program, an action team was established and in 2009 staff completed and circulated a draft action plan. As of the end of 2009 staff and the Action Team were finalizing the action plan for council approval.

Source: City of San Luis Obispo Annual Report of the General Plan 2009

Below is a list of local street improvement projects proposed in the City's Capital Improvement Program: Funding for these projects is allocated based upon available funding and budget priorities.

Projects Budgeted 2015/2016

- ▶ City Facility Parking Lot Maintenance – \$82,000
- ▶ Street Maintenance Projects – \$1,700,000
- ▶ Sign Maintenance Projects – \$66,500
- ▶ Median Landscaping – \$50,000
- ▶ Sidewalk Repairs – \$35,000
- ▶ Pathway Maintenance – \$60,000
- ▶ Bicycle Facility Improvement – \$25,000
- ▶ Bob Jones Trail Octagon Barn Connection – \$345,000

2014/2015

- ▶ City Facility Parking Lot Maintenance – \$75,000
- ▶ Street Maintenance Projects – \$700,000
- ▶ Sign Maintenance Projects – \$66,500
- ▶ Curb Ramps Replacements – \$105,000
- ▶ Prado Road Bridge Maintenance – \$170,000
- ▶ Marsh Street Bridge Rehabilitation – \$6,400,000
- ▶ Sidewalk Repairs – \$35,000
- ▶ Pathway Maintenance – \$60,000

- ▶ Bicycle Facility Improvement – \$25,000
- ▶ Bob Jones Trail Octagon Barn Connection – \$40,000

SLOCOG Regional Transportation Plan, 2014

The most recent adopted RTP, Sustainable Communities Strategy, acts as a blueprint for a transportation system that addresses transportation projects that will meet access and mobility needs. The 2014 Regional Transportation Plan (2014 RTP) is intended to be a comprehensive Plan guiding transportation policy for the region and will make recommendations concerning improvements to the existing transportation network of highways, transit, air and water, rail and bicycling.

Regional Improvements. According to the San Luis Obispo Council of Government's (SLOCOG) 2014 Regional Transportation Plan a significant increase in traffic volume on Highway 101 is projected from the 2008 number of 57,857 average daily trips to 87,000 average daily trips in 2035. The Level of Service in the San Luis Obispo area on Highway 101 is expected to drop to LOS F. The Central County segment of the route experiences some of the highest volumes in the region. The SLOCOG 2014 RTP protects the right-of-way for future expansion; and provides for an evaluation of the capacity needs throughout the corridor to more complete develop a financial, service and facility plan to meet corridor mobility needs.

U.S.101/SR 1 interchange this location continues to be a significant area of congestion. The City is leading a study to identify congestion and improvement alternatives at the location. The SR 1 Major Investment Study, completed summer 2010, recommends a project initiation document for the interchange. A potentially significant issue at the location is the standards for clearance over the mainline. Any improvements at this location would warrant rebuilding the overcrossing to meet standard height. The close proximity of ramps and the interrelationship of the ramp network and city circulation issues pose a challenging and unique situation.

Los Osos Valley Road: The interchange at Los Osos Valley Road has widen the southbound off-ramp, raise the intersection at the southbound ramps to improve stopping sight distance, widen the overcrossing to 4 lanes, and improve bike and pedestrian facilities on the overcrossing. Construction for this project has completed in April 2016.

Transit. RTA provides regional fixed-route services within San Luis Obispo County. RTA's Route 9 operates on the Highway 101 corridor between San Miguel, Paso Robles, Templeton, Atascadero, Santa Margarita, and San Luis Obispo. Route 12-A operates between San Luis Obispo, Cuesta College, Morro Bay, Baywood Park, and Los Osos. There is also one express trip (in each direction) between Los Osos, Cal Poly and San Luis Obispo on weekdays. San Luis Obispo Transit operates seven fixed-route buses and trolley, on weekdays and weekends.

Route 1 operates on a circular route originating from the Downtown Transit Hub with stops downtown, at the French and Sierra Vista Hospitals, and Cal Poly.

Route 2 operates on a figure eight loop servicing major destinations downtown and along Higuera, including the Prado Day Center, the Department of Social Services and the Department of Motor Vehicles.

Route 3 operates a circular loop with stops downtown, at the Crossroads Center, and at County Health Services.

Routes 4 & 5 run in opposite directions on a circular route with stops downtown, at the Amtrak train station, Laguna Village, Madonna Plaza, and Cal Poly.

Routes 6a & 6b Route 6a serves downtown, Cal Poly, and Highland. Route 6b serves downtown and Cal Poly. From June 15th through Labor Day Routes 6a & b run every hour between 8:30 am and 6 pm, Monday through Saturday.

The downtown trolley connects the North Monterey motel district with the core part of downtown Thursday to Sunday with extended evening hours on Thursdays (Farmers' Market).

Pacific Surfliner. The "Surfliner" provides two frequencies to/from San Luis Obispo and San Diego. The service was implemented in 1995 and has proven to be successful and popular. The service provides a convenient morning departure from San Luis Obispo to Santa Barbara, Los Angeles and San Diego, with an evening return. In 2004, a San Luis Obispo-Los Angeles roundtrip was added with a midday arrival and departure southbound. The service also includes a total of 8 bus connections to meet trains that begin (or end) in other cities. SLOCOG has endorsed the State's 20-year plan for intercity rail upgrades, which includes train travel time reductions and increase in train frequency as follows:

Table 3-30
Travel Time & Frequency Goal

Corridor Segment	2005-2010		2010-2015		2025	
	one-way travel time	# of roundtrips	one-way travel time	# of roundtrips	one-way travel time	# of roundtrips
San Diego – SLO	9 hrs	1	6.5 hrs	2	6.25 hrs	3
Los Angeles – SLO	6 hrs	2	4.5 hrs	1	4.25 hrs	3
Los Angeles – SF	12 hrs	3	8.75 hrs	2	8 hrs	2

Source: SLOCOG 2010 RTP

Coast Starlight – Amtrak’s Coast Starlight train serves the corridor from Los Angeles through the San Luis Obispo region, to Seattle, Washington. It is one of the busiest long distance trains in the nation, with one passenger train northbound and one southbound each day. The Coast Starlight provides a total of four stops per day within the county, two in the City of San Luis Obispo, each in the mid-afternoon. The on-time performance of the Coast Starlight has vastly improved over the last year. It is within ½ hour of its scheduled arrival time about 80% of the time.

Fire

The City of San Luis Obispo Fire Department website is the source of the following information:

“There are fifty-two full time employees of the San Luis Obispo City Fire Department. Eleven of these are administrative and fire prevention bureau personnel along with one mechanic. The remaining forty-two are firefighters with emergency response capabilities. There are thirteen Captains, fifteen Engineers, and twelve Firefighters. The Fire Department has five programs; Administration, Emergency Operations, Fire Prevention and Life Safety, Training and Equipment,

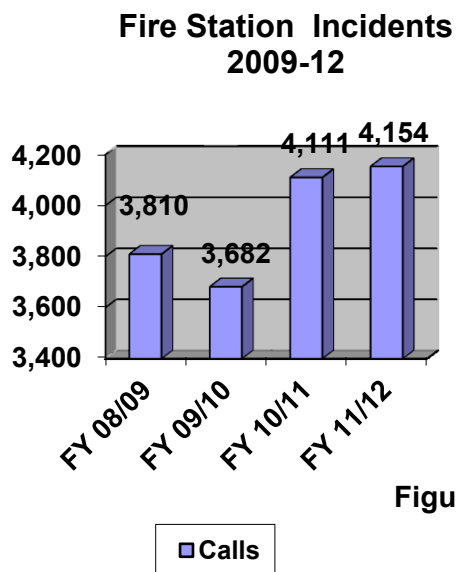


Figure 3-13

and Support Services. The Fire Department operates out of four stations.

Fire Station One (2160 Santa Barbara Avenue) Fire Station One at Broad and South Streets houses the administrative offices, the Fire Prevention Bureau, and the department's maintenance shop with one mechanic, as well as emergency response vehicles. San Luis Ambulance also operates a crew from this location, and their ambulance is garaged here. The station is staffed by a Battalion Chief and a 4-person paramedic truck company.

Fire Station Two (126 North Chorro) is the oldest station, built in 1954. The station is staffed with a 3-person paramedic engine company.

Fire Station Three (1280 Laurel Lane) Completed in 1960 to cover growth at the south end of the city, Station 3 is located at the corner of Laurel Lane and Augusta Street. The station is staffed by a 3-person paramedic engine company.

Fire Station Four (1395 Madonna Road) constructed in 1978; under the administration of Mayor Kenneth Schwartz, Fire Station Number Four is located at the intersection of Madonna Road and Los Osos Valley Road. The station also acts as the base of operations for the Fire Captain, who is the Paramedic Coordinator for all the Paramedics on the Fire Department.

In 2009, a Sacramento based Consulting Firm conducted a Fire Department Master Plan for the City of San Luis Obispo that reviewed the records for incidents between fiscal year 2004 and 2008. Service demands were counted and of the 33,679 apparatus responses over the 48-month period, 15,757 responses were first apparatus arrivals on the scene of a distinct incident. This translates to an average of 328.27 per month or 10.76 incidents per day. On average each incident logged an average of 2.13 apparatus responses. The majority of the calls (9,770) were medical related and 400 calls were outside of the City of San Luis Obispo.

The fire department on average has a response time of 6.08 minutes over the City. The National Fire Protection Association (NFPA) 1710 standard is 6-minutes for the first apparatus on scene. The City's Fire Department is able to serve the City's emergency response needs, however, expansion of the fire department must be considered as growth and development increase.

POLICE

The City of San Luis Obispo provides law enforcement services for the residents of the City. The Police Station is located at the corner of Santa Rosa and Walnut. The total budget for the Police Department for fiscal year 2013-14 is \$14.96 million. An overview and services provided by the Department are briefly described below. The San Luis Obispo Police Department consists of 84.5 employees, 59 of which are sworn police officers. The Department is divided into two bureaus, with a Police Captain commanding each.

The Operations Bureau consists of a Patrol Services Division, Traffic Safety Unit, Situation Oriented Response Team (SORT), and Neighborhood Services. In 2008 construction began on the new Emergency Communications Center located adjacent to Fire Station #1. The ECC is equipped with new state-of-the-art technology.

Service Levels. Service levels for Police are often measured in terms of the number of sworn officers per 1,000 people in a community. This is a general measure and should be used only as one piece of information in characterizing police service levels. Service levels vary from city to city because of minimum patrol staffing, officer safety, available back-up from surrounding law enforcement agencies, demographics, geographic features, special service needs, specific crime problems, and other factors. The following is a ratio of full-time sworn officers per 1,000 in population for the City of San Luis Obispo in 2013, calculated using the following formula:

$$45,119 \text{ population} \div 1,000 = 45.11 \text{ people}$$
$$59 \text{ sworn employees} \div 45.11 = 1.30 \text{ officers per 1000 people}$$

Nationwide the Department of Justice-FBI law enforcement statistics show the ratio to be an estimated two and a half officers per 1000 people for communities the size of San Luis Obispo. The average officers/1,000 ratio for the seven cities in San Luis Obispo County is about 1.6 officers, with Pismo Beach being the highest at 2.6 and Paso Robles the lowest at 0.90 officers/1,000.

The figures below show the violent and property crime rates per 1,000 people for the City of San Luis Obispo from 2006 through 2013. Violent crimes include homicide, rape, robbery, and aggravated assault and have been steadily decreasing. Property crimes include burglary, larceny, auto theft, and arson. This information is from the California Department of Justice

Crime statistics. The 2006-2013 crime statistics are based on data from the State of California's Office of Attorney General, Department of Justice, Criminal Justice Statistics Center.

Figure 3-14: Violent Crime Rate

Source: California and FBI Crime Index Table 11, 2006-2013

City of San Luis Obispo - Violent Crime per 1000 people

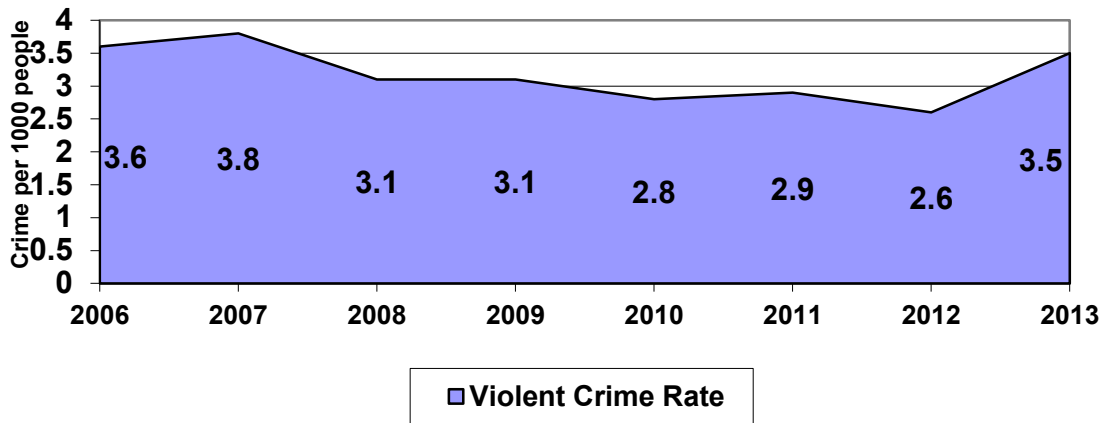
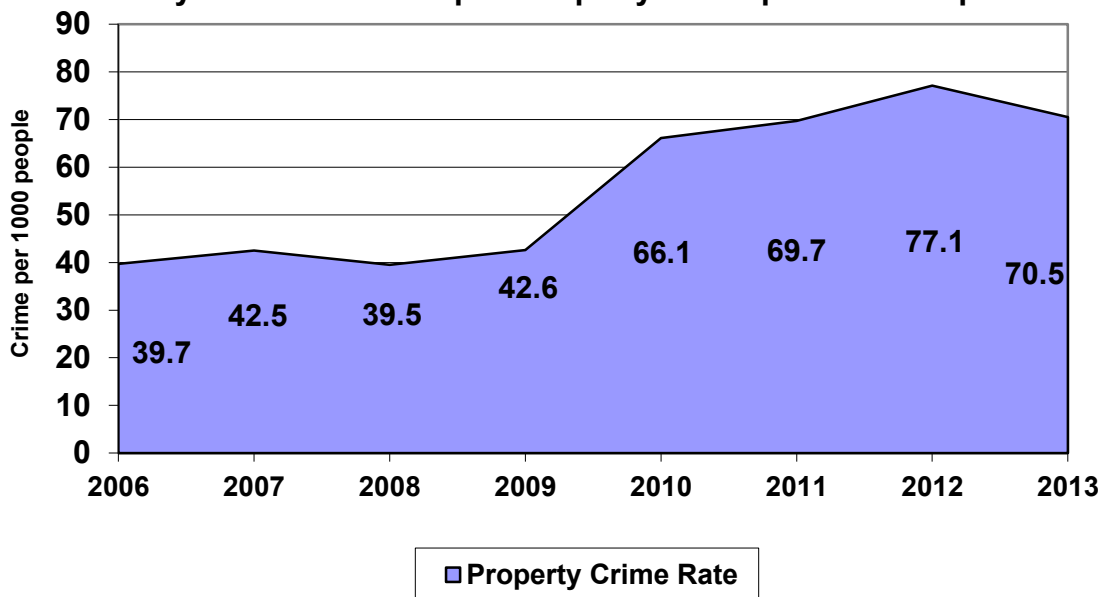


Figure 3-15: Property Crime Rate

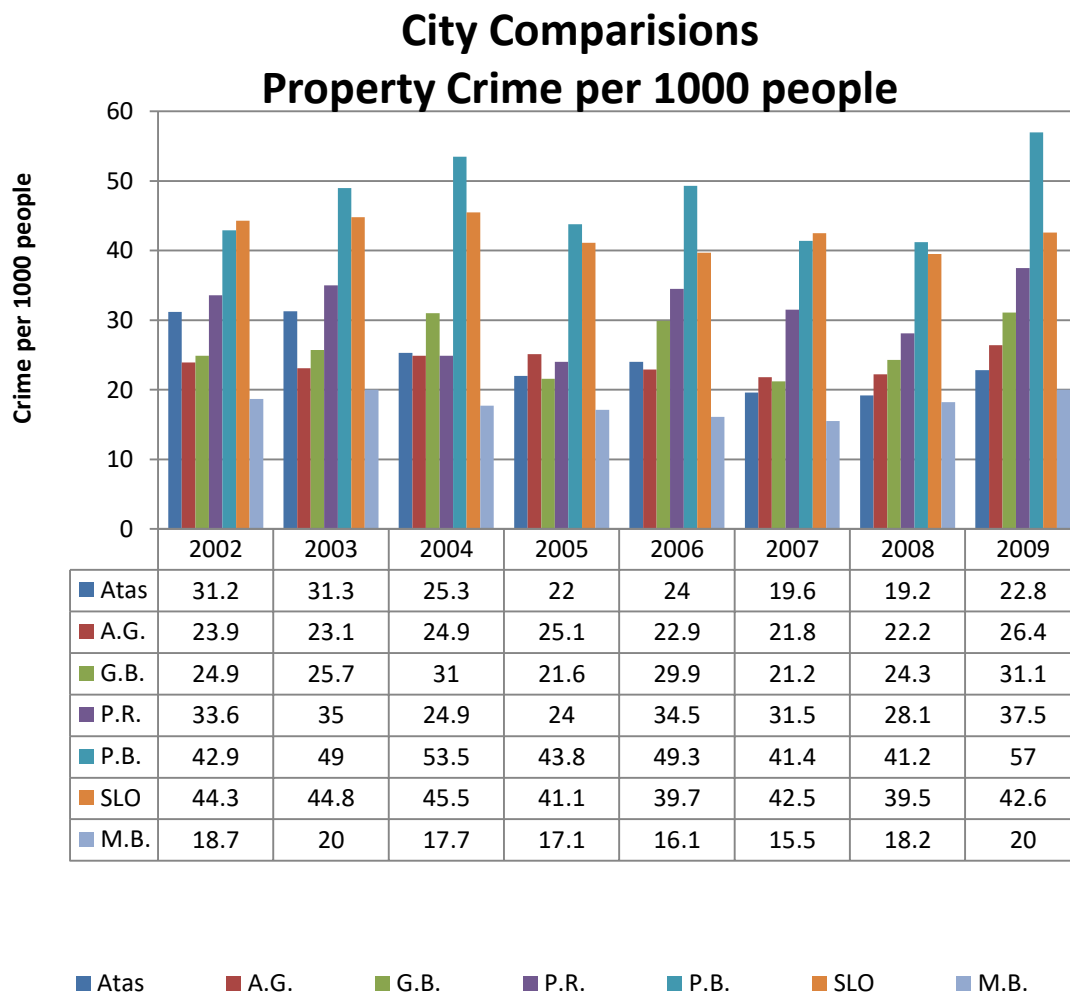
Source: California and FBI Crime Index Table 11, 2006-2013

City of San Luis Obispo - Property Crime per 1000 People



The following figures show the City of San Luis Obispo property and violent crime rates compared to the other cities in the County. Property crime involves burglary, larceny, auto theft and arson. The crime rate is normally calculated as the number of crimes per 100,000 people. Due to the lower population of San Luis Obispo County and cities, the crime rate shown is per 1,000 people. San Luis Obispo had a crime rate of 44.3 in 2002 and in 2009 the crime rate decreased to 39.5, then increased to 70.5 in 2013.

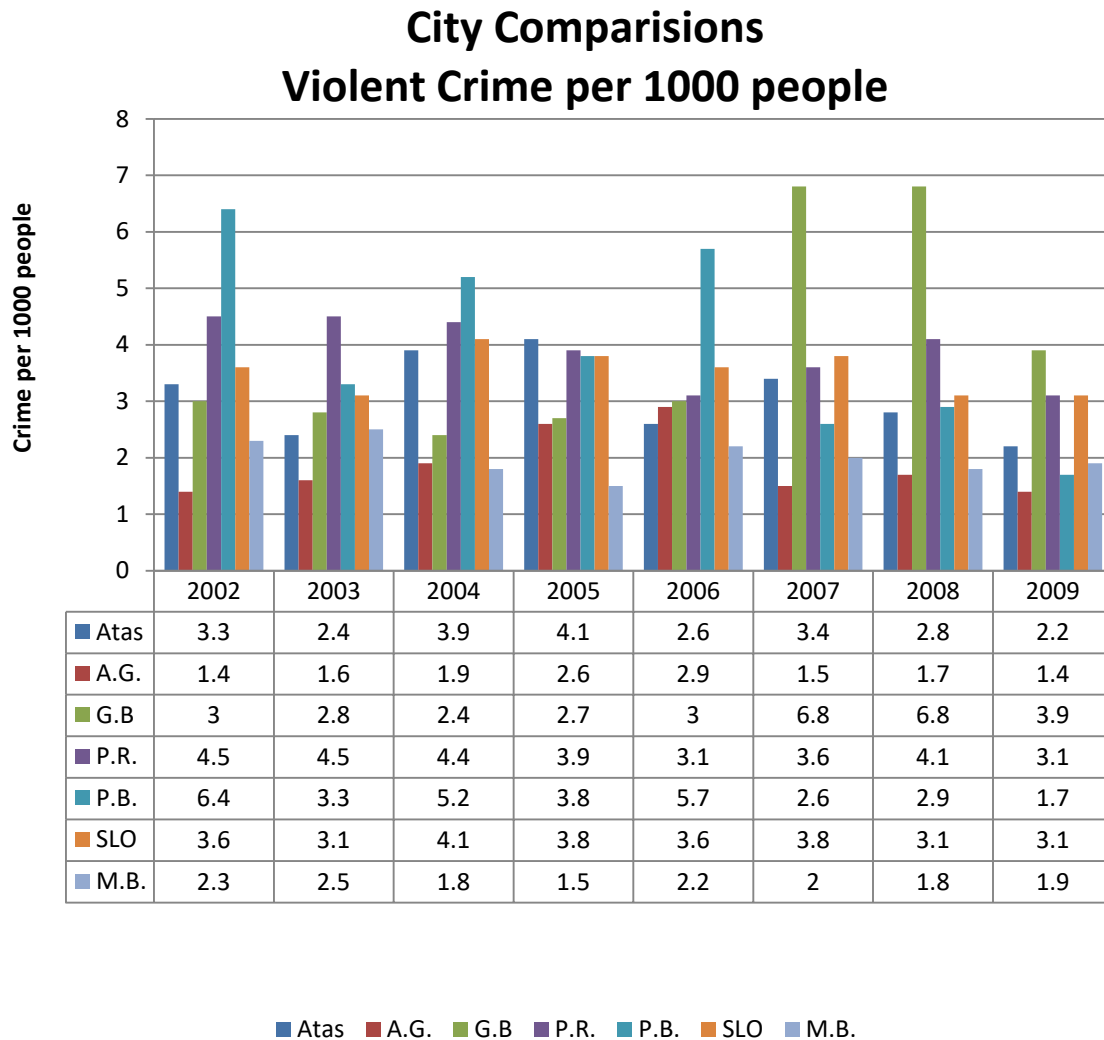
Figure 3-16: Comparative Crime Rate



Source: DOF E4, 2009 and California Department of Justice Department

Violent crime involves homicide, rape, robbery, and aggravated assault. These statistics are from the California Department of Justice Law Enforcement Information Center and the California Department of Finance E4 report, 2009. The crime rate is normally calculated as the number of crimes per 100,000 people. Due to the lower population of San Luis Obispo County cities, the crime rate shown above is per 1,000 people.

Figure 3-17: Comparative Crime Rate

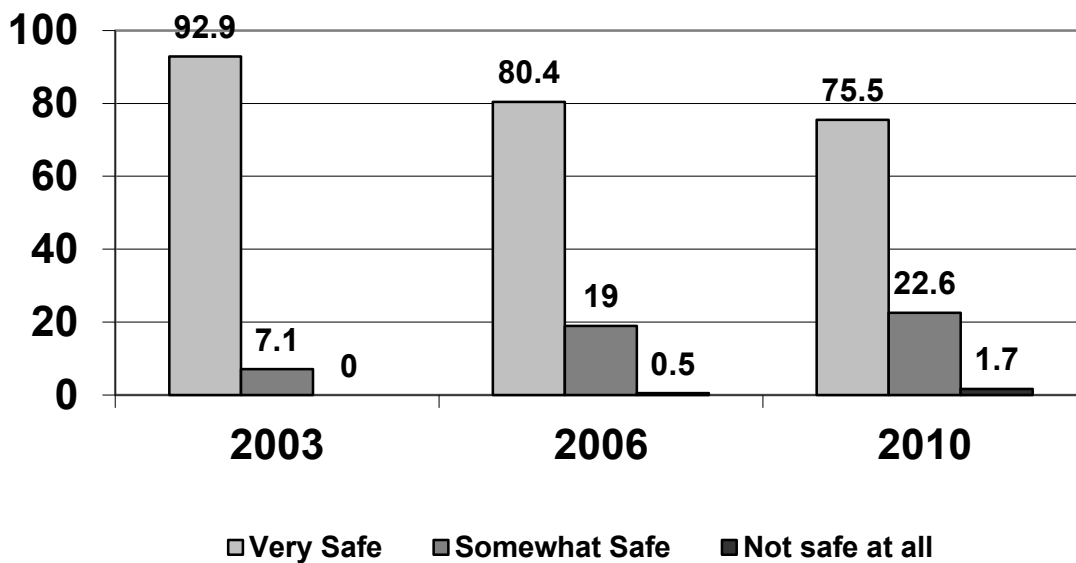


Source: DOF E4, 2009 and California Department of Justice Department

The City’s General Plan requires that all new development pay impact fees for additional equipment and fixed facilities needed to serve the new development with police services. The City also has a policy of maintaining staffing levels that enable the Police Department to give adequate attention to calls for service, to patrol and crime prevention, and to administrative requirements.

Public Perception – Safe Community. The Action for Healthy Communities completed an indicators report in 2010. One of the factors considered is public safety service. A statistically valid telephone survey is conducted that asks the question: “How safe would say you feel in your neighborhood?” The following chart shows that from 2003-2010 residents in San Luis Obispo perceived their City as becoming increasingly unsafe.

Figure 3-18: San Luis Obispo- Perception of a Safe Community



DEVELOPMENT IMPACT FEES

Government Code Section 66000 is intended to hold agencies to a higher level of accountability whenever charges are established, increased, or imposed and whenever updates or reviews are performed. Section 66000 requires ordinances to include language that commits the local agency to establish reasonable development charges and, if those charges are found not to be reasonable, to refund the difference. The City levies a series of development impact fees for

new development to address many differing needs. All these fees are based on Government Code Section 66000 et seq., which requires the agency setting fees to (i) identify the purpose of the fee, (ii) identify the use to which the fees will be put, (iii) determine the reasonable relationship (or “nexus”) between the type of development charged the fee, the amount of the fee and its use, and (iv) determine the reasonable relationship between the need for the public facility or improvement and the project upon which the fee is imposed. Fees collected by the City include: fees in-lieu of parkland dedication, park development projects, water and sewer capacity and improvement fees, road and circulation fees, public safety fees, and general administrative capital improvement fees.

WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding Infrastructure Needs and Deficiencies:

Water Supply and Demand

1. The City is able to provide the core services (water, sewer, police and fire) to the development within the City. The policies and standards in the City's General Plan provide for future services to be funded by the developer.
2. The 2015 Safe Yield of the City's Water Supply is estimated to be 10,005 afy in the Water and Wastewater Element of the City's General Plan. The estimated demand by the City at build out of the current General Plan is 9,096 afy.
3. The City currently has an adequate and reliable water supply to serve the City's anticipated build-out under its current General Plan. Properties proposed for annexation would be required to identify land uses and water demands and supplies to adequately serve the development.
4. The City's General Plan policies would not allow water services to be provided in excess of the available supply.
5. The City adopted water conservation measures in 2015 to continue to address the drought conditions and meet the Governors 2014 mandate.

Wastewater

6. The City operates and regularly maintains the wastewater collection and treatment system, which consists of sewer pipelines, manholes, pump stations, and a wastewater treatment and reclamation facility.
7. The treatment facility has the capacity to process 5.1 million gallons per day of wastewater and is currently processing an average of 4.5 million gallons per day. The system is operating at 88% of capacity.

8. The City regularly upgrades their Sewer System by approving projects and allocating funds as part of their Capital Improvement Program and Plan.
9. The City is in the process of evaluating expansion options for the wastewater treatment/reclamation facility that would accommodate new and in-fill development.

Roads and Streets

10. The City's Circulation Element, in conjunction with the Land Use Element and Capital Improvement Plan, prioritizes and manages the transportation and traffic network.
11. The City improves the transportation network by allocating funds and implementing transportation improvement projects through the Capital Improvement Plan.
12. Several transportation projects are in the planning stages and are progressing toward construction. These include the Los Osos Valley Road-Highway 101 interchange, the Prado Road-Highway 101 interchange. These projects will provide for the continued upgrade of the City circulation system.

Infrastructure

13. Development proposals in the Sphere of Influence would be required to extend physical infrastructure to their respective sites as needed and pay their share for facilities and other City services as a condition of project development.
14. The City is in the process of upgrading and maintaining many of its public facilities, including roads, and wastewater treatment and collection system through its Capital Improvement Plan.
15. The City's General Plan, Capital Improvement Plan, and Circulation Element address the provision of infrastructure for wastewater, roads and other public facility needs.
16. The City should be able to provide the core services (water, sewer, police and fire) to areas within the existing Sphere of Influence while continuing to adequately serve existing residents, pursuant to the policies and standards contained in the General Plan are implemented when considering annexations and development projects.

17. The City's facilities comply with environmental and safety standards and no major enforcement actions by state or federal agencies were identified.

Police and Fire

18. The City's Police Department is adequately staffed to provide law enforcement services to its residents given the comparable crime rate with other cities in the County.

19. The City will have the opportunity to add police staff as needed to serve the Sphere of Influence area.

20. Agreements to provide fire and police services at no extra cost to existing residents will be worked out with the developer during the preparation of the Specific Plans and other permits.

3.4 FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

Purpose: To review the City’s existing financial documentation and identify any financial constraints or opportunities.

Budget

The City of San Luis Obispo’s two-year budget document is well organized, thorough and clearly articulates the City’s future financial plans. The City has established a comprehensive fiscal policy base that guides the preparation and management of the budget, identifies the City’s goals and work programs, and summarizes the progress toward previously established City goals. From this policy base the City prepares the Financial Plan which functions as a Policy Document, Fiscal Plan, Operations Guide, and Communications Tool. This leads to a well-organized financial planning process that is based on input from the community, comprehensive fiscal information, and clearly stated documentation.

The City prepares a five-year financial forecast on an annual basis. This forecast, completed in December 2014, indicated that the City no longer faces a continuing long term budget gap. In 2014-15, revenues sources such as sales tax and Transient Occupancy Tax (TOT) have been growing for the past three years with TOT exceeding its pre-recession peak. The 2015-17 Financial Plan focused on major new investments and important reinvestments in critical City infrastructure. The 2015-17 Financial Plan identifies the City’s unfunded pension liabilities and makes substantial payments to reduce them. Measure G, a local ½ percent sales tax was reauthorized by the voters in 2014. The projected revenue is expected to generate \$7 million by 2016-17. The funding source enables the City to provide important and valued services to the community. The City Council prioritizes the use of this resource using the City’s financial planning process. The local revenue measure supports many of the City basic services, such as police, fire, road maintenance, and parks and open space. The General Fund comprises 47% of the City’s total expenditures.

**Figure 3-19
General Fund Expenditures in 2015-2017**

GENERAL FUND	Actual 2013-14	Budget 2014-15	2015-17 Financial Plan	
			2015-16	2016-17
Operating Programs	49,992,402	55,932,135	58,006,251	60,284,119
Capital Improvement Plan *	7,583,645	4,923,288	8,751,433	6,019,600
Debt Service	3,511,561	5,403,117	3,014,674	3,047,982
Operating Subsidy to CDBG Fund	52,493	74,611	147,487	153,969
Other Uses (Sources)	(1,597,412)	(2,396,934)	(194,155)	(2,371,404)
TOTAL	\$59,542,689	\$63,936,217	\$69,725,690	\$67,134,266

*Represents amount of General Fund contribution to the Capital Outlay Funds in 2013-15 and also includes Local Revenue Measure spending in 2015-17.

Source: City of SLO Financial Plan, 2015-17

In recent years, the various City departments have gone through an organizational assessment and planning process to identify best practices for service delivery and cost containment to support ongoing efforts to increase efficiency and effectiveness of City operations.

The City has been very proactive in addressing the financial situation. The City has again relied on the six-point Fiscal Health Contingency Plan. This plan helped prepare the City to take several actions in response to a deteriorating financial picture and thus preserve the fiscal health of the City.

Fiscal Health Contingency Plan

1. Keep reserves at minimum levels
2. Follow key fiscal policies
3. Closely monitor fiscal health
4. Assess the problem
5. Identify options
6. Take actions

The budget that is adopted is the spending plan for the City and provides a framework for the City to address the following issues: reserves, revenues, expenditures, transfer authority, fiscal management, investments, capital improvements and rates and fees.

The 2015-2017 Financial Plan balances the budget while maintaining the reserves at the policy level. The budget is designed to implement the Council's top priorities. Two major elements of the goal-setting process are the Community

Forum and the Council Goal-Setting Workshop which were both held in January. At the Goal-Setting Workshop, Council established three Major City Goals and four Other Important Council Objectives, as follows:

- **Open Space Preservation.** Protect and maintain open space.
- **Multimodal Transportation.** Prioritize implementation of the Bicycle Transportation Plan and improve and maintain bicycle, pedestrian, and transit facilities.
- **Housing.** Implement the Housing Element, facilitating workforce, affordable, supportive and transitional housing options, including support for needed infrastructure within the City's fair share.

Other Important Objectives. Goals in this category are important for the City to accomplish, and resources should be made available in the 2015-17 Financial Plan if at all possible.

- **Neighborhood Wellness.** Improve neighborhood wellness, work with residents, Cuesta, and Cal Poly; increase public safety, code compliance, and collaborative solutions.
- **Laguna Lake Restoration.** Initiate implementation of the *Laguna Lake Natural Reserve Conservation Plan*.
- **Fiscal Sustainability and Responsibility.** Implement the City's Fiscal Responsibility Philosophy with a focus on the reduction of unfunded liabilities.
- **Downtown.** Adopt a Downtown Concept Plan, develop a plan for expansion of Mission Plaza, and improve safety, infrastructure, and maintenance in the Downtown.

The City levies a series of development impact fees for new development to address a variety of impacts and services. All these fees are based on Government Code Section 66000 et seq., which requires the agency setting fees to (i) identify the purpose of the fee, (ii) identify the use to which the fees will be put, (iii) determine the reasonable relationship (or "nexus") between the type of development charged the fee, the amount of the fee and its use, and (iv) determine the reasonable relationship between the need for the public facility or improvement and the project upon which the fee is imposed. Fees collected by the City include: fees in-lieu of parkland dedication, park development projects, water and sewer capacity and improvement fees, road and circulation fees, public safety fees, and general administrative capital improvement fees.

Annual Audits

Annual audits are required by State Law and are performed with the purpose of identifying any inconsistencies or non-compliance with mandated accounting requirements. As part of this Service Review, audits prepared by an independent auditor over the last three years were submitted to LAFCO by the City for review. In reviewing the audits, the City was found to be in compliance with standard accounting principles and standards. The Auditor identified no issues

or financial problems and provided an “unqualified opinion” regarding the financial statement presented by the City. The following excerpt from the Independent Auditor documents the auditor’s opinion:

“In my opinion, the financial statements referred to above (not shown) present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Luis Obispo, California, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.”

An “unqualified” independent audit indicates that the organization is managing its financial resources in accordance with accepted accounting principles and standards. This is an indicator of the financial health of an organization and provides information regarding its financial practices. The City also posts its annual budget and audits on its website. This provides the public with easy access to the annual budget and audits. Conversely, an independent auditor would identify accounting financial concerns if these were found.

Constraints

Construction of new infrastructure to serve the SOI areas presents a challenge in terms of funding such projects. Serving the SOI areas will likely require a plan for financing infrastructure improvements in these areas. This plan would address funding sources for a number of needed improvements including roads, pipeline infrastructure, and other capital improvements. Funding and timing of these improvements would require planning and investment of resources. The City has policies to require the developer to pay for infrastructure costs related to an annexation.

LAFCO considers the ability of a jurisdiction to pay for improvements or services associated with future annexed sites. This planning can begin by identifying what opportunities there are to fund infrastructure and maintenance needs associated with future annexation and development. Also identifying limitations on financing such improvements, as well as the opportunities that exist to construct and maintain those improvements, is important.

Fiscal Trend Analysis

The following charts show the fiscal trend analysis for the past five years for key fiscal indicators that represent an early warning system for an agencies fiscal health. The key indicators are overall operating budget, general fund expenditures, property tax revenues, elastic revenues

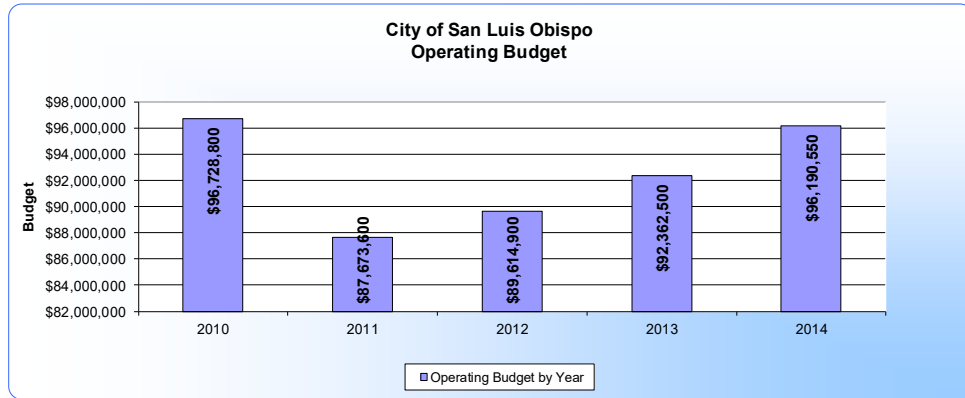
(which include transit occupancy tax, sales tax, and franchise fees), reserves, long-term debt, and fund balance for each year. The information was derived from the City’s comprehensive annual financial statement for each year.

Operating Budget Figure 3-20

Formula:
Consolidated Expenditures / Fiscal year

Trend Analysis:
Monitor expenditures over time.

Source:
Comprehensive Annual Financial Statements: Statement of Activities Basic Financial Statements: Statement of Revenues, Expenses & Changes in Net Assets



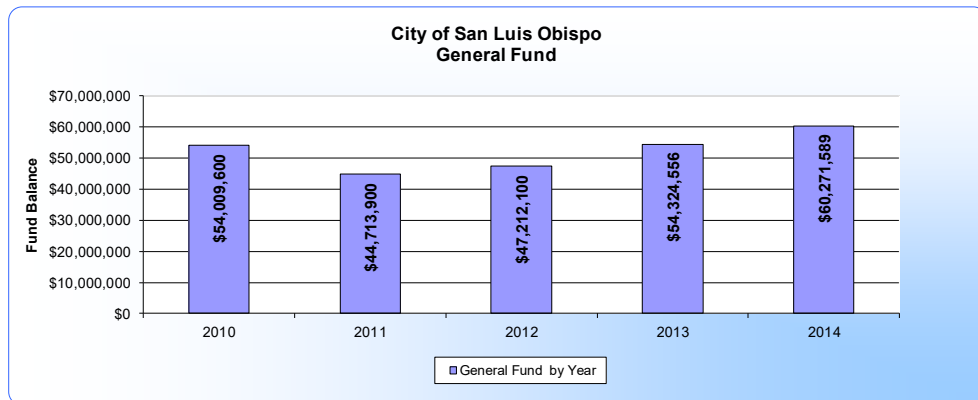
Description:
This indicator refers to the overall operating budget and expenditures including enterprise funds. It shows the expenditure pattern over a period of several years.

General Fund Budget Figure 3-21

Formula:
General Fund Expenditures / Fiscal year

Trend Analysis:
Monitor expenditures over time.

Source:
Comprehensive Annual Financial Statements: Statement of Activities Basic Financial Statements: Statement of Revenues, Expenses & Changes in Net Assets



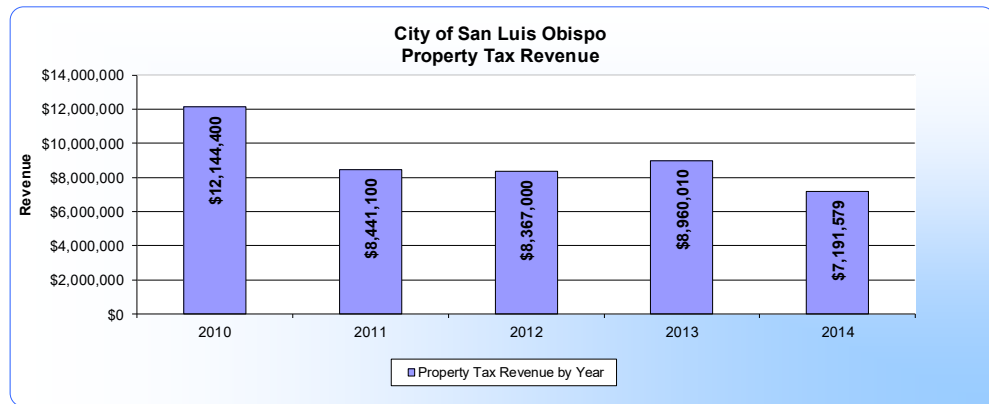
Description:
This indicator refers to the General Fund expenditures Not including debt service, capital improvements or capital projects contributions. For special districts it is assumed that all expenditures (except as otherwise stated) are expenditures for services related to charges.

Property Tax Revenues Figure 3-22

Formula:
Property tax revenue / Fiscal year

Trend Analysis:
Monitor property tax revenues over time.

Source:
Comprehensive Annual Financial Statements: Statement of Activities
Basic Financial Statements: Statement of Revenues, Expenses & Changes in Net Assets



Description:

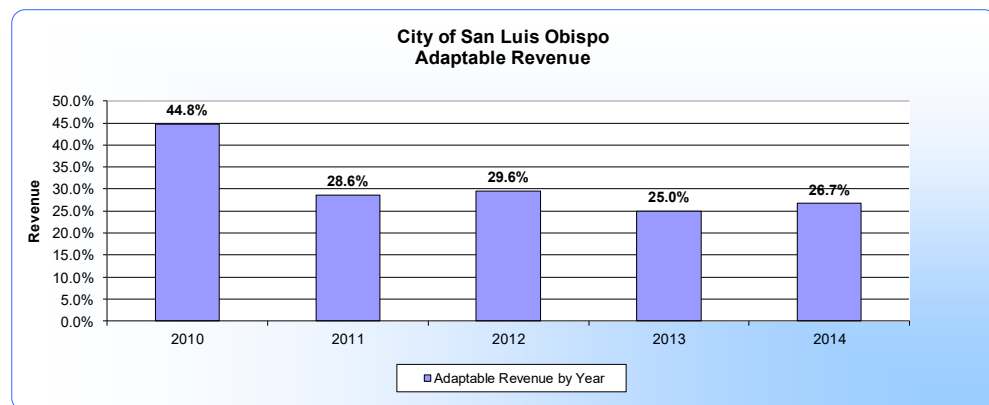
This indicator will have more importance for those agencies heavily reliant upon property tax revenues such as cities. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the calendar year and the years indicated in the chart are the ending years for each calendar year.

Adaptable Revenues Figure 3-23

Formula:
Adaptable operating revenues / Net operating revenues

Trend Analysis:
Monitor amount of adaptable operating revenues as a percentage of net operating revenues.

Source:
Comprehensive Annual Financial Statements: Statement of Activities
Basic Financial Statements: Statement of Revenues, Expenses & Changes in Net Assets



Description:

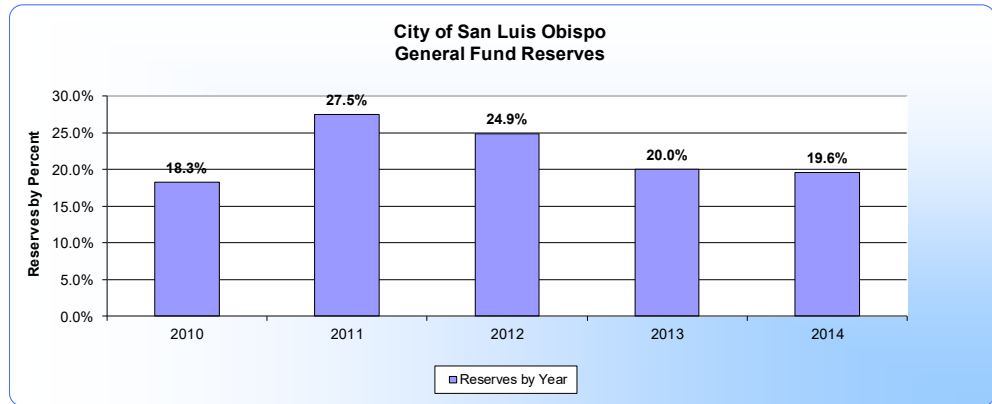
This indicator can help agencies determine how adaptable revenues are impacting their abilities to provide services. If revenues rely heavily on adaptable sources the agency may want to explore opportunities for increasing inelastic sources to offset the shortfalls in the inelastic revenues. Adaptable revenues consist of TOT, sales tax, and franchise fees, for special district elastic revenues also include water and sewer sales and availability.

Reserves Figure 3-24

Formula:
 Unrestricted operating revenues / Net operating or general fund expenditures

Trend Analysis:
 Monitor amount of reserves as a percentage of net operating or general fund expenditures.

Source:
 Comprehensive Annual Financial Statements: Statement of Activities
 Basic Financial Statements: Statement of Revenues, Expenses & Changes in Net Assets



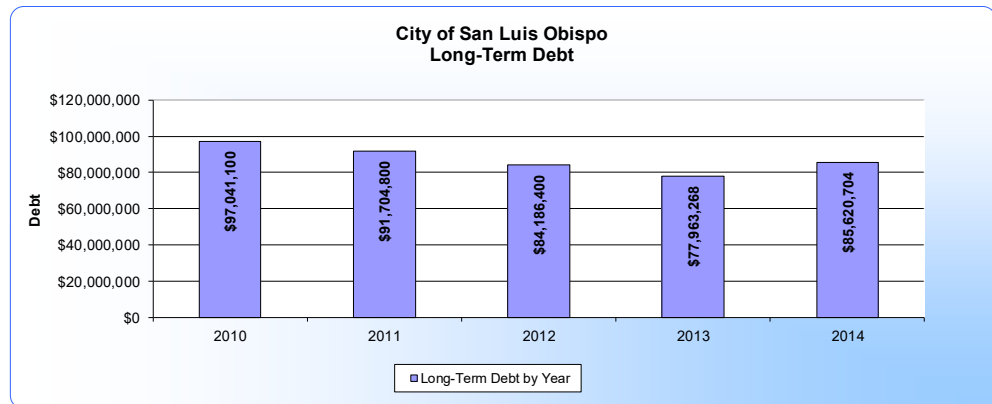
Description:
 As the percentage of reserves increases, a local government gains its ability to respond to changing conditions and to citizens' needs and demands. Decreases in reserves may also indicate future inability to maintain or enhance service levels. For special districts reserves are a % of next FY operating budget. It should be noted that reserves for agencies with infrastructure maintenance obligations will likely exceed 100% as the agency builds the necessary reserves to upgrade and maintain infrastructure.

Long-Term Debt/Liabilities Figure 3-25

Formula:
 Current liabilities / Net operating revenues

Trend Analysis:
 Monitor Long-term debt at the end of the year as a percentage of net operating revenues over time.

Source:
 Statement of Net Assets



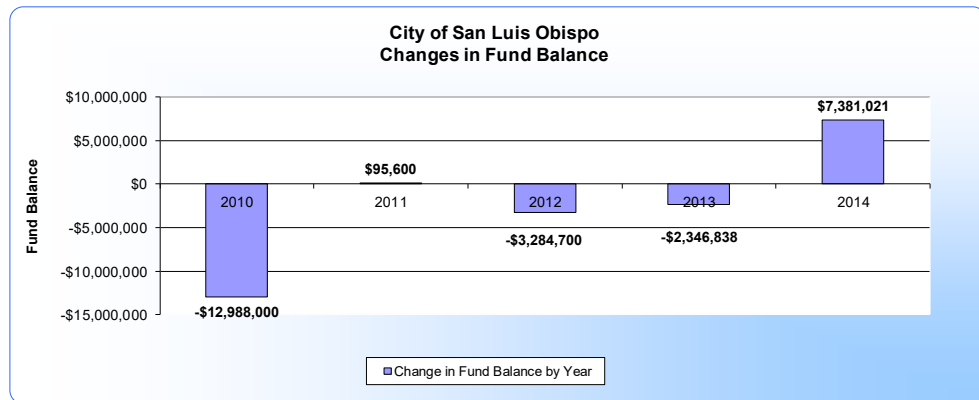
Description:
 A major component of a jurisdiction's liability may be long-term debt in the form of tax or bond anticipation notes. Although long-term borrowing is an accepted way to deal with uneven cash flow, an increasing amount of long-term debt outstanding at the end of successive years can indicate deficit spending problems.

Changes in Fund Balance Figure 3-26

Formula:
General fund operating deficit or surplus / Fund operating revenue

Trend Analysis:
Monitor general fund operating deficit or surplus as a percentage of net operating revenues.

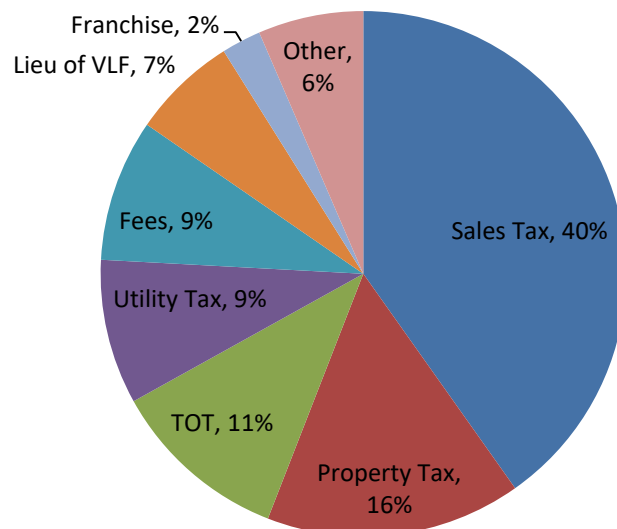
Source:
Comprehensive Annual Financial Statements: Statement of Revenues, Expenses and Changes in Fund Balance (Government Funds)
Basic Financial Statements: Statement of Revenues Expenses & Changes in Net Assets



Description:
This indicator is especially important because a pattern of operating deficits of the general fund can be one of the first signs of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down reserve fund balances or using extra revenues from another fund for temporary needs.

Major Revenues. Sales Tax is the City's number one General Fund revenue, accounting for 40% of General Fund sources or \$24.8 million. Following declines in Sales Tax due to the Great Recession, the City has seen year-over-year growth in this revenue stream over the last eight quarters. The City is anticipating a growth of 10.1% in 2015-16. Property tax is expected to increase by 5% or \$9.73 million in 2015-16. TOT revenues also make-up the top three revenues for the City accounting for about 11% or \$6.84 million. The City had a 10% decline in TOT in 2009-10 however the City reported a quick recovery. The City is project there will be a growth of 5% in 2015-16.

Figure 3-27 Major Revenues



Source: City of SLO Financial Plan, 2015-17

Long-Term Debts

The City uses debt financing only for one-time capital improvements whose life will exceed the term of the financing and where expected revenues are sufficient to cover the long-term debt. The City does not use long-term debt financing for any recurring purpose such as current operating and maintenance expenditures. The City has the following long-term debts:

- **2009 Lease Revenue Bonds** - Purpose: Public Safety Communications and Emergency Operations Center Maturity Date: 2039 Original Amount: \$10,705,000 as of July 1, 2009 Principal Outstanding \$10,705,000.
- **2008 State Infrastructure Bank (CIEDB) Loan** - Purpose: Tank Farm Lift Station and Force Main Project Maturity Date: 2038 Original Principal Amount: \$10,000,000 as of July 1, 2009 Principal Outstanding: \$10,000,000.
- **2008 Installment Sale Agreement** - Purpose: Tank Farm Lift Station and Force Main Project Maturity Date: 2023 Original Amount: \$2,050,000 as of July 1, 2009 Principal Outstanding: \$2,050,000.
- **2006 Water Revenue Bonds** - Purpose: Water Treatment Plant Improvements Maturity Date: 2036 Original Amount: \$16,905,000 as of July 1, 2006 Principal Outstanding \$16,905,000.
- **2006 Lease Revenue Bonds** - Purpose: Parking Structure and City Offices Maturity Date: 2036 Original Amount: \$16,160,000 as of July 1, 2007 Principal Outstanding \$16,160,000.
- **2005 Water Resources Control Board Loan** - Purpose: Construct water reuse project. Maturity Date: 2031 Authorized Principal Amount: \$8,883,200 as of July 1, 2007 Principal Outstanding: \$6,672,700.
- **2003 Lease Purchase Financing** - Purpose: Construct energy conservation improvements at various City locations. Maturity Date: 2013 Original Principal Amount: \$3,023,100 as of July 1, 2007 Principal Outstanding: \$2,237,200.

- **2001 State Infrastructure Bank (CIEDB) Loan** - Purpose: Expand Marsh Street parking structure Maturity Date: 2031 Original Principal Amount: \$7,765,900 as of July 1, 2007 Principal Outstanding: \$7,240,500.
- **1999 Series C Lease Revenue Bonds** - Purpose: Purchase property and build athletic fields; purchase property for police station expansion; purchase Downtown Plan properties Maturity Date: 2029 Original Principal Amount: \$6,745,000 as of July 1, 2007 Principal Outstanding: \$6,660,000.
- **1996 Lease Revenue Bonds** - Purpose: Construct a new headquarters fire station and other City acquisitions. Maturity Date: 2026 Original Principal Amount: \$7,100,000 as of July 1, 2007 Principal Outstanding: \$6,355,000.
- **1993 Water Revenue Bonds** - Purpose: Upgrade the City's water treatment plant to meet water quality standards. Maturity Date: 2023 Original Principal Amount: \$10,890,000 as of July 1, 2007 Principal Outstanding: \$8,185,000.
- **1992 State Clean Water Revolving Fund Loan** - Purpose: Upgrade the City's water reclamation plant and collection system to meet discharge standards. Maturity Date: 2012 Original Principal Amount: \$31,227,400 as of July 1, 2007 Principal Outstanding: \$13,043,700.
- **1990 Certificates of Participation** - Purpose: Acquire land for open space, rehabilitate the City's Recreation Center and acquire land for parks and recreation offices/neighborhood Park. Maturity Date: 2010 Original Principal Amount: \$4,500,000 as of July 1, 2007 Principal Outstanding: \$1,600,000.
- **1986 Lease Revenue Bonds** - Purpose: Construct parking structures (net proceeds: \$5,758,400); make road improvements and purchase facilities (net proceeds: \$4,450,000). Maturity Date: 2014 Original Principal Amount: \$13,970,000, as of July 1, 2007 Principal Outstanding: \$5,520,000.

While over time residential uses generally do not cover the full cost of municipal services from property and local sales taxes that are generated, the opportunity to require privately maintained

amenities, roads and open space in residential development projects, coupled with the inclusion of commercial development suggests that the SOI areas as recommended may be able to break even in terms of revenues versus costs of services. In March 2016, the median home price in the City was \$660,100. Since the property taxes are calculated based on the sales price of homes, the higher the selling price the more property tax revenue would be generated. These issues would be thoroughly analyzed as the development review process moved forward for areas located in the SOI and being considered for annexation.

The fiscal impact of development on a City's budget depends upon what type of development is approved residential, commercial-retail, office, hotel, or industrial. Fiscal impacts also depend on the City's financial structure. According to the California League of Cities, the Financial Structure of a City may include the following:

- City's costs of services to the development - costs vary, service levels vary – San Luis Obispo updated its Development Impact Fees in 2010.
- City's particular mix of service responsibilities - e.g., some cities are not responsible for certain services - San Luis Obispo provides all municipal services to residents.
- City's share of property tax revenue generated - shares vary – in part based on service responsibility. – Through the approval of Proposition 1A in 2010 the State could take monies from San Luis Obispo property tax revenues as a one-time funding source to fund the State's budget shortfall. The City's budget does not anticipate any take-a-ways.
- City's local taxes and rates e.g. utility tax, hotel tax, business license tax, franchise tax, sales tax, etc.- San Luis Obispo's sales tax for 2015 rose by >10% from the previous year.

The fiscal impact of development is also dependent upon the Local Economy. Several factors affect the City's financial picture:

- Local property values, which relate to assessed valuation for taxation.
- City's capacity to capture taxable sales from the new development within its jurisdiction - its land-use mix - level and proximity of taxable sales from the new development.
- Property turnover (resale) rates - property is reassessed for taxation upon resale.

Increased revenues from new homes would be directly derived from property taxes. The likely fiscal benefits to the City from the areas annexed may include modest levels of property tax collections from residential land development or Transient Occupancy Tax if tourist-oriented

development takes place. Other residential income that could help offset the costs of residential development would be derived from indirect sales and use taxes and one-time development impact fees.

Likely fiscal costs to the City would typically include public maintenance of infrastructure completed for the new projects. Possible programs to minimize and off-set public maintenance costs include private maintenance through homeowner's associations, as well as public maintenance through a utility or assessment district established by the City. Assessment districts can be a valuable tool used in many communities to offset on-going maintenance costs. The use of these districts should be considered for undeveloped properties planned to be included in the City.

San Luis Obispo, like most cities, requires new development projects, and in particular annexations, to "pay their own way." At the time an annexation is considered for any of the SOI properties, the City requires an economic analysis to be prepared to identify a cost-benefit breakdown of the proposed land uses and projects.

The current Master Property Tax Agreement policy for property tax exchanges upon annexation of "raw land" enables the County to retain all of the base property tax with 66% of the increment being allocated to the County. The City retains 33% of the property tax increment and all of the sales tax, if any. A different tax exchange agreement can be negotiated between the City and the County if both parties agree.

Other income from residential uses would be derived from indirect sales and use taxes, as well as enterprise fund payments, and one-time development impact fees. San Luis Obispo would also gain sales tax and transient occupancy tax (TOT) revenues from any retail or visitor-serving uses added to the SOI sites.

Reserves

The City has adopted a Fiscal Policy which includes maintaining a General Fund Reserve of 20% of budgeted annual operating expenditures and a minimum working capital balance of 20% in operating expenditures in the water, sewer and parking enterprise funds. This is considered the minimum level for maintaining a good credit rating, to provide for economic uncertainties, contingencies for unforeseen expenses, and cash flow requirements. The City balanced the

budget while maintaining reserves at the 20% of operating expenditures. Healthy reserves are one indicator that the City is in sound financial condition. The combination of conservative revenue projections and holding the line on expenditures has helped San Luis Obispo maintain a reserve in excess of the City's 20% policy of \$4.4 million at the end of fiscal year 2015.

The City adopts a two-year budget which forces the City to look beyond the current year and attempt to alleviate any shortfalls that may occur in the future. The two-year budget also saves time and energy of the staff as well as money. The City balanced the last three FY 11-12, 12-13, and 13-14 budgets without dipping into its reserves with FY 14-15 slightly dipping into the reserves. The following information is from City Adopted Financial Plan, FY 2015-17 [pie charts, pg D-15].

General Fund

• General Sale Tax	27%
• Property Tax	15%
• Services Charges	12%
• Local Measure Sales Tax	11%
• TOT	11%
• Utility User Tax	09%
• Other Taxes	07%
• Property Tax in Lieu of VLF	06%
• All Other Revenue	01%

Rates and Fees

In 2013, the City prepared a Water & Wastewater Development Impact Fee Study that considered one-time charges imposed for new development when development creates an impact on the City's water and/or wastewater systems. The fees are designed to recover the portion of the capital investments required to provide sufficient system capacity to serve new users. The City prepared the 2013 Study in order to identify and/or update the public facilities and costs associated with providing capacity for future development. This study complied with Section 66000 et seq. of the Government Code.

In 2009, the City retained Maximus, Inc to complete a city-wide Cost for Services Study to reflect current conditions in San Luis Obispo. The purpose of the study was to address the need

to maintain the City's services at levels equal to the standards set by the City Council and to maintain effective policy and management control of City Services. As described earlier, the annexation of any site will be done through the preparation of specific plans that will include payment of annexation and development fees by the landowners, as well as requirements to install and maintain basic infrastructure to serve the developments. Impact fees for the following types of facilities and improvements were evaluated; planning, building and safety, police, fire, utilities, and recreation, (water, wastewater, transportation facilities were adjusted in 2006 with a CIP index). This study provided information and guidance to the City Council on how the City can continue as a viable financial entity, finance the services and facilities that its citizens and businesses have come to expect, and yet be able to live with budgetary limits. Using this study the City adjusted their fee structure by increasing the costs of key development applications. This adjustment resulted in the City recouping a higher percentage of the actual expense of providing and maintaining various facilities and infrastructure needs for new development.

In 2006, the City retained MuniFinancial to provide Transportation Impact Fee Justification Study. Using this study the City adjusted its fee structure by increasing the cost of new development and identifying the public facilities and costs associated with mitigating the direct cumulative impacts.

In 2009, the City provided water and sewer rate studies and related reports and recommendations for the City's water and sewer enterprise funds. This report provided rate increases for the FY 09-11 to maintain reliable water and sewer service. The report also discussed water rates that reflected the Nacimiento Pipeline Project. The City gave public noticing for customers to protest the increased rates of providing water service. The City did not receive a majority of written protest for rate increase subsequently the City adopted new rates for water and sewer service.

The City's water and sewer services are operated as enterprise funds. This means that revenues to support operations and capital improvements are borne by the ratepayer. Water and sewer funds are reviewed annually by the City Council at a public hearing where the Council then determines the appropriate rate for service. If rate increases are needed, they are usually implemented at the beginning of the new fiscal year, July 1st, and all rates are prorated accordingly. The following is a table that compares the rates and fees of several service providers for water and sewer services:

Table 3-31: Residential Water Rates Comparison

Rate/Fee	Paso Robles	Atascadero ²⁾	Morro Bay	Pismo Beach	Arroyo Grande	Grover Beach	San Luis Obispo ¹⁾
Monthly Service Charge	\$0.00	\$20.50	\$24.18	\$32.57	\$27.52 ³⁾	\$10.06	\$8
Water Fee	\$0	\$2.10 (3-12 ccf)	\$4.00 (1-3 ccf)	\$2.72 (1-10 ccf)	\$3.42 (1-18 ccf)	\$3.34 (0-12 ccf)	\$7.90 (0-8 ccf)
Per unit used: 100 cubic feet = 1 ccf	\$4.40 (all ccf)	\$3.25 (13-25 ccf)	\$7.00 (4-10 ccf)	\$3.36 (11-20 ccf)	\$3.76 (19-36 ccf)	\$3.53 (13-20 ccf)	\$9.88 (9 + ccf)
100 cubic foot = 748 gallons		\$4.80 (26-50 ccf)	\$9.50 (11-50 ccf)	\$3.97 (21-35 ccf)	\$5.02 (36+ccf)	\$4.04 (21-42 ccf)	5% utility tax
		\$5.50 (51 + ccf)	\$12.50 (50+ ccf)	\$5.43 (36 + ccf)		\$4.57 (42 + ccf)	

- 1) SLO has a 5% tax
- 2) Nacimiento Charge \$2.50
- 3) Lopez Charge

Jurisdictions that have a limited water supply, such as Morro Bay, typically have a graduated rate structure that increases significantly with higher water use. This encourages conservation on the part of the water users and discourages wasteful practices. The City of San Luis Obispo water rates are higher in comparison to others in the County. Comparing the various rates and fees, a sample bill using 20 units of water over a two-month period was calculated. In comparison, San Luis Obispo has the highest water rates of all the jurisdictions:

Figure 3-28: Rates for Water Use at 20 CCF

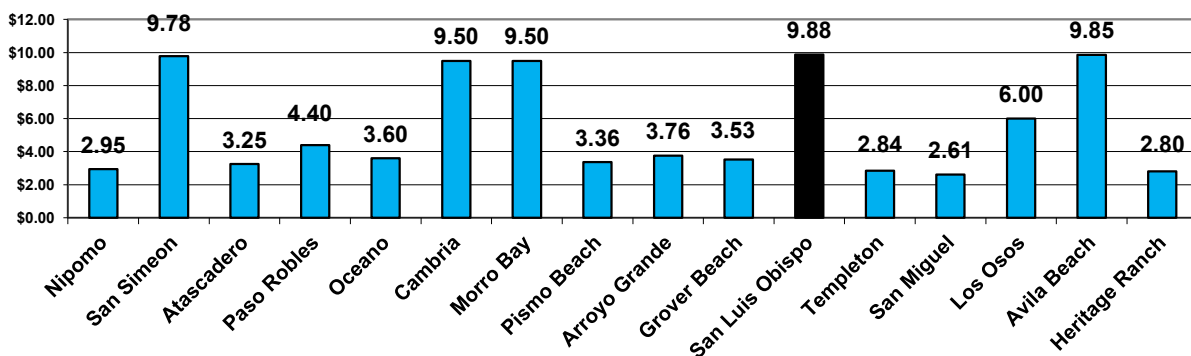


Table 3-32 – Single-Family Water Rates and Monthly Bill

Rate/Fee	Paso Robles	Atascadero	San Luis Obispo	Cambria	Morro Bay	Pismo Beach	Arroyo Grande	Los Osos	Grover Beach	Templeton
Monthly Service Meter Charge	\$0.00	\$18.00 Up to 2 ccf	\$8.00	\$25.50	\$24.18	\$32.57	\$7.19	\$52.36	\$10.06	\$17.05 Up to 3 ccf
Water (per 1 Unit)	20 units @ \$4.40 (all ccf)	9 units @ \$2.10 (3-12 ccf) 9 units @ \$3.25 (13-25 ccf)	8 units @ \$7.90 (0-8 ccf) 12 units @ \$9.88 (9 + ccf)	4 units @ \$6.50 (1-4 ccf) 12 units @ \$8.50 (5-16 ccf) 4 units @ \$9.50 (16 + ccf)	3 units @ \$4.00 (1-3 ccf) 5 units @ \$7.00 (4-10 ccf) 10 units @ \$9.50 (11-50 ccf)	10 units @ \$2.72 (1-10 ccf) 10 units @ \$3.36 (11- 20 ccf)	18 units @ \$3.42 (1-18 ccf) 2 units @ \$3.76 (18-36 ccf)	5 units @ \$2.00 (1-5 ccf) 5 units @ \$3.75 (6-10 ccf) 10 units @ \$6.00 (11-20 ccf)	12 units @ \$3.34 (0-12 ccf) 8 units @ \$3.53 (13-20 ccf)	14 units @ \$2.13 (3-20 ccf) 3 units @ \$2.84 (20-39 ccf)
Other Charges	\$0.00	\$2.50 (3)	5% Tax	\$0.00	\$0.00	\$0.00	\$20.33 (2)	\$0.00	\$0.00	\$0.00
Sample Monthly Bill (20 units of water)	\$88.00	\$68.65	\$199.25	\$191.50	\$166.18	\$93.37	\$96.60	\$141.11	\$78.38	\$55.39

- (1) Price per unit for Dam retrofit.
- (2) Lopez Charge.
- (3) Nacimiento

Sewer rates are compared in the table below:

Table 3-33: Single-Family Sewer Rates

Rate/Fee	Paso Robles ⁽¹⁾	Atascadero	Morro Bay	Pismo Beach	Arroyo Grande ⁽²⁾	Grover Beach	San Luis Obispo ⁽²⁾
Flat Monthly Rate	\$78.00	\$20.18	\$62.50	\$63.53	\$17.26	\$24.78	\$8.32

Note: (1) based on a \$7.80 per unit use @ 10 ccf (2) additional use rate may apply based on amount of water used.

Because the City still has large potential before built-out, it has the opportunities to recover impact fees in a growing community. Other programs defined by the City will require the annexed sites to cover their full costs, including one-time capital projects as well as long-term maintenance, repair and replacement needs. Several of these programs have been discussed and describe how the SOI/Annexation areas would comply with these requirements.

The properties in the SOI areas do not presently receive public services for which a fee is paid (such as water deliveries, wastewater service or storm drainage management). These services in particular are not available in the SOI areas. As these areas are largely undeveloped at this time, the impact of new services will be fees for those services. There is no evidence suggesting that the annexation of these areas by San Luis Obispo will result in unreasonable fees for these services as properties annex and develop within the City. It is expected that fees for the SOI areas will be in line with citywide fees for such services.

The City and the County will work together to ensure that the cost of services for the jurisdictions is equitable. The MOA will be used to further define this relationship. As stated above the City has specific policies that would require the equitable sharing of the services costs for Sphere of Influence areas.

WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding Financial Constraints and Opportunities:

1. The City prepares a biannual budget with a mid-year update, and strives to use the best practices in managing their financial resources. This is documented by the City receiving an award from the California Society of Municipal Finance Officers for merit in Excellence in Operating Budgeting and Capital Budgeting as far back as 2007-09. Since 2007 the City has also received awards for Excellence in Public Communications, and Budget Innovations. The award recognizes meritorious achievement in budgeting and reporting which reflects a highly professional budget document and the underlying budgeting process through which the budget is implemented. The City continues to follow the budgeting and strategic planning process.
2. The City conducts bi-annual budget and goal setting workshops that allow the public to participate in fiscal management that is integrated with long range planning.
3. The City has in place a variety of capital improvement plans, development impact fees, and developer-required mitigation in the form of infrastructure improvements required from new projects and similar programs to monitor public service needs of new development. It is reasonable to conclude that the City endeavors to avoid long-term City obligations for the capital improvements or maintenance of new development projects, such as those that would occur in the SOI areas.
4. The City has in place financial regulations and policies that are implemented through ordinances and resolutions. This is important because the manner of maintaining public infrastructure and maintenance services is documented and available for public inspection and scrutiny.
5. The likely fiscal benefits to the City from the proposed SOI areas could include modest levels of property tax collections from residential land development, transient occupancy tax revenues from new visitor-serving land uses, and sales tax from commercial properties.

6. Likely fiscal costs to the City would typically include public maintenance of infrastructure completed for the new projects in the SOI. Possible programs to minimize and off-set public maintenance costs include private maintenance through homeowner's associations, as well as public maintenance through a JPA or utility district established.
7. There are no apparent short- or long-term fiscal constraints limiting the City of San Luis Obispo's ability to serve the suggested properties within the SOI. Further study at the time of annexation should be completed.
8. The City has in place financial policies that provide a structure for responsible decision-making.
10. Rates and fees for services are established using the City's policy and procedures and special studies as the need arises.
11. The City completed fee studies in 2013 and 2009 that identified the cost of services, the subsidy a service received from the City, which resulted in establishing new fees for selected City permit applications, water and wastewater services.
12. The City uses the budget cycle to consider updating the fees and rates schedule that is implemented on an on-going basis.
13. Development impacts are used to offset the costs of building infrastructure to serve new development. New development within the SOI will be required to pay the associated costs of infrastructure and services.

3.5 STATUS OF, AND OPPORTUNITY FOR, SHARED FACILITIES

Purpose: To identify the opportunities for jurisdictions to share facilities and resources creating a more efficient service delivery system.

In the case of annexing new lands into a City, LAFCO can evaluate whether services or facilities can be provided in a more efficient manner if the City, County, District, and/or State are cooperatively working to construct and maintain facilities. In some cases, it may be possible to establish a cooperative approach to facility planning by encouraging the City, County and State to work cooperatively in such efforts.

The annexation of the SOI study areas to the City may lead to shared roadway infrastructure with the County and the State. The SOI area includes opportunities to create shared facilities such as:

- ▶ Roadway connections
- ▶ Coordinated open space preservation
- ▶ Linkages between City and County recreational trails
- ▶ Preservation and enhancement of Agricultural Lands

In the case of roadways and creek trails, the opportunity to coordinate connections between collector and arterial roadways will enhance regional traffic patterns, and will aid in emergency response times. The County has, on occasion, collected impact fees for a City that is affected by a project in the unincorporated areas. This type of coordination can lead to a reduction of impacts and a more positive solution to the problem of development on the City's fringe. Roads that may involve the City, County and State involvement include Highways 101, 1, and 227. Other important City/County roadways would include Los Osos Valley Road, Foothill Blvd, Tank Farm Road, O'Connor Way, Buckley Road, and South Higuera.

The recreational aspects of trail connections, tied into an open space and equestrian trails, offer opportunities for the City and County to join their recreational resources not only to the benefit of the City residents, but for the general public of the County as well. Coordination of open space corridors that cross over the proposed City-County limit lines would enhance the viability of

habitat from the area and preserve important habitat for generations to come.

Currently, there is no duplication of existing or planned facilities in the SOI study areas. The City would assume those services provided by the County in the SOI study areas as they are annexed and developed. These do not constitute (and would not in the future) duplication of services in the SOI areas, rather a transfer of services.

The City works with the County in maintaining both the Whale Rock and Salinas Reservoirs, which are the main water supply for the City. The Whale Rock Commission operates and maintains these facilities and receives payment from the City for providing such services. The City pays a proportional amount based on how much water the City is allocated (55%). The City also pays for 100% of costs to pump the water from Whale Rock to their water treatment facility. The City pays for the total operational and maintenance costs of the Salinas Reservoir and to transport the water to the City's water treatment facility.

The City also works cooperatively with the State Corrections Department in providing water from the Whale Rock Reservoir to the California Men's Colony. These relationships are cooperative and help each agency provide public services in a more efficient manner. The City also works cooperatively and maintains working relationships with the following agencies:

- CAL Fire/SLO County Fire through reciprocal Automatic Aid Agreement and all neighboring fire agencies through the San Luis Obispo Operational Area Fire and rescue Mutual Aid Operational Agreement.
- Regional Water Quality Control Board regarding wastewater discharge
- California Department of Fish and Game to protect wildlife and environmental resources.

WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding Opportunities for Shared Facilities:

1. The annexation of SOI study areas to San Luis Obispo may lead to shared infrastructure with the State and County if cooperative agreements can be worked out. The potential to create shared relationships for providing some services may be appropriate when providing certain services.
2. At present, the distinction between City and County services in the SOI study areas is clear. The City would assume those services provided by the County in the SOI study areas if they are annexed and developed. These are not now, and would not be in the future, duplication of services in the SOI areas.
3. The City works cooperatively with a variety of State and Federal Agencies to facilitate improvements that benefit the City and protect residents and visitors.
4. There may be opportunities for the City and County to work out cooperative service agreements for the areas proposed in the SOI (i.e. fire protection, police services, flood management, road maintenance and improvements, and recreation) because a variety of cost-sharing programs could be pursued that might be cost effective to the City and the County.

3.6 ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

Purpose: To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

The governing body of the City of San Luis Obispo is the City Council that is elected in compliance with California Election Laws. The City complies with the Brown Act Open-Meeting Law and provides the public with ample opportunities to obtain information about City issues, including website and phone access. The City's website contains a wealth of information about all of the City's Departments and services. Several newsletters are produced to inform the public of current events, services, utilities information, sales tax and activities in the community. The City supports directly or participates in local business groups and community promotion to the visitor industry (Conference and Visitors Bureau and Chamber of Commerce).

The City Council holds regular meetings at 7:00 p.m. on the first and third Tuesdays of each month in the City Hall Council Chambers, at 990 Palm Street. Other meetings or study sessions are held as needed. Agendas are posted consistent with the Brown Act. A public comment period is scheduled at the beginning of each meeting for citizens to comment on City issues not on the agenda. All Council meetings are televised live and videotaped for later playback.

The City provides a high level of service to its residents. The City's budgeting process is based on a two-year cycle that encourages full participation by the public, advisory bodies, Department Staff and Management. Supplemental budget updates are provided as needed.

The City's organizational structure is shown in the chart found on the next page. It should be noted that the City has a number of advisory bodies that provide the council with a variety of recommendations on a range of topics. These bodies consist of citizens and are staffed by the relevant department:

- Bicycle Advisory Committee
- Cultural Heritage Committee
- Housing Authority

- Human Relations Commission
- Mass Transportation Committee
- Parks and Recreation Commission
- Personnel Board
- Planning Commission
- Promotional Coordinating Committee
- Tree Committee
- Administrative Hearing Officer
- Architectural Review Commission
- Technical and Special Purpose Advisory Bodies

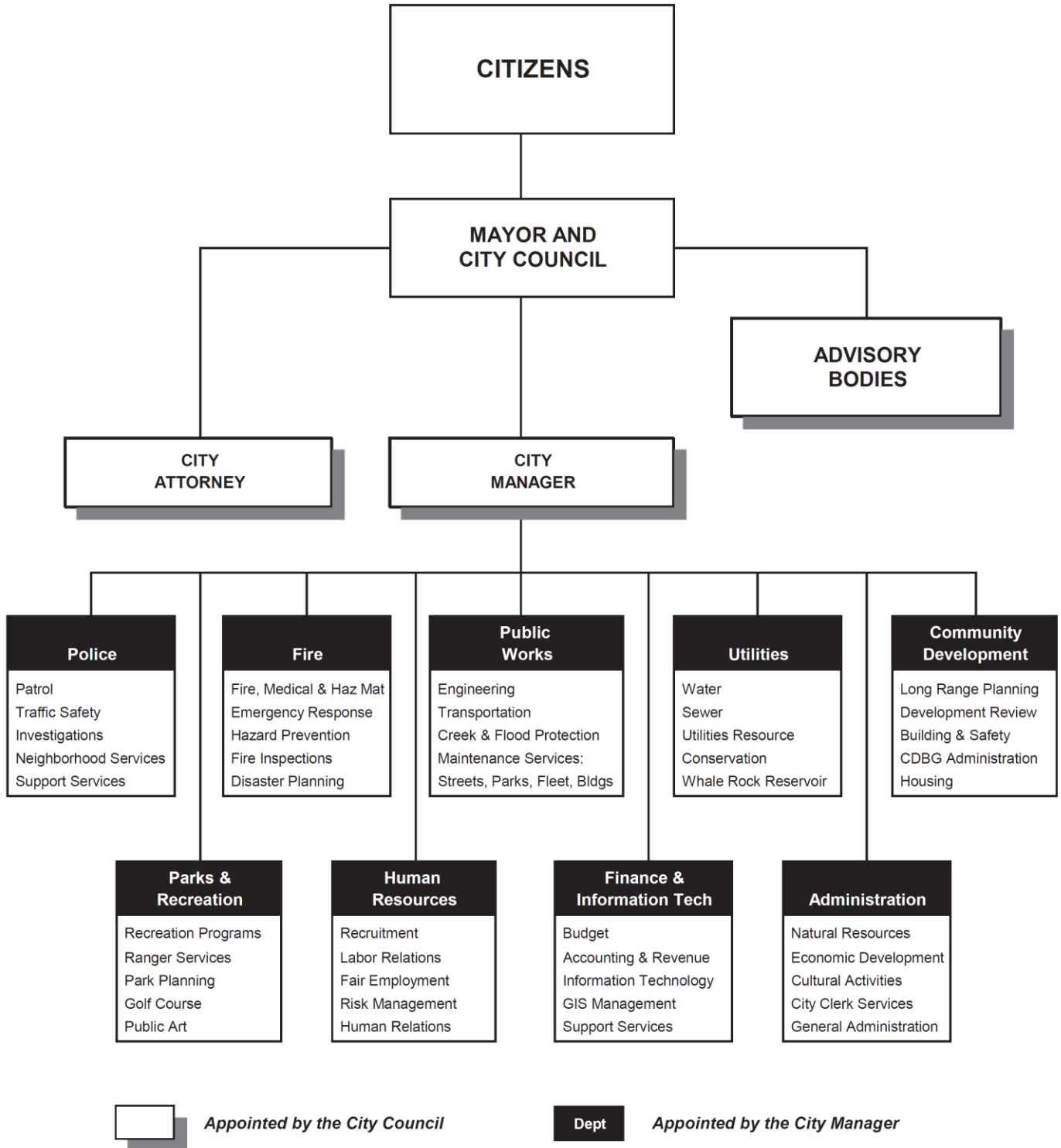
Overall, the City is well-organized and equipped administratively to serve the recommended Sphere of Influence. The City accomplishes many goals and implements a variety of initiatives. It is apparent that City manages its resources in an efficient manner and makes every effort to carefully allocate its revenues.

The City's Budget process is discussed in the Financial Constraints and Opportunities section of this report. The organizational chart shows a structure that is straightforward and efficient. It does not include complex decision making loops that would delay decisions.

San Luis Obispo does maintain various customer-oriented programs, including a mission statement for each City department, customer satisfaction programs, regular in-house safety training and management, and similar programs designed to enhance the experience for the City customer. The City maintains a comprehensive Work Programs and Projects Inventory that describes the projects and program being completed by each City Department. This document is regularly updated and includes a description of the program/project, key tasks to be completed, start date and end date, and a status or comments section.

It is assumed that public participation in the planning and development process for the SOI territories would be about the same for either City or County development projects. Both the City and the County have well developed Citizen Participation programs that enable access to information and allow for citizen involvement. The City and County have a track record of extensive outreach to the community in making land use and other decisions.

Figure 3-29 Organization Chart



WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding Local Accountability and Governance:

1. The City has historically made broad efforts to maintain a public dialogue in the community. The City's outreach program includes providing information regarding current issues of significance to the community through a variety of media. In particular, the City produces a newsletter that is distributed quarterly and various other publication throughout the year, has conducted workshops, and public town hall meetings to address matters for the broadest public input possible. The City conducts goal-setting meetings to establish community priorities.
2. The City has maintained relationships with local news media, providing information and/or interviews as requested. Locally elected and appointed officials pride themselves on being available to their constituencies.
3. The City conducts budget reviews and goal-setting workshops that are designed to keep the public informed regarding budgetary situations. It is possible for the public to participate in the budget hearing process. Annual audits are completed and made available to the public upon request.
4. The City is well-organized, and is administratively capable of managing any annexations that may be proposed for the Sphere of Influence.
5. The City evaluates the services provided to residents and services that may need to be upgraded or started.
6. Long-term effects of individual annexations and development will be analyzed on a case by case basis when site-specific annexations are presented. A cost-benefit analysis should evaluate effects on both the City and County when these are prepared and submitted for review.
7. The City has recently updated many of its service plans, including the Sewer System Management Plan, Housing Element of the General Plan, and fee and rate structures.

8. Because development relies on infrastructure available from the City, it is logical that the City assume the lead in planning for these SOI areas, consistent with the General Plan. It is reasonable to conclude that public services can be provided by the City of San Luis Obispo, and that those services will meet or exceed present levels of service provided in the County.
9. Public participation in the development review process may be improved if the City and County adopt a cooperative effort. This cooperation could result in heightened public involvement at both the City and County levels.

3.7 OTHER MATTERS

This factor allows LAFCO to discuss other issues and topics that may need to be addressed or focused on in the MSR.

Outside User Agreements:

When a city or special district provides a service, by contract or agreement, outside of its existing boundaries (i.e. city limits or special district service boundary) it is referred to as an “out of agency contract for services” or Outside User Agreement. Government Code §56133 states service extensions outside jurisdictional boundaries require LAFCO approval.

The City of San Luis Obispo has a number of agreements to provide water and sewer services outside of its City limits. Recently LAFCO approved such as agreement for Fiero Lane Mutual Water Company to be served by the City as an interim service with a future application to be annexed. The Higuera Street Apartments are another example where an Outside User Agreement tool could be used to provide water services to a failing private system next to the City’s existing infrastructure.

LAFCO may authorize service extensions outside jurisdictional boundaries:

- Within agency’s SOI, in anticipation of annexation
- Outside agency’s SOI, in order to address an existing or impending public health and safety threat.

Senate Bill 88 Water Measurement, Reporting and Consolidation Regulation:

The extended drought has highlighted the need for current, accurate information on how much water is required to serve right holders in the various watersheds throughout the State. Even during years with more normal precipitation, rainfall and snow accumulation patterns vary widely across the State. Water supply may be adequate in one region while a critical water shortage can occur in another region.

Accurate data on water diversion and use is needed on a timely basis in order to evaluate water supply conditions in each watershed, how far water supplies can be expected to stretch, and

whether there is water available for diversions. Unfortunately, the historic reporting standard does not meet current needs. The new law regulations are expected to address this problem.

The State Water Board is the agency with primary responsibility for the administration and regulation of water rights in California. The State Water Board allocates surface water through a system of permits, licenses, and registrations. These allow the right holder to divert water for reasonable beneficial use. The State Water Board also maintains records of water use under riparian and pre-1914 claims of right.

Improved measurement and reporting of water rights as required by Senate Bill 88 will allow the State Water Board and all water users to more effectively:

- Increase understanding of water use through more accurate measurement;
- Improve water rights administration and transparency of records;
- Provide more accurate data on available water supplies;
- Improve forecasting of water demand;
- Assure compliance with the quantity and season limitations of existing water rights;
- Protect senior rights in accordance with priorities; and
- Provide efficient management and use of water during times of shortage.

The bill that would grant the state authority to force water systems to consolidate to serve disadvantaged communities where a steady supply of clean drinking water is not available. These disadvantaged communities would be located in an unincorporated area, or served by a mutual water company, to consolidate to deliver safe drinking water to disadvantaged communities. This provision would apply where a water system within a disadvantaged community consistently fails to provide a supply of safe drinking water. In such cases, the Board may order consolidation with a public water system (the “receiving water system”). The consolidation may be physical or operational. The Board could also order the extension of service (Outside User Agreement) to such a community, so long as the extension is an interim extension in preparation for consolidation. The provision grants authority to the Board to set timelines and performance measures to complete such consolidations.

The State Water Board has been in discussion with LAFCO and the City regarding the Higuera Street Apartments located just outside of the City limits but within the Sphere of Influence. If agreement from the property owner and City can be reached the City could provide needed water serves to the apartment complex potentially under this regulation, or in any event by LAFCO approval of an outside user agreement.

REFERENCES

- City of San Luis Obispo Budget FY 2015/16
- City of San Luis Obispo Urban Water Management Plan, 2015
- City of San Luis Obispo Water Resources Status Report, 2014
- City of San Luis Obispo General Plan Update, 2014
- San Luis Obispo Council of Governments Regional Transportation Planning Agency, Regional Transportation Plan, 2014.
- City of San Luis Obispo Capital Improvement Project 2013-2015, 2013
- City of San Luis Obispo Annual Report of General Plan, 2013
- SLO Action Plan for Healthy Communities Report 2010 & 2013
- SLOCOG Regional Housing Needs Allocation, 2013
- San Luis Obispo Police Department Annual Report, 2011
- SLO County Resource Management System Biennial Report, 2011
- SLOCOG AECOM Population & Employment Forecast, 2011
- SLO County Conservation, Open Space Element, 2010
- California Department of Finance E-4 Report, 2010
- California Department of Finance E-4 Report, 2010
- Orcutt Specific Plan, 2010
- City of San Luis Obispo Fee Schedule, 2010
- City of San Luis Obispo Water and Sewer Element, 2010
- Orcutt Specific Plan Final EIR, 2009
- City of San Luis Obispo Staff Report for Water & Wastewater Rate Study, 2009
- City of San Luis Obispo Sewer System Management Plan, 2009
- San Luis Obispo County Tourism Analysis Report, 2008
- San Luis Obispo LAFCO, Sphere of Influence Study, 2006.
- SLO County San Luis Bay Inland Area Plans, revised 2003
- City of San Luis Obispo, Official Website, www.ci.san-luis-obispo.ca.us/.
- County of San Luis Obispo, Official Website, www.slocounty.ca.gov.
- San Luis Obispo Council of Governments, Official Website, www.slocog.org.
- California Attorney General, Official Website, www.ag.ca.gov.

NOTICE OF EXEMPTION

TO: Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: San Luis Obispo LAFCO
1042 Pacific Street
San Luis Obispo, CA 93401

Tommy Gong, County Clerk
County of San Luis Obispo
County Government Center
San Luis Obispo, CA 93401

CONTACT: David Church, AICP, Executive Officer
(805) 781-5795

PROJECT TITLE: CITY OF SAN LUIS OBISPO SPHERE OF INFLUENCE UPDATE AND MUNICIPAL SERVICE REVIEW

Project Location and Description. The City of San Luis Obispo's Sphere of Influence is not recommended to change from the existing adopted Sphere Boundary. The City's existing Sphere of Influence is approximately 5,930+/- acres beyond the City limits. The Sphere of Influence is a 20-year planning boundary that indicates what areas might be annexed and served by the jurisdiction in the future. These areas are recommended to remain in the SOI in part because the City envisions future growth based on its General Plan update in 2015. The City is in various stages of preparing Specific Plans and Environmental Impact Reports for some of the study areas.

Public Agency Approving Project. The Local Agency Formation Commission (LAFCO) of San Luis Obispo County will be conducted a public hearing on this item in October 20, 2016 at 9:00 a.m. in the Board of Supervisors Chambers in San Luis Obispo at the County Government Center.

Environmental Determination. The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by LAFCO and to comply with the California Environmental Quality Act (CEQA). In this case, it has been determined with certainty that there is no possibility that the project may have a significant environmental effect on the environment and therefore it is found to be exempt from CEQA pursuant to section 15061(b)(3) of the State Guidelines. The Local Agency Formation Commission will file this Notice of Exemption upon approval of the Sphere of Influence Update.

Reasons for Exemption. A Sphere of Influence is a plan for probable, physical boundary and service areas of a local agency or jurisdiction. As such, it does not give property inside the Sphere boundary any more development rights than what already exist. The Sphere of Influence Boundary is a long-range planning tool that assists LAFCO in making decisions about a jurisdiction's future boundary. The Sphere indicates areas that might be served by the City. It is unknown if an area will ever be annexed to the City. Also, it is often uncertain what type of precise land use is going to be proposed for a specific area. In the case of San Luis Obispo's Sphere of Influence Update, the boundary will not change nor has the setting changed significantly with regard to the SOI.

The study of impacts associated with the Sphere of Influence is often speculative since it is unclear what type of project might be proposed or if an area will even be annexed in the future. The City or County studies impacts comprehensively when a project-specific environmental review is completed. The City is currently evaluating and preparing an Environmental Impact Report for various study areas.

David Church, AICP, Executive Officer

Date

**MEMORANDUM OF AGREEMENT
BETWEEN THE CITY OF SAN LUIS OBISPO AND
THE COUNTY OF SAN LUIS OBISPO
REGARDING THE CITY'S SPHERE OF INFLUENCE**

This Agreement between the City of San Luis Obispo (hereafter "City") and the County San Luis Obispo County (hereafter "County") is entered into by the City on this 6th day of September, 2016, and by the County on this 20th day of September 2016.

WITNESSETH

WHEREAS, the Cortese/Knox/Hertzberg Act of 2000 ("the Act") requires the Local Agency Formation Commission (LAFCO) to update the Spheres of Influence for all applicable jurisdictions in the County every five years, as needed; and

WHEREAS, a Sphere of Influence is defined by the California Government Code 56076 as a plan for the probable physical boundaries and service area of a local agency; and

WHEREAS, pursuant to Government Code 56425 the Sphere of Influence has been identified by the County of San Luis Obispo and the City of San Luis Obispo as shown in Exhibit A; and

WHEREAS, the Act further requires that a Municipal Service Review be completed prior to or, in conjunction with, the update of a Sphere of Influence in accordance with Section 56430 of the California Government Code as a means of identifying and evaluating public services provided by the City of San Luis Obispo and changes to the City's Sphere of Influence; and

WHEREAS, a Municipal Service Review as stated above has been completed and shall be considered by LAFCO when establishing the City's Sphere of Influence; and

WHEREAS, the City and County have reached agreement regarding the boundaries (Exhibit A), development standards, and zoning requirements (Exhibit B) of the Sphere of Influence to ensure the orderly and logical development of these areas; and

WHEREAS, the City's General Plan provides a clear policy base for growth and development in the Sphere of Influence areas and defines policies and programs that the City

will implement to ensure the preservation of the agricultural land, open space and the rural character of San Luis Obispo; and

WHEREAS, the County's General Plan goals in Framework for Planning and the San Luis Obispo Area Plan call for Community Separators to provide for a community's distinctive identity and preserve the rural character of the areas between and on the fringes of communities and cities; and

WHEREAS, the City and County intend to cooperate regarding growth and development on the urban fringe of the City and in the referral area shown in Exhibit C; and

WHEREAS, LAFCO is required by Government Code 56425 (b) to give great weight to this agreement in making the final determination regarding the City's Sphere of Influence.

NOW, THEREFORE, be it resolved that the parties agree as follows:

1. The Sphere of Influence boundary contained in Exhibit A provides for the orderly and logical growth for the City of San Luis Obispo and represents a potential 20-year growth boundary (2015-2035) based on available information.
2. The development standards and zoning requirements contained in Exhibit B provide a framework for completing updates to the General Plans of both the City and the County for the areas in the Sphere of Influence.
3. The development standards and zoning requirements contained in Exhibit B are intended to provide the City and the County with the basis for developing specific land use policies and standards for the areas in the City of San Luis Obispo Sphere of Influence and do not supersede or limit the planning or environmental review process of either jurisdiction.
4. The City's and County's General Plan policies including those found in Exhibits D and E shall be used to guide the logical and orderly development of these Sphere Areas while preserving agricultural and open space lands.

John Marx
Mayor, City of San Luis Obispo

APPROVED AS TO FORM AND LEGAL EFFECT:

[Signature]
City Attorney

Dated: 9/9/2016

ATTEST:

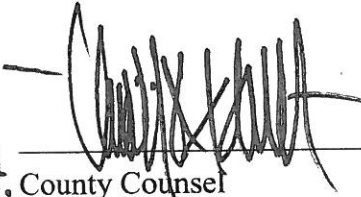
Carrie Gallagher
City Clerk

Dated: 9/12/2016

Sharon Compton

Chairperson, Board of Supervisors
County of San Luis Obispo

APPROVED AS TO FORM AND LEGAL EFFECT:


Asst. County Counsel

Dated: 9.16.2016

ATTEST:

TOMMY GONG

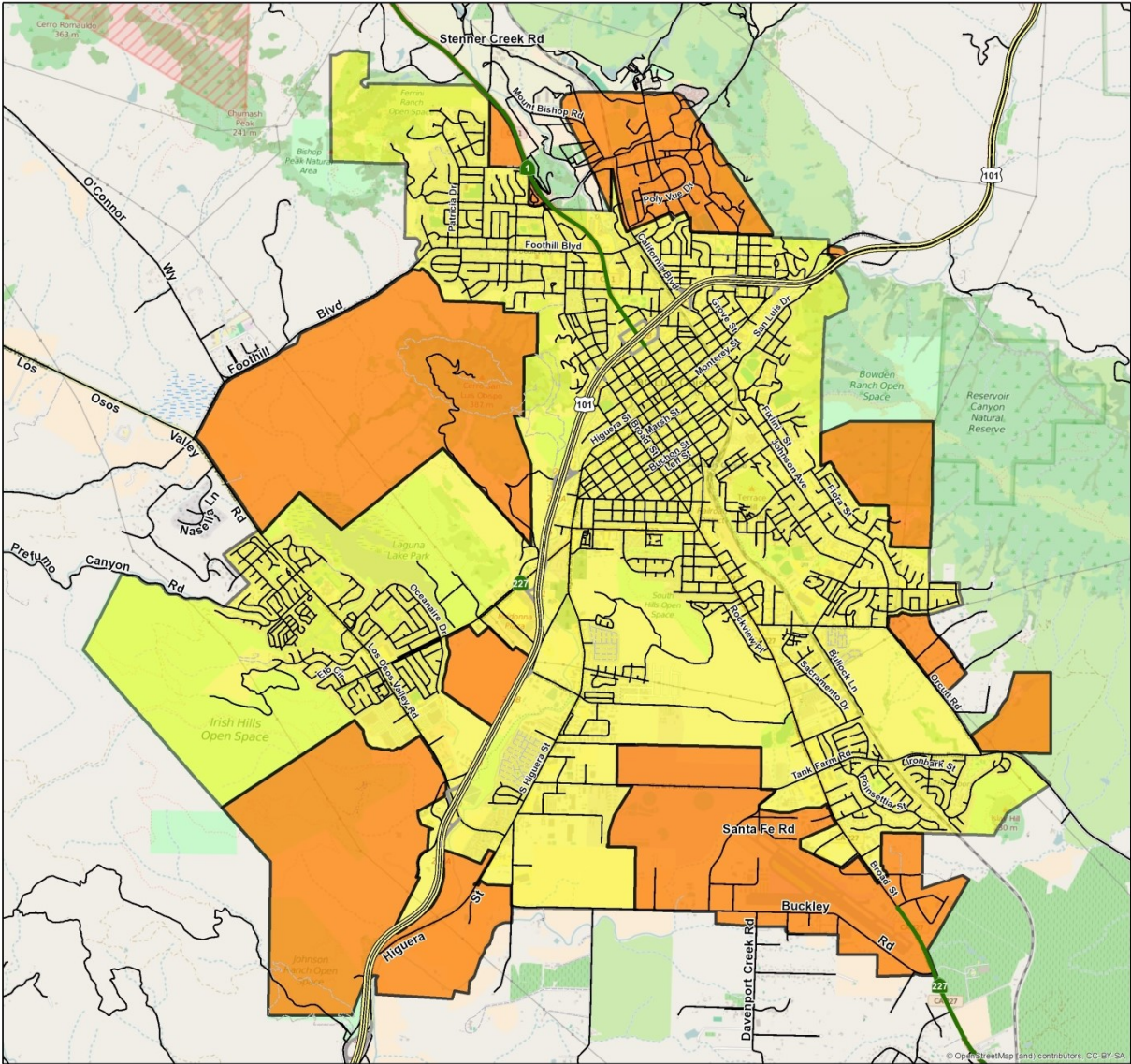
County Clerk

By: Sandra Curren
Deputy Clerk

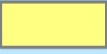

Dated: 9/20/2016

EXHIBIT A
SPHERE OF INFLUENCE BOUNDARY MAP

City of San Luis Obispo
City Limits & Sphere of Influence
April 2016



Legend

	Service Area
	Sphere of Influence



Prepared By SLOLAFCO
 Name: City of San Luis Obispo_SOI Bndy
 Date: 4/18/2016

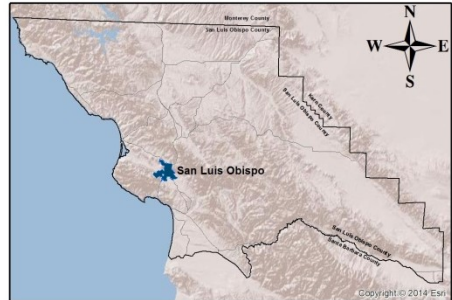


EXHIBIT B

DEVELOPMENT STANDARDS AND ZONING REQUIREMENTS

The following development standards and zoning requirements are agreed to and shall be used by the City of San Luis Obispo and the County of San Luis Obispo to develop specific land use policies and standards within the proposed Sphere of Influence as shown in Exhibit A and to update their General Plans.

1. **Intent.** It is the intent of the County and the City to work cooperatively towards the goal of developing the agreed upon Sphere of Influence (as shown in Exhibit A) in an orderly and logical manner consistent with the Cortese/Knox/Hertzberg Act, the City and County General Plans, the California Environmental Quality Act and any other applicable laws and regulations.
2. **Impact Mitigation.** In evaluating any development, the agency considering approval (City or County) should rely solely on its ability to provide the required services to that development. The City and the County shall not presume any services will be provided by the other agency without documenting that such services will be provided.

Development/mitigation fees needed to offset the impacts from projects approved by either jurisdiction in the Referral Area (Exhibit C) shall be collected and distributed in a fair and equitable manner. These fees shall be paid to the City and/or the County in proportion to the location and degree of project impacts; however the total fees paid shall not exceed the cost to mitigate the specific project impact. Mitigation to offset significant impacts to fire, law enforcement, emergency medical services, water and wastewater treatment services, roads and streets, other public services, and housing, shall be incorporated into the conditions of approval for projects on a case by case basis. Documentation shall be provided that identifies the project's fiscal, infrastructure, housing, and services impacts to both the City and the County and shall be considered as part of the development review process. The documentation shall be used to prepare conditions of approval and to allocate impact fees where allowable and as appropriate.

3. **Regional Circulation.** The City and County shall work together to improve regional circulation such that future growth should provide for an improved circulation system that would promote maximum connectivity between different parts of the City by

planning for and/or constructing new roads, walkways, bike paths, transit facilities, or other means based on Vehicle Miles Travel (VMT) data; cost sharing agreements associated with the future development of City's Capital Improvement Projects (CIPs) that have regional circulation benefits. These regional circulation improvements may include, but are not limited to, improvements to Highway 227, Prado Road overcrossing, widening of Tank Farm Road, the LOVR traffic relief project, etc. Associated fiscal impacts and appropriate mitigation measures for development on the fringe shall be given special attention.

4. **Fire and Law Enforcement Services.** Costs associated with fire and emergency response services shall be given special attention. The County and City Planning Staff shall meet with the City's Police and Fire Chief and the County Sheriff and Fire Department Chief regarding development in the unincorporated areas that would impact the fire and emergency response service levels including those services to open space and trails. The purpose of this meeting is to identify and discuss fiscal and resource impacts of development related to fire and emergency services, service delivery impacts of development on the fringe, and appropriate mitigation measures.

5. **Interagency Cooperation.** The City and the County shall work cooperatively to plan for future land uses and public services and facilities to improve and maintain area circulation connections, and to preserve agricultural land and open space. The County and City will consider the creation and implementation of various assessment and financing mechanisms for the construction and maintenance of public improvements, such as roads, utilities, recreation and trail improvements, parks and open space, and similar improvements that could serve visitors and residents of the City and the County. Discretionary development projects and General Plan Amendments within each agency's jurisdiction shall be referred to the other for review and comment prior to action on a development proposal. The County shall seek the City's comments regarding these projects in the referral area map found in the County's San Luis Obispo Area Plan (Exhibit C). The City shall seek the County's comments regarding projects that affect the unincorporated area found in Exhibit C. Face to face meetings are encouraged for any high-level projects to ensure the goals of each agency are being met. When a discretionary project application is accepted for processing, it shall be referred to the following contact person(s) for early review and comment:

Deputy Director,
Permitting & Policies and Programs
County of San Luis Obispo
Department of Planning and Building
County Government Center
San Luis Obispo, CA 93408

Deputy Director,
Long Range Planning
City of San Luis Obispo
Community Development Department
990 Palm Street
San Luis Obispo, CA 93401-3249

This provision shall not supersede other methods of commenting or providing feedback regarding a proposal or project.

6. **Sphere of Influence.** The County shall, to the extent legally possible, limit development within the City's Sphere of Influence (SOI) to those uses allowed by the County General Plan. The County shall give the great weight to the City's General Plan policies when reviewing development in the City's Sphere of Influence.
 - a. **City Review.** For projects submitted to the County for consideration, as part of the pre-application meetings and as part of processing the application, the County shall request written documentation that indicates the City Council's position regarding annexation into the City. This documentation shall be provided by the City in a timely manner that does not delay the County's processing of the land use application. During this time, the County shall continue to process the land use application as required under the law.
 - b. **Development Review Coordination.** Larger regional projects proposed within the referral area shown in Exhibit C, and subject to an Initial Study under CEQA, shall cause on a case-by-case basis the City and County representatives to request a meeting prior to completion of the Initial Study. The purpose would be to discuss the City's and County's General Plan policies with regard to the project and to identify any key issues that may need special attention during the CEQA process.

7. **Agriculture and Open Space.** The City and the County shall work together to preserve the agricultural and open space resources in the SOI area using the City's Greenbelt and Open Space policies, the County's Agriculture and Open Space Policies including the transfer development credit program or other programs as appropriate. The criteria contained in the County's Agriculture and Open Space Element, listed in Exhibit D, and the pertinent policies in the City's General Plan (Exhibit E), shall be addressed in the preparation of any land use entitlements and

Environmental Impact Reports. Impacts that are not deemed substantial or do not create a significant change to the protection of agricultural and/or open space may not need to be addressed in the EIR.

8. **EnergyWise Plan.** The City and the County shall work together to implement the EnergyWise Plan (EWP) adopted by the County in order to implement the goals established by the Conservation and Open Space Element of the County's General Plan to decrease energy use, increase renewable energy generation, reduce solid waste generation, improve efficient use of water, modernize transportation systems, and improve agricultural practices. The criteria contained in the County's Open Space Element, and the pertinent policies in the City's General Plan (Exhibit E), shall be addressed in the preparation of any land use entitlements and Environmental Impact Reports.
9. **General Plan Amendment.** The City intends to complete environmental review, pre-zoning, pre-annexation, and any necessary pre-general plan amendment activities prior to or concurrent with an annexation proposal being processed by LAFCO. The County intends to complete any necessary amendments to its General Plan in the San Luis Obispo Area Plan to reflect the annexation of territory to the City of San Luis Obispo.
10. **Zoning Requirements/Specific Plan.** Prior to annexation, the City shall complete pre-zoning and environmental review consistent with its General Plan. CEQA review shall include analysis of issues, including but not limited to the following: a reliable and adequate water supply, sewer capacity, public services, cumulative traffic circulation, agricultural buffers, jobs-housing balance, use of transfer development credits, and affordable housing opportunities.

EXHIBIT C
SAN LUIS OBISPO AREA PLAN - PROJECT REFERRAL MAP
Referral Area

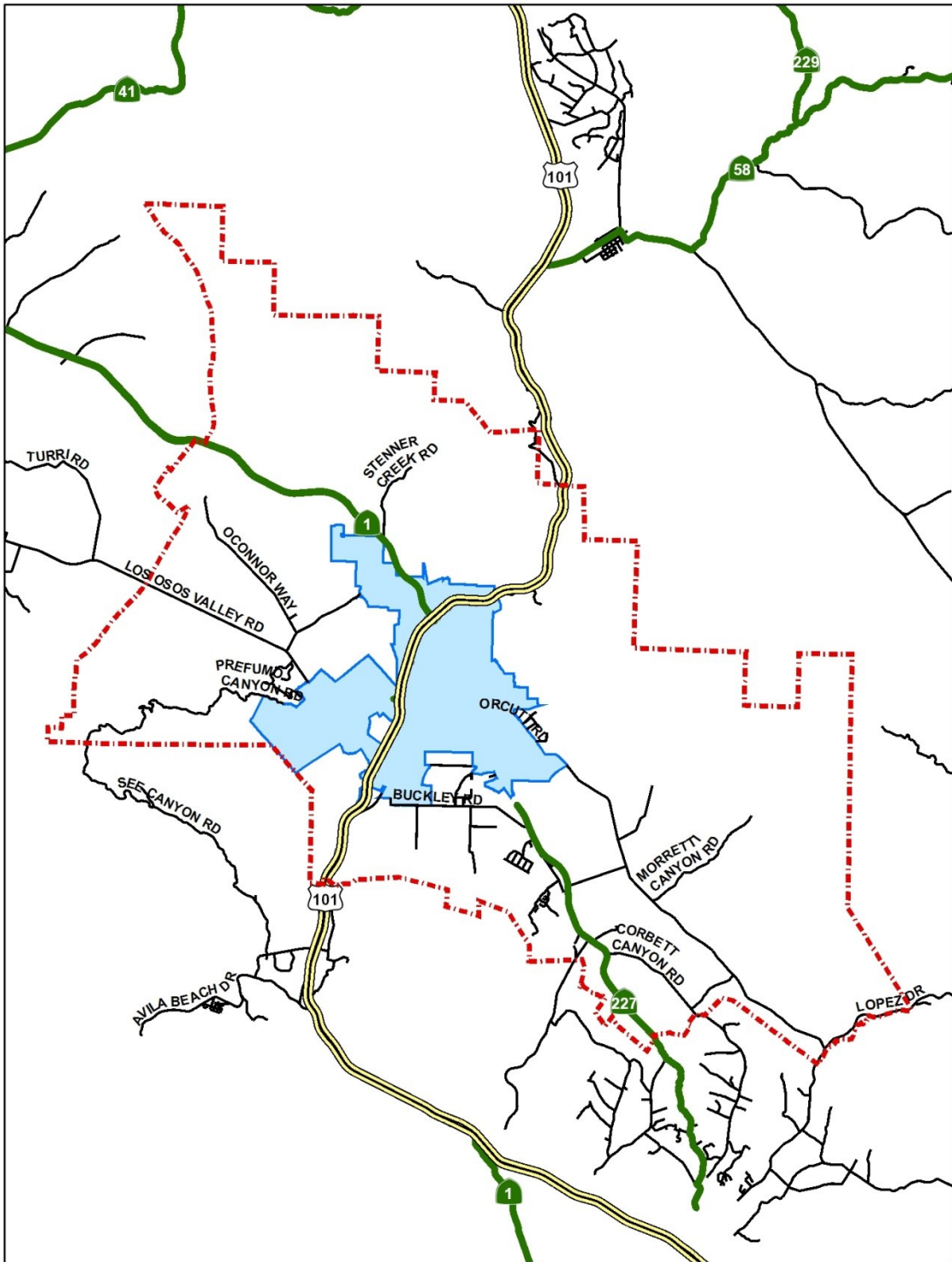


EXHIBIT D
COUNTY'S GROWTH POLICIES: AGRICULTURAL ELEMENT; CONSERVATION OPEN
SPACE ELEMENT; & ENERGY WISE PLAN

Agricultural Element

- Policy #4: Agricultural Use of Small Parcels
- Policy #14: Agricultural Preserve Program
- Policy #15: Transfer of Development Credits (TDC)
- Policy #16: Agricultural Land Conservation Programs
- Policy #17: Agricultural Buffers
- Policy #24: Conversion of Agricultural Land
- Policy #25: Unique or Sensitive Habitat

Conservation and Open Space Element

- Policy #OS1.1: Future Open Space Protection
- Policy #OS1.4: Retention of Public Lands for Open Space
- Policy #OS1.7: Open Space Resource Protection
- Policy #OS2.1: Open Space Management to Protect, Sustain and Restore
- Policy #OS4.1: Define Urban Areas to Prevent Sprawl
- Policy #OS4.2: Maintain Community Separators
- Goal E1: Sustainable Supply of Energy for all County Residents
- Goal E3: Promote Energy Efficiency and Conservation

AGRICULTURAL RESOURCES

AGP4: Agricultural Use of Small Parcels.

- a. **Encourage the establishment of small-scale agriculture uses, specialty crops, and specialized animal facilities on existing small land parcels in the Agriculture land-use category.**

Discussion: The purpose of this policy is to encourage agricultural uses and discourage rural residences as the principal use on existing small agriculturally-zoned parcels. The Land Use Element and Land Use Ordinance already recognize and encourage these uses as appropriate and allowable uses in the Agriculture land use category. This will encourage the best use of agricultural land and will help minimize conflicts with surrounding agricultural uses and agriculturally-zoned parcels.

Implementation: In order to better make people aware of the benefits of locating operations devoted to specialty crops and specialized animal facilities (as defined in the LUE and LUO) in agricultural areas of the county, the Agriculture Department, the Department of Planning and Building, and agricultural organizations and agencies should advise existing and prospective owners of smaller agricultural properties about the benefits of locating these uses on properties designated Agriculture, rather than in residential areas where land is likely to be more expensive and land use conflicts are more likely to occur between the agricultural activities and residential neighbors. This policy is to be implemented through day-to-day public contact with persons who desire to establish small-scale agricultural specialty uses on property they already own or are considering for purchase.

AGP14: Agricultural Preserve Program.

- a. **Encourage eligible property owners to participate in the county's agricultural preserve program.**

Discussion: Through 1995, cropland and grazing lands involved approximately 1,160,400 acres (including acreage in the Conservation and Reserve Program) or 55 percent of the total county area (2,122,240 acres) and accounted for approximately 74 percent of privately-owned lands in the county. The agricultural preserve program continues to be the primary program for long-term protection of agricultural land in the county. A Land Conservation Act (Williamson Act) contract provides tax incentives for land owners to participate in the program in exchange for agreeing to keep their properties in large parcels and in agricultural uses for minimum terms of 10 or 20 years, depending on property location. A contract reduces property taxes to reflect the production value of agricultural land, thereby promoting long-term agricultural use.

The county has a strong agricultural preserve program. Between 1980 and January 1, 1998, approximately 109,200 acres have been added to the contracted lands. However, there has still been pressure to convert agricultural land to non-agricultural use. Since adoption of the Land Use Element/Land Use Ordinance system in 1980, over 3,000 acres of land have been rezoned from the Agriculture category to non-agricultural land use categories in the unincorporated areas of the county.

The pressure for conversion can also be seen in statistics compiled by the California Department of Conservation, the agency that oversees the state's Williamson Act

program. Those statistics show that while the county had approximately 769,200 acres under Williamson Act contract as of January 1, 1998, notices of non-renewal are filed on approximately 8,000 acres of these contracted lands.

The county should continue to support incentives to encourage land owners to participate in the agricultural preserve program. These incentives can include such things as the continued subsidization of application processing fees for new agricultural preserves, as well as timely processing of land use permit applications for agriculturally-related development on lands under agricultural preserve contracts. Detailed policies to maintain and strengthen the agricultural preserve program are described in the county “Rules of Procedure to Implement the California Land Conservation Act of 1965,” as adopted by the Board of Supervisors.

The state legislature has also recognized that additional incentives are needed to expand options for landowners who wish to gain longer term farmland protection than otherwise available through a conventional Williamson Act contract. Amendments to the Land Conservation Act in 1998, added a new option called a “farmland security zone.” Under this amendment to the Act, land owners may voluntarily rescind an existing contract in order to simultaneously enter into a new contract designating the property as a farmland security zone. The term of the contract shall be not less than 20 years, with an automatic annual one year extension of the initial term unless a notice of nonrenewal is filed by the owner.

Lands covered by a contract in a farmland security zone will receive additional protection through tax valuation provisions in the Revenue and Taxation Code, application at a reduced rate of any special tax approved by the voters for urban-related services, limitations on the annexation of lands under such a designation and contract to a city or special district, and a prohibition against a school district declaring local zoning regulations inapplicable to lands to be used or acquired by the district. The county should amend its Rules of Procedure to incorporate this legislation, inform holders of existing Williamson Act contracts of this new option and assist any interested owners in applying it to their land.

In another tax-related matter, family farmers should be made aware of the opportunity to measurably reduce federal death taxes by electing to use Internal Revenue Service Section 2032A (Special Use Valuation). A summary of qualifications for that section is included in the county Rules of Procedure referenced above

Implementation:

1. As an incentive for land owners to participate in the agricultural preserve program, the county should continue to provide a subsidy to the application filing fees for processing applications to establish agricultural preserves. In addition, the Department of Planning and Building shall provide timely processing of land use permit applications for agriculturally related development on land subject to Williamson Act contract. Timeframe: Ongoing.
2. The County Agricultural Preserve Review Committee should consider, and recommend to the Board of Supervisors, proposed amendments to the county Rules of Procedure to incorporate recent changes to the Land Conservation Act (Williamson Act) that provide for the creation of “farm security zones,” and

recommended procedures by which a landowner may voluntarily enter into a new contract designating the property in such a zone.

Timeframe: 12 months from plan adoption.

AGP 15: Transfer of Development Credits (TDC).

- a. Continue to utilize a voluntary TDC program to help protect agricultural resources by guiding development to more suitable areas.**

Discussion: The adopted TDC program is applicable in the inland areas of the county, not in the coastal zone. As noted in Framework for Planning of the LUE, a TDC program is a planning tool that "...allows the right to develop (called credits) to be separated from one site (the sending site) and moved to another (the receiving site). The transfer of the credits reduces the development possible on the sending site and increases the development possible on the receiving site." The program is "...voluntary, incentive-based, and market-driven between willing sellers and willing buyers. Land owners are not obligated to use this technique to request an amendment to the general plan or to subdivide property in conformance with existing regulations."

Framework for Planning contains an important statement about the objectives of the TDC program, as follows:

"The primary purpose of the TDC program is to promote appropriate settlement patterns while maintaining an overall level of development within the service capacities of transportation and other public service systems. As a countywide program it endeavors to: protect both land with agricultural capability and the business of agriculture itself; reduce development potential within land divisions or other areas that do not have adequate services for residents; protect important or extraordinary natural areas, habitats or cultural resources; reduce development potential in areas that may have the potential for landslides, fires, or other hazards; and reduce air quality impacts associated with locating residential development distant from jobs, schools, shopping and recreation."

The TDC program can be an effective way to direct growth and development away from agricultural areas, thereby reducing potential conflicts with agricultural activities. This voluntary program can also help the owner of agricultural lands achieve the value of the potential development without having to sell the property or otherwise develop it. Use of the TDC program may also offer potential tax benefits to the property owners, but that will depend on the circumstances of each ownership.

The TDC ordinance is adopted in the Land Use Ordinance which sets out the procedures and standards for its use. The county should continue to encourage landowners to consider using the TDC ordinance as another available tool to meeting their needs. Amendments should also be proposed to the Local Coastal Plan that would allow the use of TDC's in the coastal zone.

Implementation:

1. Ongoing through the voluntary action of land owners.
2. Prepare proposed amendments to the LCP that would add the voluntary TDC program as an available land use tool in the coastal zone.

Timeframe: 18 months from plan adoption.

AGP16: Agricultural Land Conservation Programs.

- a. **Encourage and support efforts by non-profit and other conservation organizations to protect agricultural lands and maintain agricultural production.**
- b. **Consider establishing a limited county program to acquire conservation easements or development rights from willing land owners. Such programs should encourage maximum flexibility for agricultural operations.**

Discussion: There are a number of organizations active in farmland protection programs. Private non-profit conservation organizations include the San Luis Obispo Land Conservancy, The Nature Conservancy, and the American Farmland Trust.

The San Luis Obispo Land Conservancy provides assistance to land owners interested in protecting agricultural, aesthetic and ecological values on their land. They offer counseling and assistance in establishing conservation easements, transfer of development credits, estate donation, and other conservation programs.

The American Farmland Trust (AFT) is a national organization dedicated to the conservation of productive farmland. AFT increases public awareness of agricultural issues, provides technical assistance to government agencies and private organizations, and engages in individual farmland conservation real estate transactions.

The Coastal Conservancy is a state agency also actively engaged in farmland preservation programs in California coastal counties. The Coastal Conservancy has been active in San Luis Obispo County, working on projects with incorporated cities, as well as in the unincorporated areas of the county.

In 1998, the county was successful in securing a grant from the Agricultural Land Stewardship Program (see discussion in chapter 1) to assist in the investigation of the potential impacts of antiquated subdivisions on areas of intensifying agriculture. The grant funding will enable the compilation of a database of the antiquated subdivisions in areas of the county where agricultural intensification is occurring, especially vineyards, so as to assess the potential impact to agriculture if the underlying lots are developed with non-agricultural uses. When completed, that evaluation should help provide further direction to the goals and policies of this general plan element, as well as to the Land Use Element. The county should continue to actively pursue participation in this grant program as future funds become available to address agricultural issues.

The following acquisition strategies are examples of some of the measures that could be carried out by conservation organizations or by the county. In all cases they should be accomplished between willing buyers and sellers. **In those limited instances where the County may be an active participant, the primary focus of these strategies should be on purchase of easements and development rights, rather than the outright purchase of agricultural lands.** While any of the potential programs could have costs and operational concerns, there may be some limited application in appropriate circumstances, although public purchase may be the most problematic due to limited public funds.

The following strategies are not an all-inclusive list and other creative methods will need to be developed and implemented over time.

Purchase of Development Rights and Conservation Easements. The purchase of development rights (PDR) from a willing seller retires development potential through deed restrictions, leaving land owners all other rights of ownership except the right to sell homesites or to establish other types of development, for which the rights have voluntarily been extinguished. Land owners may receive income and estate tax benefits, in addition to protecting local agricultural areas from conversion to other uses. However, there could also be tax penalties due to capital gains tax.

Land owners can also choose to enter into conservation easements to protect agricultural land. A "Bargain Sale Conservation Easement" allows the land owner to receive cash income, but provides a way to offset increased capital gains tax.

Purchase and Resale or Lease with Restrictions. This strategy involves purchasing land and placing restrictions on its use and development. The land is then resold at a reduced market price that reflects the land use restrictions. The end result is equivalent to purchase of development rights. This concept may be more appropriate for entities other than the County to enter into.

Fee Simple Purchase and Lease-Back. This strategy protects farmland through outright purchase. Both real property and estate tax problems can be solved for farmers who sell their land to a public agency or conservation organization. Fee simple purchase can be very costly. This strategy should be considered the lowest priority by the County and may be most appropriate for other conservation organizations to pursue.

Long-term Conservation Lease. Where agricultural lands also contain open space resources that are worthy of protection, such as riparian habitat, scenic qualities, etc., but the land owner is not interested in selling the property or the development rights, an alternate approach may be to enter into long-term conservation leases. Similar to the provisions of a Williamson Act contract, such a lease could offer protection of the resources for an extended period of time, while also offering the property owner a revenue stream that will enable maintenance of the agricultural activities. The lease could be held by a conservation organization, with the term of the lease automatically renewed annually for another year similar to a Williamson Act contract. This, and other creative methods of resource conservation, should be explored more fully.

Implementation:

1. The Department of Planning and Building, in cooperation with the county Agriculture Department and U.C. Cooperative Extension, should assist agricultural and conservation organizations in developing and implementing programs to conserve agricultural land. The agencies should prepare a public information brochure for distribution to the agricultural community making them aware of the advantages of participating in such programs.

Timeframe: 12 months from plan adoption.

2. In cooperation and coordination with conservation organizations and other jurisdictions, the county should explore the possibility of establishing a program to protect agricultural lands by purchasing development rights and conservation easements from willing sellers, by offering long-term conservation easements, or through other innovative programs.

Timeframe: To be determined by Board of Supervisors after plan adoption.

3. The County should actively pursue grant funds under provisions of the Agricultural Land Stewardship Program Act of 1995, to assist with the implementation measures contained in this Agriculture Element. Timeframe: Ongoing after plan adoption.

AGP17: Agricultural Buffers. a. Protect land designated Agriculture and other lands in production agriculture by using natural or man-made buffers where adjacent to non-agricultural land uses in accordance with the agricultural buffer policies adopted by the Board of Supervisor (see Appendix C).

Discussion: New residential and other non-agricultural uses that are proposed adjacent to agricultural land or uses may result in land use conflicts. Residential and other non-agricultural uses can be adversely affected by odors, noise, dust and pesticide use. Farmers and ranchers are affected by resident complaints and lawsuits, pilferage of vegetables and fruits, increased incidence of trespass, theft and vandalism, disturbance of livestock by dogs and people, introduction of plant and animal pests and diseases harmful to agricultural uses, increased potential for fire on dry farm and grazing lands, and competition for available water resources.

The LUO contains a number of location and setback standards to separate existing residential areas and uses from potentially incompatible agricultural uses such as feedlots, poultry ranches, or hog farms. In addition, the Board of Supervisors has adopted policies for establishing buffers between agricultural areas and non-agricultural development in order to minimize possible land use conflicts. A further modification to those policies should be considered that would include a provision for public disclosure that a buffer has been applied to a property as part of the county's approval of a discretionary land use permit. The disclosure would provide notice to prospective buyers and sellers that such a restriction applies.

Implementation:

1. The County Department of Agriculture shall review applications for land divisions, lot line adjustments, land use permits and proposed general plan amendments for consistency with the agricultural buffer policies adopted by the Board of Supervisors (see Appendix C).

Timeframe: Ongoing.

2. The Department of Planning and Building, the County Department of Agriculture, and agricultural industry groups should develop proposed amendments to the Agricultural Buffer Policy establishing a disclosure process (similar to that found in the Right-to-Farm Ordinance, Title 5 of the County Code) that would inform potential buyers and sellers of properties that, as part of the county's approval of a discretionary land use permit, an agricultural buffer has been applied to a property.

Timeframe: 24 months from plan adoption.

AGP24: Conversion of Agricultural Land.

- a. **Discourage the conversion of agricultural lands to non-agricultural uses through the following actions:**
 1. **Work in cooperation with the incorporated cities, service districts, school districts, the County Department of Agriculture, the Agricultural Advisory**

Liaison Board, Farm Bureau, and affected community advisory groups to establish urban service and urban reserve lines and village reserve lines that will protect agricultural land and will stabilize agriculture at the urban fringe.

- 2. Establish clear criteria in this plan and the Land Use Element for changing the designation of land from Agriculture to non-agricultural designations.**
- 3. Avoid land redesignation (rezoning) that would create new rural residential development outside the urban and village reserve lines.**
- 4. Avoid locating new public facilities outside urban and village reserve lines unless they serve a rural function or there is no feasible alternative location within the urban and village reserve lines.**

Discussion: The purpose of this policy is twofold: to protect agricultural land at the urban fringe by limiting the expansion of urban development; and to discourage urban/suburban sprawl by preventing "leapfrog" development into the agricultural areas of the county.

Agricultural land is often converted to other uses for a variety of reasons, including: urban growth pressures, rising land values and speculation, competition between urban and agricultural uses, the desirability of large-lot rural homesites, subdivision of agricultural properties into parcels too small to sustain agricultural uses, piecemeal LUE amendments to non-agricultural land use categories, and a lack of policies that clearly define under what circumstances agricultural lands should be converted to other uses and land use designations in the general plan. This conversion of agricultural land has the potential to seriously erode the long-term protection of agricultural resources.

Even with the strong Williamson Act program in the county, there has been pressure to convert agricultural lands to other non-agricultural uses. Since adoption of the LUE in 1980, over 3,000 acres of land have been rezoned from the Agriculture category to non-agricultural land use categories in the unincorporated areas of the county.

Statistics from the state Department of Conservation's farmland mapping program show that in the period between 1984 and 1995 (the last year for which statistics are available), there was an overall decrease in agricultural land of about 14,800 acres. There was a net increase of Prime Farmland due to intensification (primarily irrigated vineyards); however, the net acreage of Farmland of Statewide Importance also declined by 783 acres.

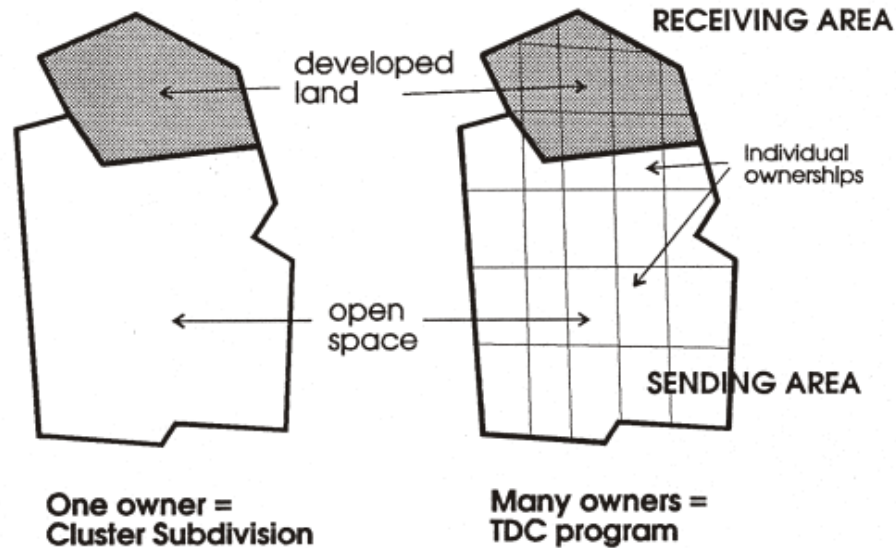
The LUE contains a number of general goals that focus on the environment, distribution of land uses, phasing of urban development, and the provision of public services and facilities. Consistent with those goals, specific criteria should be developed for when it may be appropriate to convert agricultural lands to other uses. The criteria should include, but not necessarily be limited to, the following:

- ** Do not expand existing urban or village areas until such areas are largely built-out, or until such time as additional land is needed to accommodate necessary uses or services that cannot otherwise be accommodated within the existing urban or village area.**
- ** Urban or village expansion should occur only where contiguous to an existing urban/village reserve line, as shown in the concept diagram in Figure 2-5, or where an**

entirely new urban or village area is needed in order to direct development away from surrounding agricultural or open space resources.

- ** Where urban expansion is to occur, it shall be annexed to an incorporated city or an existing community services district/county service area. The annexation shall occur only where the clustered development from rural property is to be located adjacent to the urban area, or when higher density development is to occur and where such development is consistent with resource and service capabilities and orderly extension of urban services.
- ** Where agricultural land is proposed for conversion to urban/suburban uses, give consideration to the protection of agricultural lands in the following priority order: row crop terrain and soils, specialty crops and forage lands, dry farm lands, and rangelands for grazing.
- ** Approve land for conversion from Agriculture to non-agriculture designations based upon a detailed site specific evaluation and consistency with the following findings:
 - a. the land does not meet the criteria for inclusion in the Agriculture designation in this plan or the Land Use Element; and
 - b. agricultural production is not feasible due to some physical constraint (such as soil infertility, lack of water resource, disease), or surrounding incompatible land uses; and
 - c. adjacent lands are already substantially developed with uses that are incompatible with agricultural uses; and
 - d. the conversion to non-agricultural uses shall not adversely affect existing or potential agricultural production on surrounding lands that will remain designated Agriculture; and
 - e. there is an over-riding public need for the conversion of the land that outweighs the need to protect the land for long-term agricultural use, such as the orderly expansion of an incorporated city or community.
- ** Approval of land conversions from agriculture to non-agricultural land uses will include a finding that the conversion will not materially reduce groundwater recharge.

FIGURE 2-5



Implementation:

1. In cooperation with the incorporated cities and service districts, consider the criteria described in the above discussion to develop policies and implementation measures that will provide for the protection of agricultural lands as well as appropriate urban expansion.
2. Based on the results from item #1 above, consider proposed amendments to Framework for Planning of the LUE that incorporates those policies and implementation measures into the guidelines for general plan amendments and revise the purpose and character statements for the Agriculture category so they are consistent with those criteria.

Timeframe: 24 months from plan adoption.

3. The Local Agency Formation Commission (LAFCO), in cooperation with the incorporated cities and service districts, should develop and adopt standards, criteria and procedures consistent with this plan and the LUE to be used in making decisions on proposed annexations and expansions of cities and service districts that may affect agricultural lands.

Timeframe: LAFCO adoption 18 months from adoption by the county of the criteria specified in item #1 above.

4. Refer proposed general plan amendment requests and proposed annexations and expansions of service districts to the County Department of Agriculture and affected community advisory groups whenever the proposal involves potential conversion of agricultural lands.

Timeframe: Ongoing.

AGP25: Unique or Sensitive Habitat.

- a. Encourage private landowners to protect and preserve unique or sensitive habitat.
- b. For new development requiring a discretionary permit and for proposed land divisions, protect unique or sensitive habitat affected by the proposal through the following measures:
 - 1. Site the proposed development so as to avoid significant impacts on the habitat or significant impacts on the agricultural operations. Provide for adjustments in project design where alternatives are infeasible, more environmentally damaging, or have a significant negative impact on agriculture.
 - 2. When significant impacts are identified, the landowner shall implement county-approved mitigation measures consistent with the existing requirements of CEQA.

Discussion: Consistent with the existing requirements of CEQA, the environmental review of discretionary permits on lands containing both agricultural and open space resources should make every effort to balance the mitigation of potential impacts on the open space resources with the needs of the agricultural operation so that both resources are equally protected. Early consultation with applicants can help define how the potential mitigation measures might affect the agricultural operation. In those instances where significant impacts on the open space resources are identified, county approved mitigation measures shall be implemented consistent with the existing requirements of CEQA.

Implementation/Timeline: On-going through CEQA review of discretionary projects.

OPEN SPACE RESOURCES

Policy OS 1.1 Future Open Space Protection

Continue to identify and protect open space resources with the following characteristics:

- Recreation areas
- Ecosystems and environmentally sensitive resources such as natural area preserves, streams and riparian vegetation, unique, sensitive habitat, natural communities; significant marine resources
- Archaeological, cultural, and historical resources
- Scenic areas
- Hazard areas
- Rural character

Implementation Strategy OS 1.1.1 Use of up-to-date science

Incorporate up-to-date scientific information and techniques into programs to identify, protect, and manage open space resources.

Policy OS 1.4 Retention of public lands for open space

Retain land in public ownership that has potential for recreation, wildlife habitat and management, conservation of ecosystems, water conservation, or scenic, historic, or other important open space purposes.

Implementation Strategy OS 1.4.1 Retention of public lands

Do not remove land from the public domain without careful study to determine its value to any government agency or the public.

Implementation Strategy OS 1.4.2 Acquisition and disposal of other public lands

Review and comment on new plans and policies such as those involving acquisitions and disposal of land proposed by federal, state, and local agencies and private conservation organizations. Refer major or controversial proposals to the Board of Supervisors.

Implementation Strategy OS 1.4.3 Disposal of public lands

Work with local, state, and federal agencies and conservation organizations to identify lands that are suitable for disposal and exchange. An inventory of these lands should be prepared for review by the Board of Supervisors to determine the appropriate course of action. The County should consider placing permanent agricultural or conservation easements on public lands prior to sale or transfer to public or private ownership.

Implementation Strategy OS 1.4.4 Land Use Element amendments for rural lands

Prepare proposed amendments to the purpose and character statements for the Open Space land use category in Framework for Planning of the Land Use Element to include all rural lands designated Multi-Use Public Lands that are not used or planned for active recreation or other intensive public uses.

Implementation Strategy OS 1.4.5 Land Use Element amendments for open space

Prepare proposed amendments to the Land Use Element to change the land use category to Open Space where major land holdings are owned by conservation organizations for protecting open space resources.

Policy OS 1.7 Open space resource protection

Protect open space resources by guiding development away from rural areas to more suitable areas.

Implementation Strategy OS 1.7.1 TDC program

Consider programs to better protect open space resources by guiding development away from rural areas to more suitable areas (e.g. land banking or TDC).

Policy OS 2.1 Open space management to protect, sustain and restore

Manage open space resources on public lands to protect, sustain, and, where necessary, restore the resources. Encourage such management strategies on private lands.

Policy OS 4.1 Define urban areas to prevent sprawl

Prevent urban sprawl by maintaining a well-defined boundary between urban/village boundaries and surrounding rural areas.

Policy OS 4.2 Maintain community separators

Maintain permanent separations between communities in order to retain the rural character of the county. (Also refer to the Community Separators section of Visual Resources Chapter.)

Implementation Strategy OS 4.2.1 Land Use Element Amendments:

RL designations Prepare proposed amendments to the purpose and character statement for the Rural Lands land use category in the Framework for Planning of the Land Use Element to state that the Rural Lands category is also applied near urban and village areas in order to maintain a clear distinction between urban/village and rural areas and to provide maximum flexibility and options in planning for future orderly growth in urban areas. Prepare public review draft amendments by the end of 2010.

ENERGY RESOURCES

Goal E1: The County will have an environmentally sustainable supply of energy for all county residents.

Goal E3: Energy efficiency and conservation will be promoted in both new and existing development.

EXHIBIT E
CITY'S GROWTH MANAGEMENT POLICIES: LAND USE ELEMENT

Land Use Element Growth Management Policies and Programs

- Policy 1.1. Overall Intent
- Policy 1.2. Urban Separation
- Policy 1.3. Build-out Capacity
- Policy 1.4. Urban Edges Character
- Policy 1.5. Jobs/Housing Relationship
- Policy 1.6. Regional Planning
- Policy 1.7. City Size and Expansion
- Policy 1.8. Greenbelt
- Policy 1.9. Prime Agricultural Land
- Policy 1.10. Residential Clustering for Open Space Protection
- Policy 1.11. Growth Rates & Phasing
- Policy 1.12. Educational and Government Facilities
- Policy 1.13. Annexation and Services
- Program 1.14. Countywide Planning

GROWTH MANAGEMENT



As part of the General Plan Update, integrating the concept of sustainability was an important aspect of the State grant. In reviewing the General Plan, a number of sustainability practices were already included in the General Plan. For existing and new policies and programs that support sustainability, this icon is shown at the end of the policy / programs title. See Policy 1.1.1, below, as an example.

POLICIES

1.1. Overall Intent

1.1.1. Growth Management Objectives

The City shall manage its growth so that:

- A. The natural environment and air quality will be protected.
- B. The relatively high level of services enjoyed by City residents is maintained or enhanced.
- C. The demand for municipal services does not outpace their availability.
- D. New residents can be assimilated without disrupting the community's social fabric, safety, or established neighborhoods.
- E. Residents' opportunities for direct participation in City government and their sense of community can continue.

1.1.2. Development Capacity and Services

The City shall not designate more land for urban uses than its resources can be expected to support.

1.2. Urban Separation

Broad, undeveloped open spaces should separate the City from nearby urban areas. This element establishes a final edge for urban development.

1.3. Build-out Capacity

There should not be major expansion of the urban reserve line because the urban reserve provides adequate capacity for new housing and employment up to the City's desired maximum. This element seeks to establish an ultimate population capacity.

1.4. Urban Edges Character

The City shall maintain a clear boundary between San Luis Obispo's urban development and surrounding open land. Development just inside the boundary shall provide measures to avoid a stark-appearing edge between buildings in the city and adjacent open land. Such measures may include: using new or existing groves or windrows of trees, or hills or other landforms, to set the edge of development; increasing the required side-yard and rear-yard setbacks; and providing open space or agricultural transition buffers.

1.5. Jobs/Housing Relationship

The gap between housing demand (due to more jobs and college enrollment) and supply should not increase.

1.6. Regional Planning

The City shall encourage regional planning and growth management throughout the county, and in cooperation with neighboring counties and the State.

1.7. City Size and Expansion

1.7.1. Urban Reserve

The City shall maintain an urban reserve line containing the area around the city where urban development might occur (Figure 3, Land Use Diagram).

Urban uses within this line should only be developed if consistent with City-approved plans. Non-urban agricultural, open space, and wildlife corridor uses are also encouraged within the urban reserve, as interim or permanent uses shown on City-approved plans.

1.7.2. Expansion Areas


The City shall designate expansion areas adequate for growth consistent with these policies within the urban reserve line (Figure 3, Land Use Diagram).

1.7.3. Interim Uses

Expansion areas should be kept in agriculture, compatible with agricultural support services, or open-space uses until urban development occurs, unless a City-approved specific plan provides for other interim uses.

1.8. Greenbelt

(See also Section 6, Resource Protection)

1.8.1. Open Space Protection 

Within the City's planning area and outside the urban reserve line, undeveloped land should be kept open. Prime agricultural land, productive agricultural land, and potentially productive agricultural land shall be protected for farming. Scenic lands, sensitive wildlife habitat, and undeveloped prime agricultural land shall be permanently protected as open space.

1.8.2. Greenbelt Uses

Appropriate greenbelt uses include: watershed; wildlife habitat; grazing; cultivated crops; parks and outdoor recreation (with minimal land or landscape alteration, building, lighting, paving, or use of vehicles, so rural character is maintained); and home sites surrounded by land of sufficient size and appropriately located with respect to topography and vegetation to maintain the open character.

1.8.3. Commercial Uses in Greenbelt

The City shall not allow commercial development within the greenbelt area unless it is clearly incidental to and supportive of agriculture or other open space uses.

1.8.4. Parcel Sizes and Density

The City shall discourage the County from creating new parcels within the greenbelt, with the exception of those permitted under Policy 1.10. Outside of clusters, allowed parcel sizes within the greenbelt should be no less than 10 acres and preferably 20 acres or larger.

1.8.5. Building Design and Siting

All new buildings and structures should be subordinate to and in harmony with the surrounding landscape. The City should encourage County adoption of regulations prohibiting new structures

on ridge lines or in other visually prominent or environmentally sensitive locations, and allowing transfer of development rights from one parcel to another in order to facilitate this policy.

1.8.6. Wildlife Habitat 

The City shall ensure that continuous wildlife habitat – including corridors free of human disruption - are preserved, and, where necessary, created.

1.8.7. Trees Outside City Limits

The City shall preserve significant trees, particularly native species, outside its limits and in the greenbelt on lands owned or leased by the City or for which the City has an easement. For other areas in the greenbelt, the City will work with the County, Cal Poly, and other public agencies to protect these trees.

1.9. Prime Agricultural Land

1.9.1. Agricultural Protection 

The City shall support preservation of economically viable agricultural operations and land within the urban reserve and city limits. The City should provide for the continuation of farming through steps such as provision of appropriate general plan designations and zoning.

1.9.2. Prime Agricultural Land 


The City may allow development on prime agricultural land if the development contributes to the protection of agricultural land in the urban reserve or greenbelt by one or more of the following methods, or an equally effective method: acting as a receiver site for transfer of development credit from prime agricultural land of equal quantity; securing for the City or for a suitable land conservation organization open space or agricultural easements or fee ownership with deed restrictions; helping to directly fund the acquisition of fee ownership or open space easements by the City or a suitable land conservation organization. Development of small parcels which are essentially surrounded by urbanization need not contribute to agricultural land protection.

1.10. Residential Clustering for Open Space Protection

1.10.1. Parcel Sizes 

In the greenbelt, the City may allow, and the City shall encourage the County to allow, smaller parcel sizes only when:

- A. All new dwellings will be clustered contiguously;
- B. At least 90% of the site area is permanently protected as open space;
- C. Agricultural easements are placed on prime agricultural lands outside the cluster.

1.10.2. Means of Protection 

The City shall require that open space be preserved either by dedication of permanent easements or transfer of fee ownership to the City, the County, or a responsible, nonprofit conservation organization.

1.10.3. Public Access

Areas preserved for open space should include public trail access, controlled to protect the natural resources, to assure reasonable security and privacy of dwellings, and to allow continuing agricultural operations. Public access through production agricultural land will not be considered, unless the owner agrees.

1.10.4. Design Standards

The City shall require cluster development to:

- A. Be screened from public views by land forms or vegetation, but not at the expense of habitat. If the visually screened locations contain sensitive habitats or unique resources as defined in the Conservation and Open Space Element, development should be avoided in those areas and instead designed to cluster in the form of vernacular farm building complexes, to blend into the traditional agricultural working landscape.
- B. Be located on other than prime agricultural land and be situated to allow continued agricultural use;
- C. Prohibit building sites and roads within stream corridors and other wetlands, on ridge lines, rock outcrops, or visually prominent or steep hillsides, or other sensitive habitats or unique resources as defined in the Conservation and Open Space Element.
- D. Preserve historic or archaeological resources.

1.11. Growth Rates & Phasing

1.11.1. Overall Intent

The City shall manage the city’s growth rate to provide for the balanced evolution of the community and the gradual assimilation of new residents. Growth must be consistent with the City's ability to provide resources and services and with State and City requirements for protecting the environment, the economy, and open space.

1.11.2. Residential Growth Rate

The City shall manage the growth of the city's housing supply so that it does not exceed one percent per year, on average, based on thresholds established by Land Use Element Table 3, excluding dwellings affordable to residents with extremely low, very low or low incomes as defined by the Housing Element. This rate of growth may continue so long as the City's basic service capacity is assured. Table 3 shows the approximate number of dwellings and residents which would result from the one percent maximum average annual growth rate over the planning period. Approved specific plan areas may develop in accordance with the phasing schedule adopted by each specific plan provided thresholds established by Table 3 are not exceeded. The City Council shall review the rate of growth on an annual basis in conjunction with the General Plan annual report to ensure consistency with the City’s gradual assimilation policy.

Table 3. One Percent City Population Growth Projection

Year	Approximate Maximum Number of Dwellings*	Anticipated Number of People
2013	20,697	45,541
2015	21,113	46,456
2020	22,190	48,826
2025	23,322	51,317
2030	24,512	53,934
2035	25,762	56,686
Estimated urban reserve capacity:		57,200

* 2013 population based on CA Department of Finance data and projected based on 1% annual growth.

1.11.3. Phasing Residential Expansions

Before a residential expansion area is developed, the City must have adopted a specific plan or a development plan for it. Such plans for residential expansion projects will provide for phased development, consistent with the population growth outlined in Table 3, and taking into account expected infill residential development.

1.11.4. Nonresidential Growth Rate

Each year, the City Council shall evaluate the actual increase in nonresidential floor area over the preceding five years. The Council shall consider establishing limits for the rate of nonresidential development if the increase in nonresidential floor area for any five-year period exceeds five percent. Any limits so established shall not apply to:

- A. Changed operations or employment levels, or relocation or ownership change, of any business existing within the City at the time the limit is set;
- B. Additional nonresidential floor area within the Downtown core (Figure 4);
- C. Public agencies; and
- D. Manufacturing, light industrial, research businesses, or companies providing a significant number of head of household jobs.

1.12. Educational and Governmental Facilities Near the City

1.12.1. Overall Policy

The City shall continue to communicate with nearby government and educational institutions to address proposed changes in numbers of workers, students, or inmates that have the potential to result in significant adverse land use or circulation impacts on the City or may negatively influence the City's ability to manage growth.

1.12.2. Cal Poly

The City shall encourage Cal Poly not to change its 2001 Master Plan enrollment targets in a way that would exceed campus and community resources. The City shall encourage Cal Poly to provide additional on-campus housing, enhanced transit service, and other measures to minimize impacts of campus commuting and enrollment. Cal Poly should actively engage the community during updates or amendments to the Campus Master Plan and fully mitigate impacts to the City, including environmental and quality of life impacts to nearby neighborhoods.

1.12.3. California Men's Colony

The City shall continue to communicate and cooperate with the California Men's Colony (CMC) to identify resource constraints and to avoid adverse impacts of increased inmate population.

1.12.4. Cuesta Community College

The City supports Cuesta College's efforts to offer courses at satellite campuses, on-line courses, and enhanced transit service to avoid housing and commuting impacts of increasing enrollment at Cuesta College.

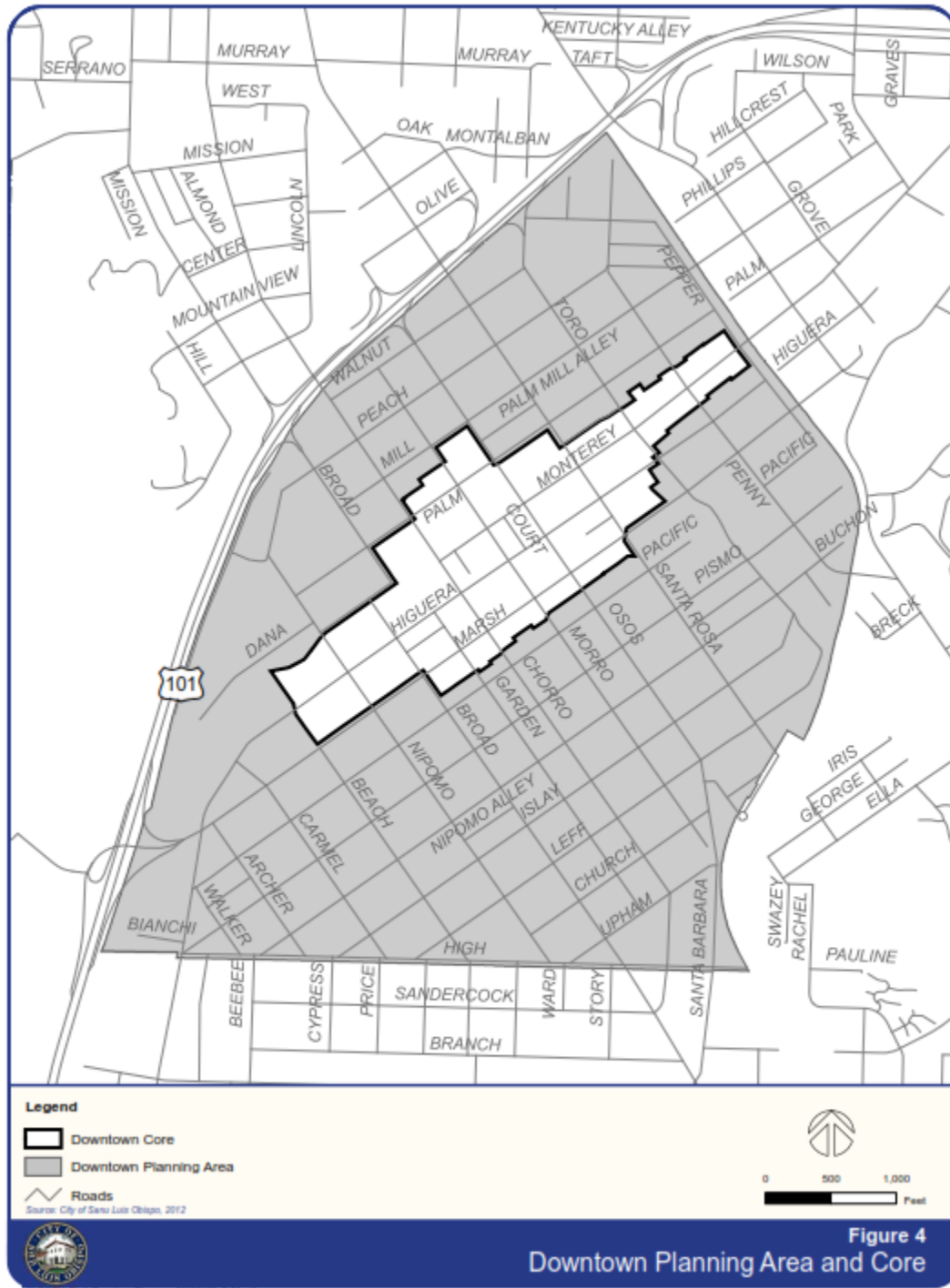
1.13. Annexation and Services

1.13.1. Water and Sewer Service

The City shall not provide nor permit delivery of City potable water or sewer services to the following areas. However, the City will serve those parties having valid previous connections or contracts with the City.

- A. Outside the City limits;
- B. Outside the urban reserve line;
- C. Above elevations reliably served by gravity-flow in the City water system;
- D. Below elevations reliably served by gravity-flow or pumps in the City sewer system.

Figure 4. Downtown Planning Area and Core



1.13.2. Recycled Water

Provision of recycled water outside of City limits may only be considered in compliance with Water and Wastewater Element Policy A 7.3.4 and the following findings:

- A. Non-potable/recycled water is necessary to support continued agricultural operations.
- B. Provision of non-potable/recycled water will not be used to increase development potential of property being served.
- C. Non-potable/recycled water will not be further treated to make it potable.
- D. Prior to provision of non-potable/recycled water, the property to be served will record a conservation, open space, Williamson Act, or other easement instrument to maintain the area being served in agriculture and open space while recycled water is being provided.

1.13.3. Annexation Purpose and Timing

The City may use annexation as a growth management tool, both to enable appropriate urban development and to protect open space. Areas within the urban reserve line which are to be developed with urban uses should be annexed before urban development occurs. The City may annex an area long before such development is to occur, and the City may annex areas which are to remain permanently as open space. An area may be annexed in phases, consistent with the city-approved specific plan or development plan for the area. Phasing of annexation and development will reflect topography, needed capital facilities and funding, open space objectives, and existing and proposed land uses and roads.

1.13.4. Annexation of Cal Poly

The City should analyze the cost/benefits of annexing Cal Poly.

1.13.5. Annexation in Airport Area

Properties in the Airport Area Specific Plan may only be annexed if they meet the following criteria:

- A. The property is contiguous to the existing city limits; and
- B. The property is within the existing urban reserve line; and
- C. The property is located near to existing infrastructure; and
- D. Existing infrastructure capacity is available to serve the proposed development; and
- E. A development plan for the property belonging to the applicant(s) accompanies the application for annexation; and
- F. The applicant(s) agree to contribute to the cost of preparing the specific plan and constructing area-wide infrastructure improvements according to a cost-sharing plan maintained by the City.

1.13.6. Required Plans

The City shall not allow development of any newly annexed private land until the City has adopted a specific or development plan for land uses, open space protection, roads, utilities, the overall pattern of subdivision, and financing of public facilities for the area.

1.13.7. Development and Services

The City shall approve development in newly annexed areas only when adequate City services can be provided for that development, without reducing the level of public services or increasing the cost of services for existing development and for build-out within the City limits.

1.13.8. Open Space

The City shall require that each annexation help secure permanent protection for areas designated Open Space, and for the habitat types and wildlife corridors within the annexation area that are identified in the Conservation and Open Space Element. Properties, which are both along the urban reserve line and on hillsides, shall dedicate land or easements for about four times the area to be developed (developed area includes building lots, roads, parking and other paved areas, and setbacks required by zoning). (See also Policy 6.4 and Policies 6.4.1 – 6.4.7). The following standards shall apply to the indicated areas:

- A. Airport Area Specific Plan properties shall secure protection for any on-site resources as identified in the Conservation and Open Space Element. These properties, to help maintain the greenbelt, shall also secure open space protection for any contiguous, commonly owned land outside the urban reserve. If it is not feasible to directly obtain protection for such land, fees in lieu of dedication shall be paid when the property is developed, to help secure the greenbelt in the area south of the City's southerly urban reserve line.
- B. San Luis Ranch property (outside the city limit and generally bounded by Highway 101 and Madonna Road) shall dedicate land or easements for approximately one-half of the ownership that is to be preserved as open space.
- C. Foothill Annexation: The northern portion of the Foothill property, and the creek area shall be annexed as open space. Development on this site should be clustered or located near Foothill Boulevard, with the northern portion of the site and creek area preserved as open space.

1.13.9. Costs of Growth

The City shall require the costs of public facilities and services needed for new development be borne by the new development, unless the community chooses to help pay the costs for a certain development to obtain community-wide benefits. The City shall consider a range of options for financing measures so that new development pays its fair share of costs of new services and facilities which are required to serve the project and which are reasonably related to the new growth attributable to the development.

1.13.10. Solid Waste Capacity

In addition to other requirements for adequate resources and services prior to development, the City shall require that adequate solid waste disposal capacity exists before granting any discretionary land use approval which would increase solid waste generation.

1.13.11. Plans Summary

The City will shall provide information to SLOCOG so that it can maintain a current summary of the land use plans of all agencies in the county, showing areas designated for urban, rural, and open-space uses, and tabulating the capacities for various kinds of uses.

1.13.12. Regional Growth Management

The City shall advocate a regional growth-management program, which should include:

- A. Population growth no faster than the statewide average growth rate for the preceding year, and no faster than can be sustained by available resources and services, whichever is less.
- B. No significant deterioration in air quality, due to development activities for which local government has approval.
- C. Plans for large residential developments to include a range of housing types to provide opportunities for residents with very low, low, or moderate incomes.

- D. Voter approval for any significant change from Open Space, Agriculture, or Residential Rural designations to another designation.

PROGRAMS

See also Section 12, Implementation

1.14. Countywide Planning

1.14.1. County “RMS”

The City will monitor reports from the County “resource management system” and advocate adherence to that system’s principle of assuring that there will be adequate resources and environmental protection before development is approved.

1.14.2. Regular Coordination Meetings

The City shall advocate and help arrange quarterly coordination meetings among planning directors of local jurisdictions in San Luis Obispo County, SLOCOG, LAFCO, Cal Poly, and APCD to discuss regional issues.

1.14.3. Project Review

The City will continue to participate with the County in reviewing and providing input on County projects and general plan amendments that have the potential to impact the City or be inconsistent with City policies. Significant issues will be referred to the Planning Commission and/or City Council.

1.14.4. Consistent Plans

The City shall seek County Board of Supervisors approval amending the County Land Use Element to make it consistent with this element within San Luis Obispo's planning area. The City will work with the County during updates of the County's plan for the San Luis Obispo planning area.

1.14.5. City-County Agreement

The City shall maintain a memorandum of understanding with the County, pledging that neither agency will approve a substantial amendment to its plan for San Luis Obispo's planning area without carefully considering the comment and recommendation of the other agency. The key feature of the memorandum would be the City's acceptance of the planned amount of growth and the County's agreement to not allow urban development within the planning area but outside the City.

1.14.6. Refined Planning Area Map

The City shall prepare and maintain a Planning Area Map in the General Plan. The City will seek to establish and maintain County concurrence for the map, which applies to the City’s Planning Area outside the urban reserve, including the City’s sphere of influence. The map will show:

- A. Areas to be kept in permanent open space, including scenic lands, sensitive wildlife habitat, and undeveloped prime agricultural land.
- B. Existing uses other than open space, relatively far from the City's urban reserve line, which may be maintained but which should not be expanded or made more intense, including institutional uses such as California Men's Colony, Camp San Luis Obispo, and Cuesta College, and scattered residential and commercial developments.
- C. Existing uses other than open space which may be considered for inclusion within the urban reserve line during the ten-year updates of this element, such as nearby groups of rural homesites.

- D. Any existing uses other than open space which should be changed, relocated, or removed to allow restoration of the natural landscape or agricultural uses.

1.14.7. Maintain Development Fee Program

The City shall maintain a development fee program that covers the costs associated with serving projects with City services and facilities. This maintenance will include periodic review of the fees collected to ensure they are adequate to cover City costs.

Appendix C LAFCO Actions City of San Luis Obispo 1963 - Present

LAFCO Actions, City of San Luis Obispo 1963-2016

Date	Action	LAFCO File No	Proposal	Acres
10/12/10	Annexation	3-R-10	Anx #78 to SLO (Farmhouse Lane) Apv 4/16/15	0.74
11/03/10	Annexation	4-R-10	Anx #79 to SLO (Orcutt Area) Apv 04/21/11	230.85
06/13/05	Annexation	7-R-05	Anx #74 to SLO (Madonna/Gap) apv 01/21/10	31
05/02/07	Annexation	2-R-07	Anx #77 to SLO (Airport/Margarita Areas) - approved	620
12/08/05	SOI/MSR	1-S-05	SOI Update/MSR for the City of San Luis Obispo	N/A
07/27/04	Annexation	7-R-04	Anx #71 - McBride Approved	26
07/01/04	Annexation	6-R-04	Anx #70 - Bishop Knoll Estates-void	9.77
03/05/04	Annexation	2-R-04	Anx #69 - Dalidio - 2004 - void	131
07/17/02	Annexation	3-R-02	Anx #68 - Irish Hills Open Space-Approved	197.09
08/20/01	Annexation	8-R-01	Anx #67 - Cannon Corporate Center-Approved	7.1
06/06/01	Annexation	7-R-01	Anx #66 - Creekside-Approved	6
02/23/01	Annexation	2-R-01	Anx #65 - Volny-Approved	15
11/16/00	Annexation	14-R-00	Anx #64 - Aero Vista-Approved	10.07
06/14/00	Annexation	7-R-00	Anx #63 - Acacia Creek	33
07/18/00	Annexation	8-R-00	Anx #62 - Froom Ranch/DeVaul Ranch South	68
03/17/00	Annexation	6-R-00	Anx #61 - PacBell	4.3
03/17/00	Annexation	5-R-00	Anx #60 - Farm Supply	4.7
02/15/00	Annexation	3-R-00	Anx #59 - A&R Welding	
01/18/00	Annexation	1-R-00	Anx #58 - Area A Bishop & Area B Maino	137
12/20/99	Annexation	9-R-99	Anx #57 - NW Santa Margarita Area	143
04/19/99	Annexation	4-R-99	Anx #56 - Airport Business Park-terminated	10.07
03/22/99	Annexation	1-R-99	Anx #55 - Gateway Center-terminated	
08/12/98	Annexation	7-R-98	Anx #54 - DeVaul	222
07/20/98	Annexation	6-R-98	Anx #53 - Fuller Road	9
07/20/98	Annexation	5-R-98	Anx #52 - Aero Drive	9
05/06/98	Annexation	3-R-98	Anx #51 - Bolduan	0.19
05/09/97	Annexation	6-R-97	Anx #50 - PG&E	13.1
05/06/97	Annexation	5-R-97	Anx #49 - Prefumo Creek homes	384
04/04/97	Annexation	4-R-97	Anx #48 -Touchstone-terminated	10
01/22/97	Annexation	2-R-97	Anx #47 - Spice Hunter	14.4
12/18/96	Annexation	9-R-96	Anx #46 - Ernie Ball	13.46
04/04/96	Annexation	4-R-96	Anx #45 - El Capitan	3.85
01/25/96	Annexation	2-R-96	Anx #44 - Portion of Suburban Rd.	1.42
05/30/95	Annexation	5-R-95	Anx #43 - Goldenrod	15.52
04/12/94	Annexation	4-R-94	Anx #43 - Froom Ranch-terminated	57
12/20/93	Annexation	10-R-93	Anx #42 - Airport Area Anx-terminated	1,710
09/27/93	Annexation	6-R-93	Anx #41 - Dalidio-terminated	130.4
05/26/93	Annexation	3-R-93	Anx #40 -TK	22.05
07/27/92	Annexation	7-R-92	Stoneridge II Minor Anx	60.0
07/08/92	Annexation	6-R-92	Broad Street Anx	78.06
10/01/88	Annexation	4-R-88	Anx #39 - Dalidio-terminated	187
None	Annexation	4-R-86	Anx #38 - So Cal Gas Co-terminated	
None	Annexation	15-R-85	Anx #37 - SLO Creek Estates	18.68
08/10/84	Annexation	13-R-84	Anx #36 - Orcutt Road #22-terminated	18.1+
04/12/84	Annexation	4-R-84	Anx #35 - Highland/Santa Rosa-terminated	5.5+
06/26/81	Annexation	7-R-81	Anx to SLO - Public streets	1.67
08/29/79	Annexation	12-R-79	Anx - South Higuera Public Housing	2.14
04/14/78	Annexation	10-R-78	Anx - Foothill	26.7+
02/14/78	Annexation	4-R-78	Anx - Ferrini	51
09/10/76	Annexation	14-R-76	Anx - Richards-withdrawn	5.44+
06/16/75	Annexation	7-R-75	Anx - South Street	17.28+
09/21/73	Annexation	10-R-73	Anx - Madonna - LOVR to SLO	1.3
None	Annexation	1-R-73	Anx - Oxford to SLO - Southwood	Apx 4.5
None	Annexation	16-R-72	Anx - Orcutt Road # 1-Approved - 10/05/72	
09/11/72	Annexation	19-R-72	Anx - Edna Road #3-void	78
09/20/72	Annexation	20-R-72	Anx - Los Osos Road North - Withdrawn	164

Appendix C LAFCO Actions City of San Luis Obispo 1963 - Present

Date	Action	LAFCO File No	Proposal	Acres
None	Annexation	2-R-72	Anx - South Higuera Street #3	90
None	Annexation	5-R-72	Anx - Fuller Road - Withdrawn	
None	Annexation	10-R-72	Anx portion of proposed Tract 460 Approved 09/21/72	.5
None	Annexation	21-R-71	Anx - Danley # 9 - Denied	53.13
None	Annexation	10-R-71	Anx - Revised Highland Drive - Approved 04/01/71	
11/18/70	Annexation	17-R-70	Anx - SLO Airport & Area - Denied	800
02/11/70	Annexation	3-R-70	Anx - Vista Grande	18.3
05/20/70	Annexation	7-R-70	Anx - No 2 South Higuera	25.8
07/09/70	Annexation	9-R-70	Anx - Prefumo Canyon	103.3
07/09/70	Annexation	10-R-70	Anx - Weigold - Approved 08/20/70	.65
01/05/72	Annexation	10-R-69	Anx-Highland Drive	Unkn
11/14/69	Annexation	3-R-69	Edna Road #2	24
01/21/69	Annexation	1-R-68	Anx - Faulstitch	47
11/09/67	Annexation	29-R-67	Anx - Touchstone	18
12/26/67	Annexation	18-R-67	Anx - Broad Street Industrial #2	7.8
05/18/67	Annexation	15-R-67	Anx - Los Osos #2	72
05/18/67	Annexation	11-R-66	Anx - Los Osos Road #1	184
08/20/65	Annexation	#22	Anx - Touchstone	Unkn
10/29/65	Annexation	#20	Anx - Lot 57-Laguna	Unkn
02/04/64	Annexation	#15	Anx - Lots 90-91	78
11/05/64	Annexation	#14	Anx - Rancho Canada de Los Osos & Laguna	Unkn
02/06/64	Annexation	#2	Anx 3 Calvary Baptist Church	3
None	Annexation	30-R-67	Anx - Broad Street Industrial-terminated	Unkn
10/06/66	Annexation	10-R-66	Anx - Edna Road #1-denied	
1964	Annexation	#9	Anx - T.C. Maino-withdrawn	