

CITY OF PASO ROBLES

ADOPTED

SPHERE OF INFLUENCE UPDATE

MUNICIPAL SERVICE REVIEW



PREPARED BY:

SAN LUIS OBISPO

LOCAL AGENCY FORMATION COMMISSION

FEBRUARY 21, 2013

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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 and identifies the Study Areas that were evaluated in determining the SOI, the City-County agreement, and the LAFCO staff recommendation. A Municipal Service Review (Chapter 3) has been prepared for the City of Paso Robles in accordance with Section 56430 of the California Government Code. The Service Review evaluates the public services provided by the City and possible changes to the City's Sphere of Influence that are currently under consideration. The San Luis Obispo LAFCO's Municipal Service Review Guidelines were used to develop information, perform analysis and organize this study.

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 seven legislative factors in order to update a Sphere of Influence.

Information that addresses each of the seven factors is provided in Chapter 3 – Municipal Service Review - of this document. The seven factors are listed on the next page, and Written Determinations for each factor are based on the information and analysis found in Chapter 3.

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

The City provided a variety of plans, studies and other documentation to assist in the preparation of these documents. Other information from current development projects is also used. A complete list of references can be found at the end of this document.

SERVICE REVIEW & SPHERE OF INFLUENCE UPDATE PROCESS

The process for updating the City of Paso Robles's Sphere 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 Paso Robles was completed in 2004 which included the Beechwood and Olsen areas. Shortly after the Sphere of Influence Update the two areas were annexed into the City. Since that time no proposals have been considered by LAFCO. Appendix C contains a table that shows the latest LAFCO actions.

Current LAFCO Action. LAFCO is considering 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 and Written Determinations for the City of Paso Robles (Chapter 3); and
3. Approve and adopt the City of Paso Robles Sphere of Influence Update (Chapter 2)

CEQA

LAFCO prepared the Initial Study and the resulting Mitigated Negative Declaration. The Initial Study/Mitigated Negative Declaration is found in Appendix A after Chapter 3, the Municipal Service Review. It provides for the environmental review of this Sphere of Influence Update. As indicated earlier, 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 in the future.

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 Paso Robles. The seven factors that are required to be addressed by the CKH Act are covered in this summary section.

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. It also identifies the Study Areas that were evaluated in determining the SOI, the City-County agreement, and the LAFCO staff recommendation. The MOA found in Appendix B is also 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 and add four of the Study Areas approximately 1,175- acres which include Study Areas One thru Six with the exception of Study Area Two Golden Oak and Five Furlotti Family Ranch Company property to the SOI.

CHAPTER 3 MUNICIPAL SERVICE REVIEW

1. Growth & Population

The City's population grew by 22% from 2000 to 2010. Most of the growth in the City over the past 20 years has occurred on the east side of the Salinas River. According to the 2010 US Census, the City has a population of 29,793. Total housing units were estimated to be 11,426 units. The City's estimated build-out population within the current City limits is 44,000. The City Council has not revised their growth rate projection since 2005 which assumed a rate translated to an average annual population increase of 800 persons, which at 2.663 persons per unit, would need 300 dwelling units per year. Over the last 10 years, Paso Robles' population has increased by approximately 5,496 people. The following table shows the past census data and uses demographic information from the City's 2010 Urban Water Management Plan.

Table 1-1: Historical & Projected Population Growth

	1990 ⁽¹⁾	2000 ⁽¹⁾	2005 ⁽¹⁾	2010 ⁽¹⁾	2015 ⁽¹⁾	2020 ⁽¹⁾	2025 ⁽¹⁾
Population	18,583	24,297	27,361	30,072	30,770	37,385	44,000
10 Year Increase	--	5,714	3,064	2,711	698	6,615	6,615
10 year Avg. Increase	--	31%	13%	10%	3%	21%	17%
Average per Year	--	3.1%	2.6%	1.9%	>1%	4.2%	3.5%

(1) Source: City's 2010 Urban Water Management Plan

Housing Units and Growth Projections. In the 2010 Urban Water Management Plan, the City of Paso Robles estimates that 30,072 people lived in the City. The 2010 U.S. Census stated the total number of dwelling units as 11,426 with an average household size of 2.6 persons and an occupancy rate of about 97%. The City's Urban Water Management Plan projects the current City limit and Sphere of Influence boundaries to yield a population of 44,000 persons. The 2003 General Plan assumes a growth rate of 2.4% per year to the 2025 build-out population of 44,000.

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 City or property owners.

The City of Paso Robles has a variety of economic diversity that reside within the City limits and surrounding area including within the Sphere of Influence. Disadvantaged community means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. The City of Paso Robles Sphere of Influence does not qualify under the definition of disadvantage community for the present and probable need

for public facilities and services nor are the areas contiguous to the sphere of influence qualify as a disadvantage community.

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 Paso Robles. 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

In 2010, the City reported annual water use of 6,326 acre-feet. Under the existing General Plan, the City's build-out would increase water demand by an estimated 7,074 afy. The total water demand is estimated to be 13,400 afy in the year 2025. If the City is successful in implementing recycled water and conservation measures (outlined in the 2010 UWMP) to comply with Senate Bill 7, demands may be reduced by

Table 1-2 - Future Available Water Supply & Demand	
Source: Urban Water Management Plan, 2010	
Source	Amount Available (AFY)
Groundwater (Basin Wells)	3,400
Groundwater (River Wells)	4,600
Nacimiento Water	5,400
Total Potentially Available	13,400 AFY
Total Estimated Demand with conservation	9,515 AFY

as much as 3,885 AFY. Total customer demand could potentially be reduced from 13,400 to 9,515 AFY by 2025. The City primarily relies on groundwater for its water supply. The City has water rights to a specific quantity of water from the Salinas River Underflow unit (4,600 AFY with a maximum diversion rate of 8 cubic feet per second). The City is not limited to the amount of water that can be drawn from the deeper Paso Robles Formation. The City also subscribed to receive 4,000 acre-feet of water from the Nacimiento Pipeline Project.

The City completes water demand projections in order to estimate how much water might be needed to serve residents, businesses and other uses as growth and development occur in the City. The City's 2010 Urban Water Management Plan 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. The water supply question in Paso Robles is tied to the Status of the Paso Robles Formation. Generally, the City appears to have available resources to meet current and future demands for areas within the City limits and SOI areas once the water treatment plant is constructed.

Wastewater

The City of Paso Robles owns and operates a secondary wastewater treatment plant, which treats wastewater from the City of Paso Robles and a portion of the Templeton Community Services District south of the City. The plant operates with a maximum treatment capacity of 4.9 million gallons per day (MGD) and a maximum peak wet weather flow of 10 MGD. In 2010, the average daily flow was 3 MGD. The existing wastewater treatment plant is overloaded with pollutants, exceeds permit limits, and requires an upgrade. The City of Paso Robles is currently in the process of upgrading its WWTP to improve Salinas River health and meet state discharge requirements and prepare for future production of recycled water. The treatment plant will be upgraded to an advanced secondary treatment process.

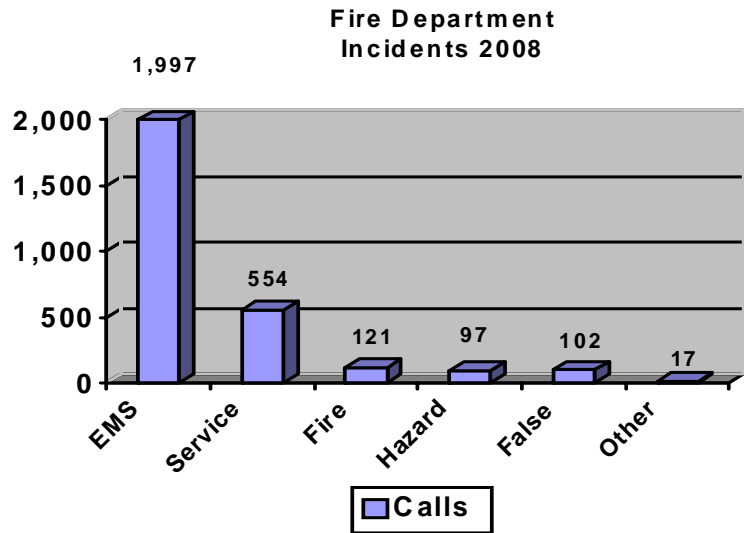
Roads

The Circulation Element was adopted in February 2011 along with an Environmental Impact Report. The newly adopted Circulation Element reflects the 2003 General Plan Land Use Element. This coordinated approach enabled the City to plan for transportation commensurate with the planned growth and development. The Element contains goals, policies and implementation standards and programs to guide the future development of the City's circulation system.

According to the San Luis Obispo Council of Government's (SLOCOG) 2010 Regional Transportation Plan a significant increase in traffic volume on Highway 101 from SR 46 W to SR 46E is projected from the 2008 number of 47,625 average daily trips to 77,000 average daily trips in 2035. The Level of Service in the Paso Robles area on Highway 101 is expected to maintain a LOS A. The 2010 RTP recognizes that Hwy 46E corridor needs to begin project development and secure local development funds for interchange improvements and even grade separation. Highway 46E interchange has been redesigned to address capacity issues. SLOCOG and Caltrans have prepared and published the 2008 Comprehensive Corridor Study for State Route 46 East.

Fire

Fire prevention and suppression services are provided by the City of Paso Robles Department of Emergency Services (PRDES), a fire and emergency service organization providing a variety of services to the City of Paso Robles. PRDES provides fire suppression, emergency medical care, hazardous materials emergency intervention and control, water rescue, entrapment extrication, fire Safety inspections of businesses, public fire safety education, fire investigation, disaster management and planning, and weed abatement services.



PRDES operates from two fire stations to minimize response time and handle the volume of work. The department is staffed with twenty-five employees.

Police

The Paso Robles Police Department (PRPD) provides law enforcement services for the City of Paso Robles. PRPD's current Public Safety Center is located at 900 Park Street, positioned within the interior of the City. The facility is comprised of a 14,000 sq ft building designed to serve the City's growth rate for at least the next twenty-three years.

The PRPD is staffed with 27 sworn officers, 8 part-time sworn reserve officers, 12 non-sworn full-time positions, with thirteen patrol vehicles. According to PRPD, the City's Public Safety Element of the General Plan recommends the PRPD be staffed at a ratio of 1.4 officers per 1,000 residents. Paso Robles officers ratio is 0.90 officers/1,000. The City has the opportunity to add police and fire staff and facilities as needed to cover Sphere of Influence area through the development and review process.

4. Financing Constraints & Opportunities

Paso Robles, 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 may require an economic analysis to be prepared to identify a cost-benefit breakdown of the proposed land uses and projects. The City has in place a capital improvement plan, development impact fees, developer required mitigation in the form of infrastructure improvements required to serve 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 financial obligations for a capital improvement or maintenance of new development projects, such as those that would occur in the SOI areas.

The City’s General Fund is projected to experience a favorable ending balance for each of the four financial planning years (Fiscal Years 11/12, 12/13, 13/14, and 14/15). However, the projection assumes no additional salary/wage increases in the four year period, or hiring any replacement staff for the currently vacant positions, or replacing any of the reduced maintenance, service and other contract services. About 70% of General Fund revenue comes from Property tax, sales tax and Transient Occupancy Tax.

The City levies a series of development impact fees for new development to address many differing needs. The City formed a Community Facilities District (CFD) to finance public services for new development within the District. 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.

The City has adopted a Fiscal Policy which includes maintaining a General Fund Reserve of 15% of budgeted annual operating expenditures. The City has used reserves in the last few years to balance the budget. The City has significantly reduced General Fund (GF) spending by

not refilling 36% of GF positions, cutting temporary and contract help, trimming contract services, and deferring wage increases. The GF is projected to experience a deficit in each of the four planning years. This deficit will be managed through expanded labor savings and judicious use of savings. Paso Robles has one of the largest retail sales revenues in the County. Although in the past few years retail sales have continue to decline. About 80% of the City's general fund revenues come from the local hotel tax, sales tax revenues, and local property taxes.

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/Open Space Lands

In the case of roadways, the opportunity to coordinate connections between Highway 46 and Highway 101 interchange will enhance regional traffic patterns, and will aid in emergency response times.

Coordination of open space corridors that cross over the proposed City-County limit lines will enhance the viability of habitat from the area and preserve these important related habitats and agricultural lands for generations to come.

6. Accountability in Government Structure

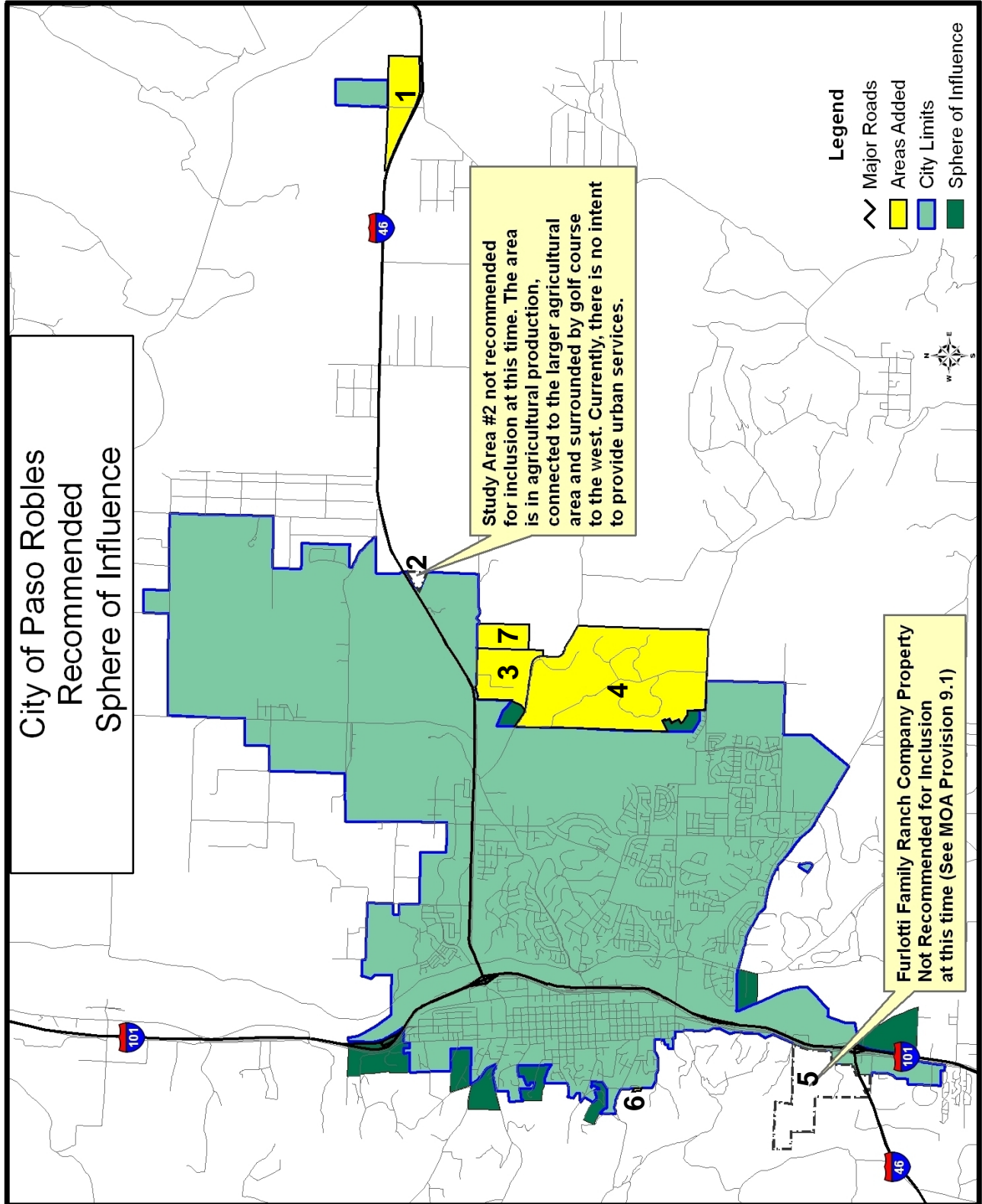
The City Council is elected in compliance with California Election Laws. The City complies with the Brown Act Open-Meeting Law and provides the public with ample opportunities to obtain information about City issues, including website and phone access. The City's website contains a wealth of information about all of the City's Departments and services. The City Council holds regular meetings at 7:30 p.m. on the first and third Tuesdays of each month in the Paso Robles Library/City Hall, at 1000 Spring Street.

Paso Robles 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. Overall, the City is well-organized and equipped administratively to serve the recommended Sphere of Influence.

RECOMMENDATION

Based upon the information contained in Chapters 2 and 3 of this document, and the environmental determination, it is recommended that the Paso Robles Sphere of Influence be updated by LAFCO to retain the existing SOI properties and add Study Areas One thru Seven excluding Study Areas Two and Five. Chapter 2, Sphere of Influence Update, provides more detailed information regarding the basis for this recommendation. The recommendation is consistent with the MOA (Appendix B) agreed to by the City and County.

Figure 1-1 – Recommended Sphere of Influence



CHAPTER 2

PASO ROBLES – SPHERE OF INFLUENCE UPDATE

INTRODUCTION

This Sphere of Influence (SOI) Update chapter is prepared for the City of Paso Robles 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 in the decision making process. LAFCO is expected to weigh, balance, deliberate, and set forth the determinations of a specific action when considering a 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 Paso Robles' Sphere of Influence, which is required to be updated every five years or as needed.

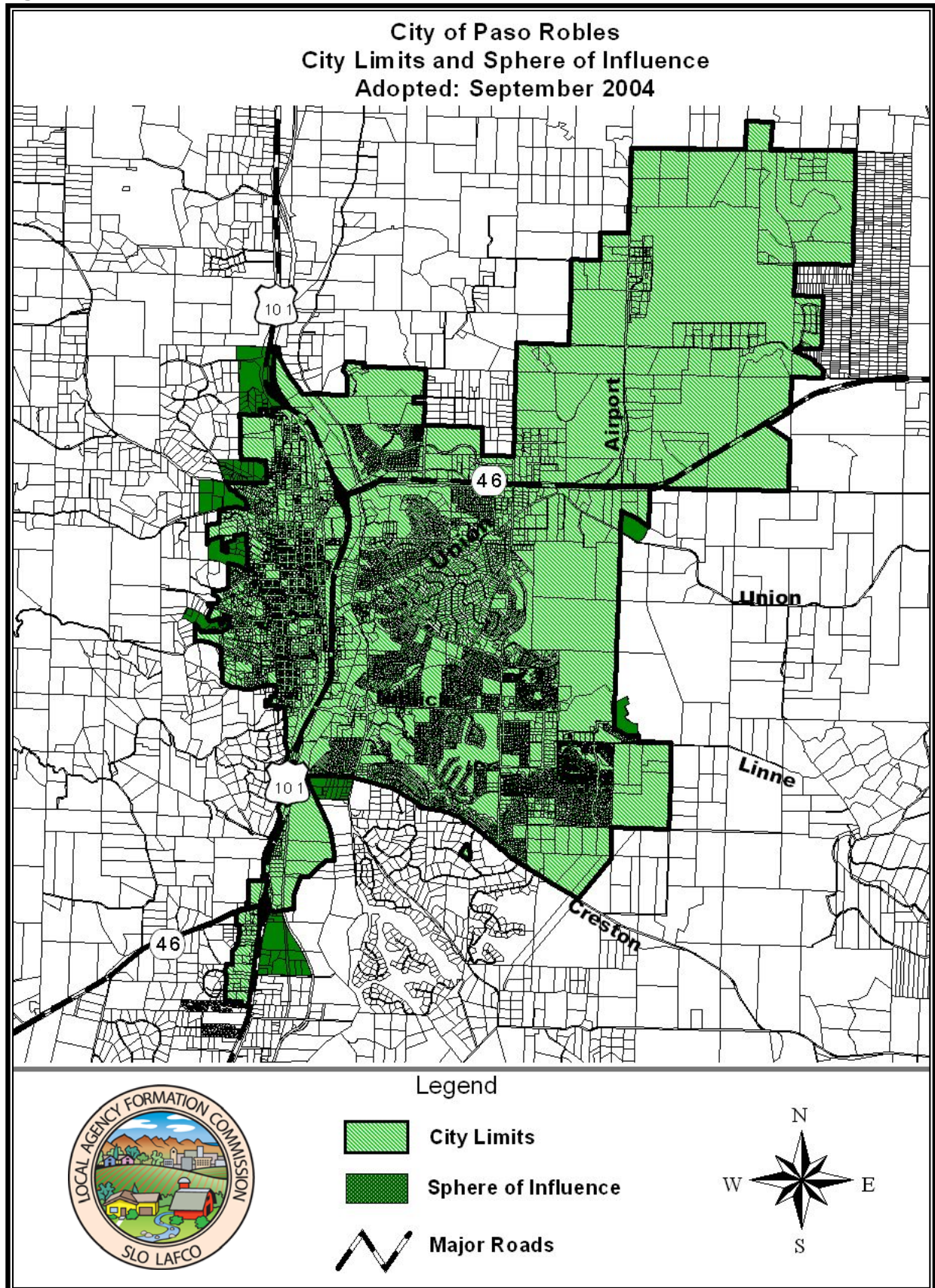
This Sphere of Influence Update chapter addresses the key factors called for in the Cortese/Knox/Hertzberg Act by referring to information contained in the Service Review. Also, the following written determinations must be addressed according to section 56425(e)(1-4) of the Cortese/Knox/Hertzberg Act:

- 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 465 acres beyond the City limits and includes twelve general areas. The map on the next page shows the existing Sphere of Influence of the City.

Figure 2-1 – Paso Robles’s SOI



SPHERE OF INFLUENCE STUDY AREAS

For analysis purposes, the City of Paso Robles and LAFCO staff prepared a map that included the existing SOI properties and seven additional areas to be considered as the Study Areas for the Sphere of Influence. The Study Areas are used to help analyze and identify which properties should remain/ 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: City of Paso Robles Study Areas

Study Area	Description	Acres	Existing Zoning	Prime AG Land ¹
1	Public Facility	148	Agriculture	No
2	Golden Oak	12	Agriculture	Yes (100%)
3	Mill Road	175	Agriculture	Yes (35%)
4	Vina Robles	851	Agriculture	Yes (67%)
5	Furlotti Family Ranch Company	270	Residential Suburban & Agriculture	Yes (37%)
6	Ernst	1.4	Rural Residential	No
7	Collins	80	Agriculture	Yes (100%)
	Existing SOI Areas	465	Agriculture	Yes (18%)

1) Indicates that a part of the area is prime farmland.

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 MOA. The discussion addresses the size and location of the area, current zoning, possible City zoning for each area and other relevant information.

The following properties were not considered for addition into the Sphere of Influence due to resource constraints, land use issues, and/or infrastructure constraints.

1. **River Oaks (Located in SLO County; Not within the SOI)**

This area is located north and surrounded by the City of Paso Robles. Many of these lots have been subdivided and developed with existing residences. The area consists of 298 acres with 54 existing parcels ranging from 1 acre to 15 acres. The area is located in the County and designated "Rural Residential" with the Airport Review Area and Urban Reserve Line designation. The City of Paso Robles General Plan does not envision annexing this area. Some existing poor drainage conditions occur and area residents could potential benefit from urban services. The City has received opposition to adding this area in the past.

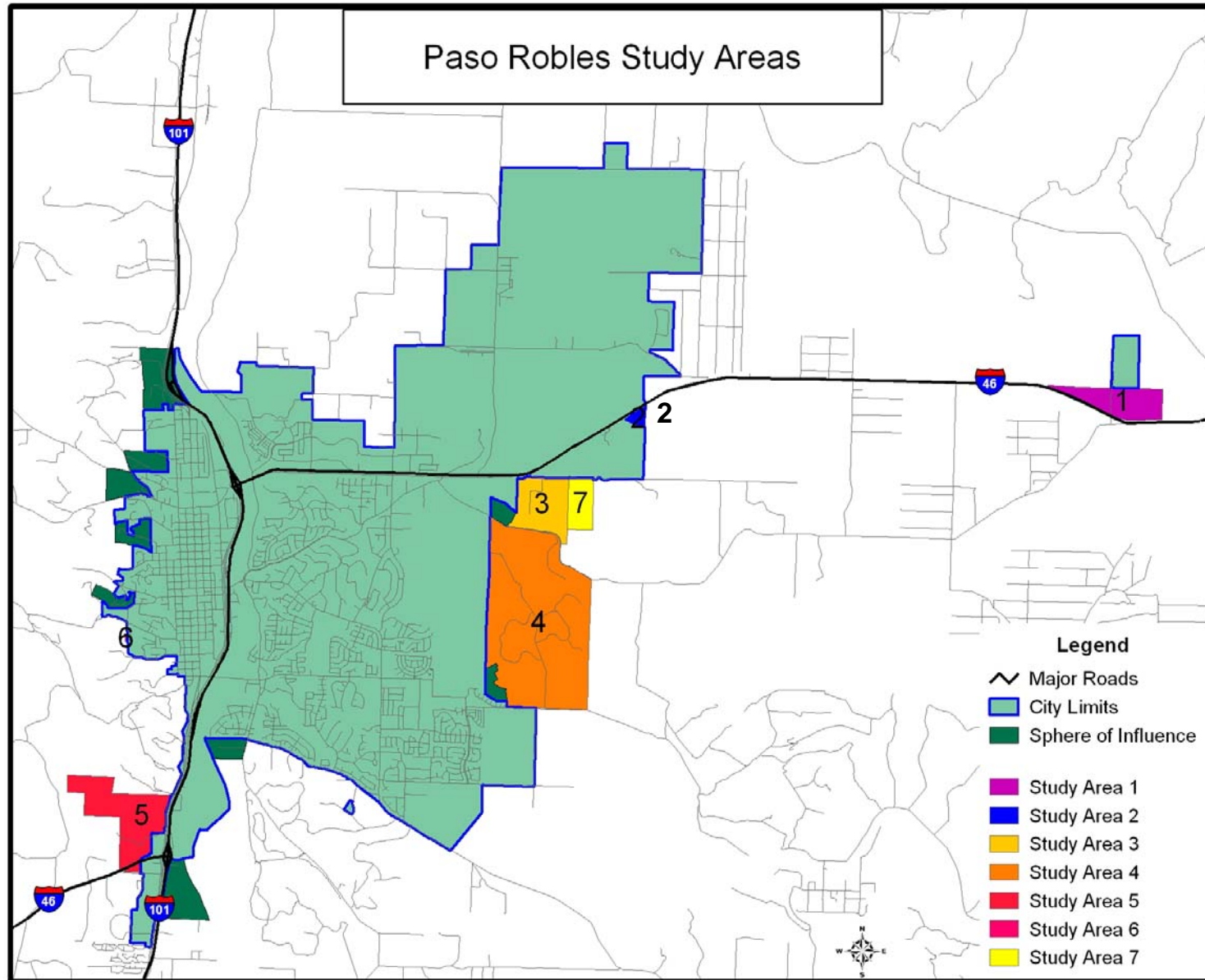
2. Dry Creek (Located in SLO County; Not within SOI)

This area is located north of Highway 46E. The area consists of 42 acres with an existing single-family residence and winery facility. The area is located in the County and designated "Agriculture" within a Flood Hazard and Airport Review Area designation. The City of Paso Robles General Plan does not envision annexing this area. Access and roadway alignment concerns could potentially exist.

3. Antiquated Subdivision – Jardine Road (Located in SLO County; Not within SOI)

There are many antiquated subdivisions in the County. These are areas that were divided prior to 1935 when the County had not yet developed minimum lot size standards. The antiquated subdivision just east of the Paso Robles Airport is one such area. The area consists of 532 parcels within the "Residential Suburban" land use designation in the County. The antiquated subdivision is approximately 1,000-acre in area. Many of the smaller-lot antiquated subdivisions are on septic systems that could result in being too close to water well systems. These areas could potentially benefit from urban services. The City of Paso Robles General Plan does not envision annexing this area. The City's Purple-Belt Action Plan sets the antiquated subdivisions as a low priority for implementing the goals of the program.

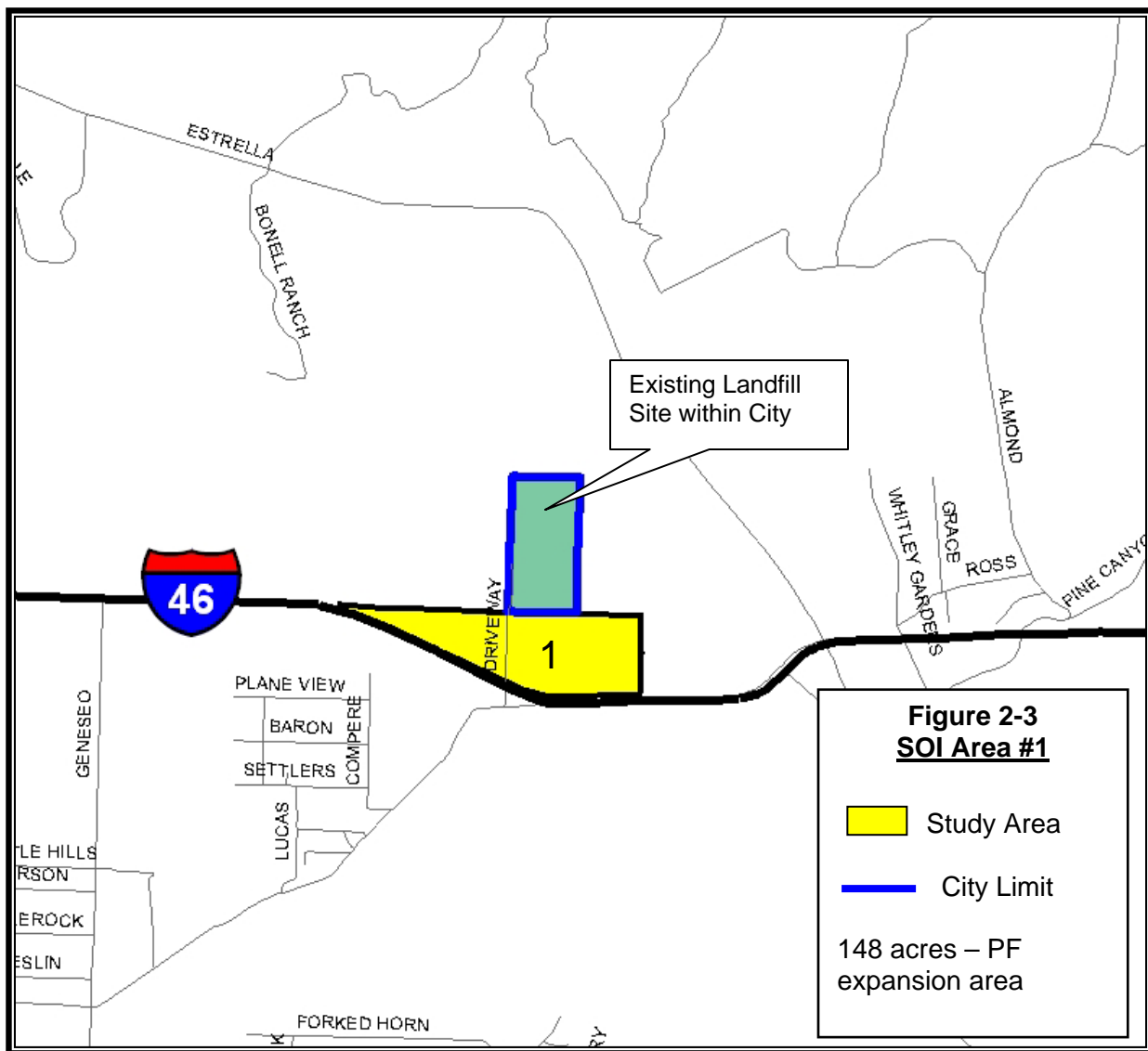
Figure 2-2 – Study Areas



SOI Study Area #1 – Public Facility (Located in SLO County; Not within the SOI) These parcels are owned by the City of Paso Robles and are intended to allow for a buffer to the City landfill site and potentially future recycling site. The area is located north of Highway 46E and adjacent to the landfill east of the City limits. The parcels consist of 148 acres in area and is designated "Agriculture" by the County. The existing land use is vacant properties.

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

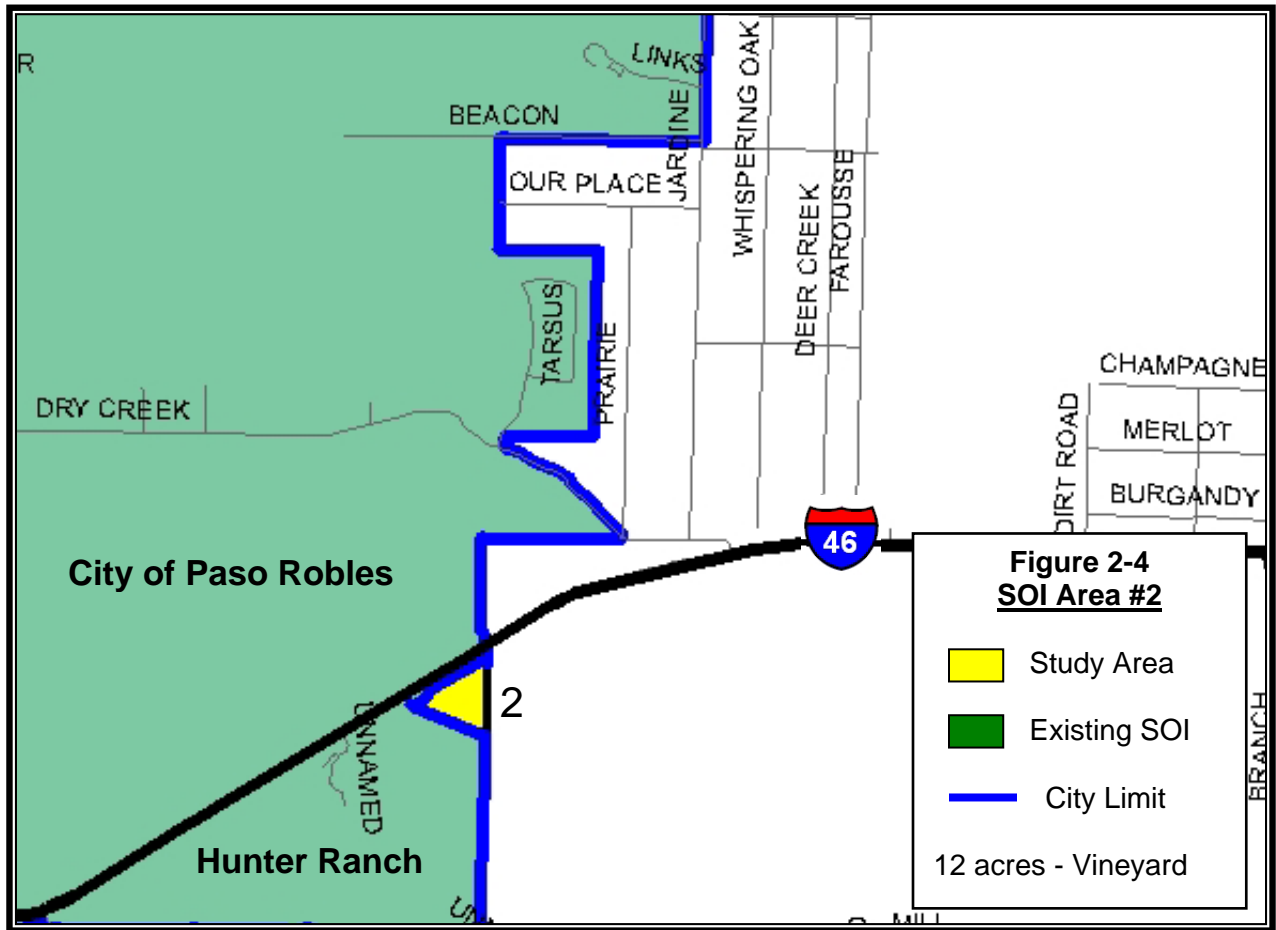
LAFCO Staff Recommendation. The SOI should include Area One. The City owns the property and are in the process of developing plans to expand the landfill and provide other public infrastructure and services to the residents. A Specific Plan and General Plan Amendment would be required to be considered and approved by the City. This area would provide a logical extension of the City's landfill boundary.



SOI Study Area #2 – Golden Oak area (Located in SLO County; Not within the SOI). The Golden Oak area covers a 12 acre area currently in agricultural production (vineyard) that is adjacent to Paso Robles eastern boundary and north of Hunter Ranch. The site is characterized as prime farmland area and is designated "Agriculture" by the County. Agricultural lands to the east are under Williamson Act Contracts.

City/County MOA. This area should be excluded from the SOI.

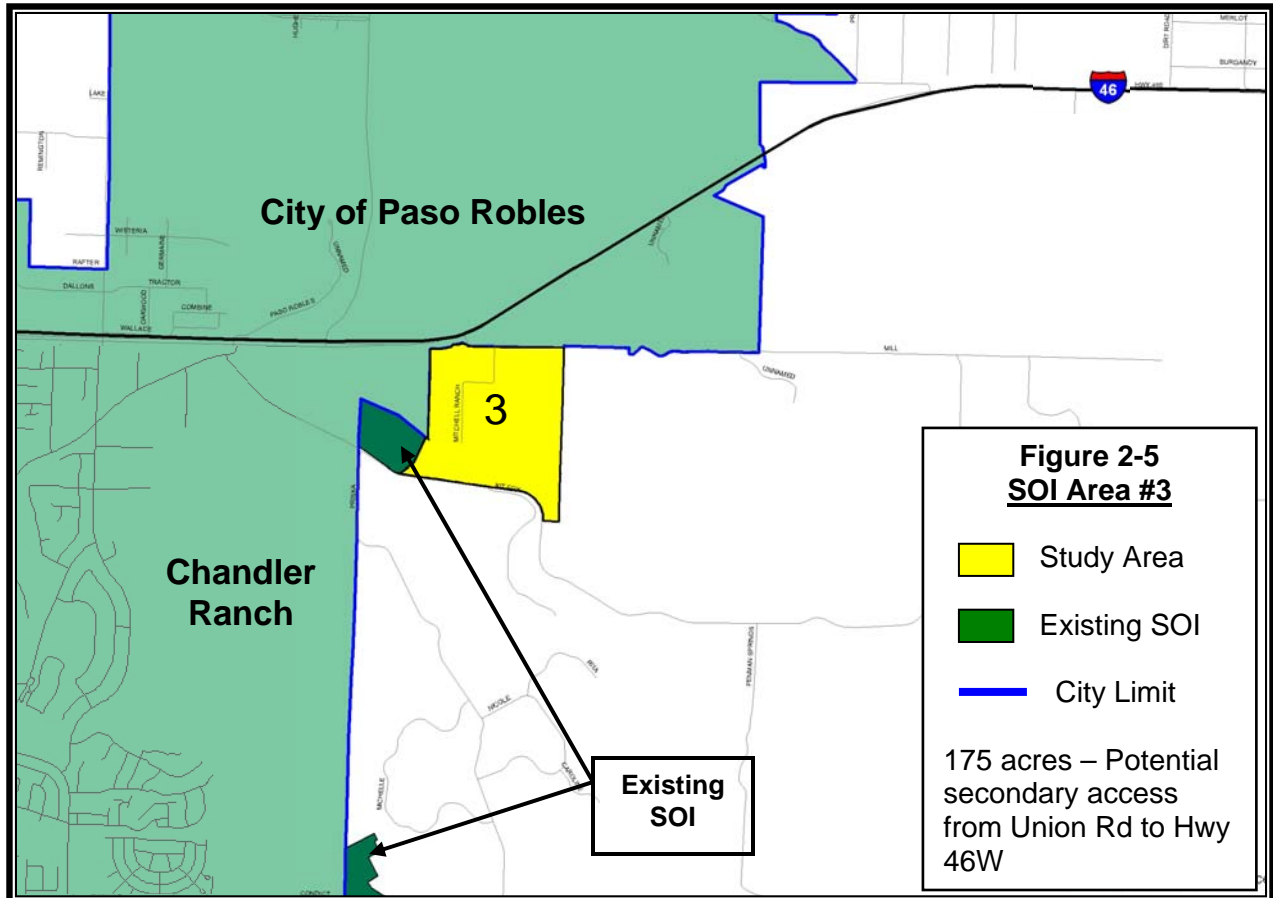
LAFCO Staff Recommendation. The SOI should exclude Area Two. This area is presently in agricultural production connected to the larger agricultural area and surrounded by the golf course to the west. Currently there is no intent to provide urban services.



SOI Study Area #3 – Mill Road area (Located in SLO County; Not within the SOI). The Mill Road area covers 175± acre area adjacent to Paso Robles eastern boundary just south of Hunter Ranch. This area is designated "Agriculture" by the County and could potentially provide a secondary access road from Union to Highway 46E. This area includes vineyards, apple orchards, winery/events center and lots of area capable of supporting a variety of crops. The area is presently developed with Robert Hall Winery, a vineyard and several homes on larger parcels. This type of development at the outer edges of the City boundary is consistent with Paso Robles' Purple Belt Program in that it acts as a transition area to the more rural area. The intent is for the area between the potential road to remain in agriculture and rural residential use consistent with the Purple Belt Program.

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

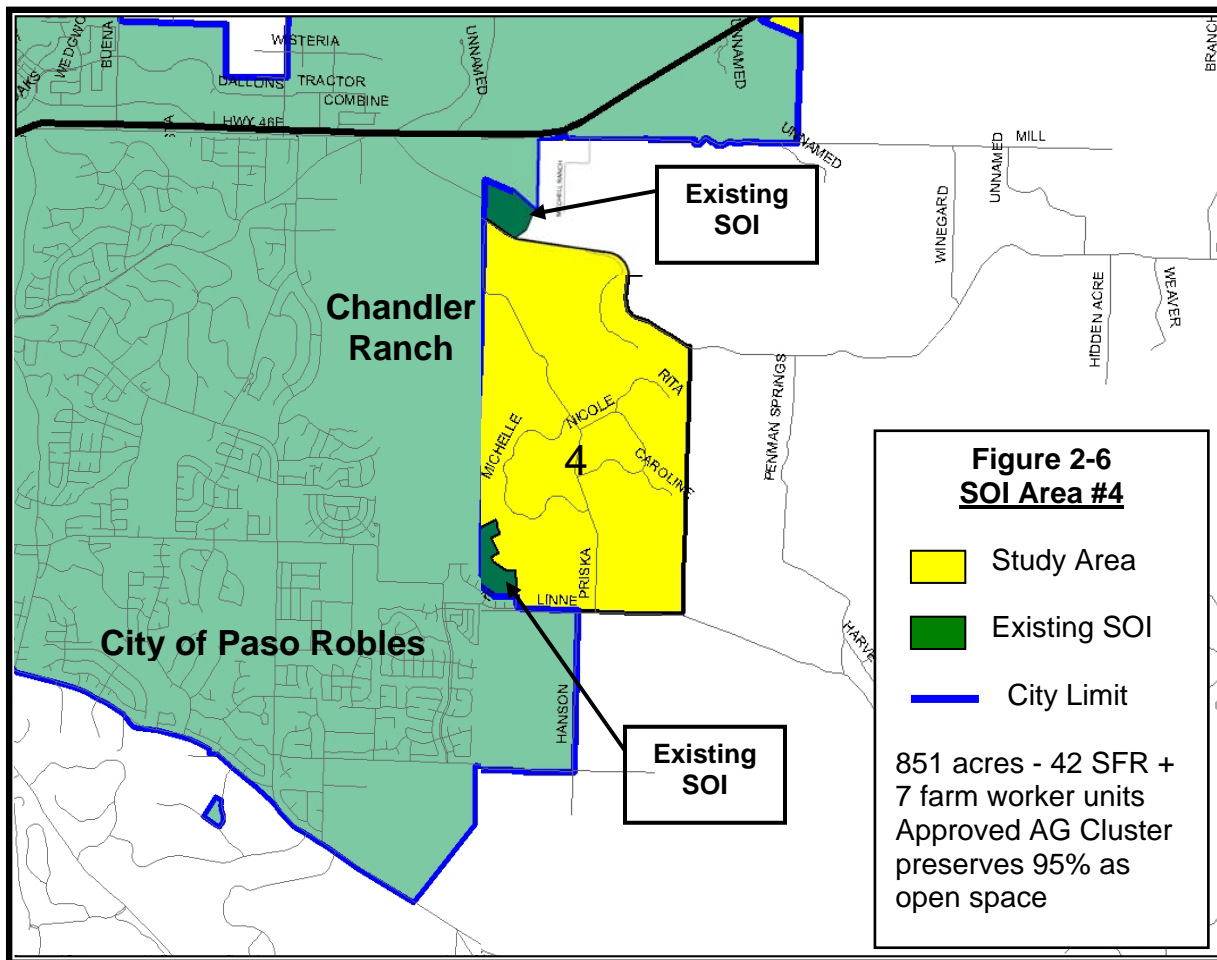
LAFCO Staff Recommendation. The SOI should include Area Three. If a future Specific Plan, General Plan Amendment and EIR is considered by the City this area could potentially provide a secondary access road from Union to Highway 46E. Although the property owners have expressed they did not want to participate in a future road the area would provide a logical extension of the City's boundaries. New Study Area 7 is east of this site and Study Area 4 south are both recommended to be included in the SOI which surrounds Study Area 3. The City's Land Use and Open Space policies and standards would manage development proposed in this area. The City is capable of providing 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.



SOI Study Area #4 – Vina Robles area (Located in SLO County; Not within the SOI). The AG Cluster project covers 851± acres adjacent to Paso’s eastern boundary. The area is designated "Agriculture" and the County approved a Tract Map and Conditional Use Permit in 2005 that would allow 42 single family residences and seven farm worker housing units while preserving 95% of the site for agriculture/open space. The site is under Williamson Act Contract. The City’s Purple-Belt Plan calls for this type of pattern on the outer edges of the City boundary that would act as a transition area to the more rural area. The City does not intend to intensify the County approved AG Cluster project but rather provide urban services to the development through an Outside User Agreement. This would allow the development to be served by the City in exchange for limiting groundwater pumping and a potential user of recycled water.

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

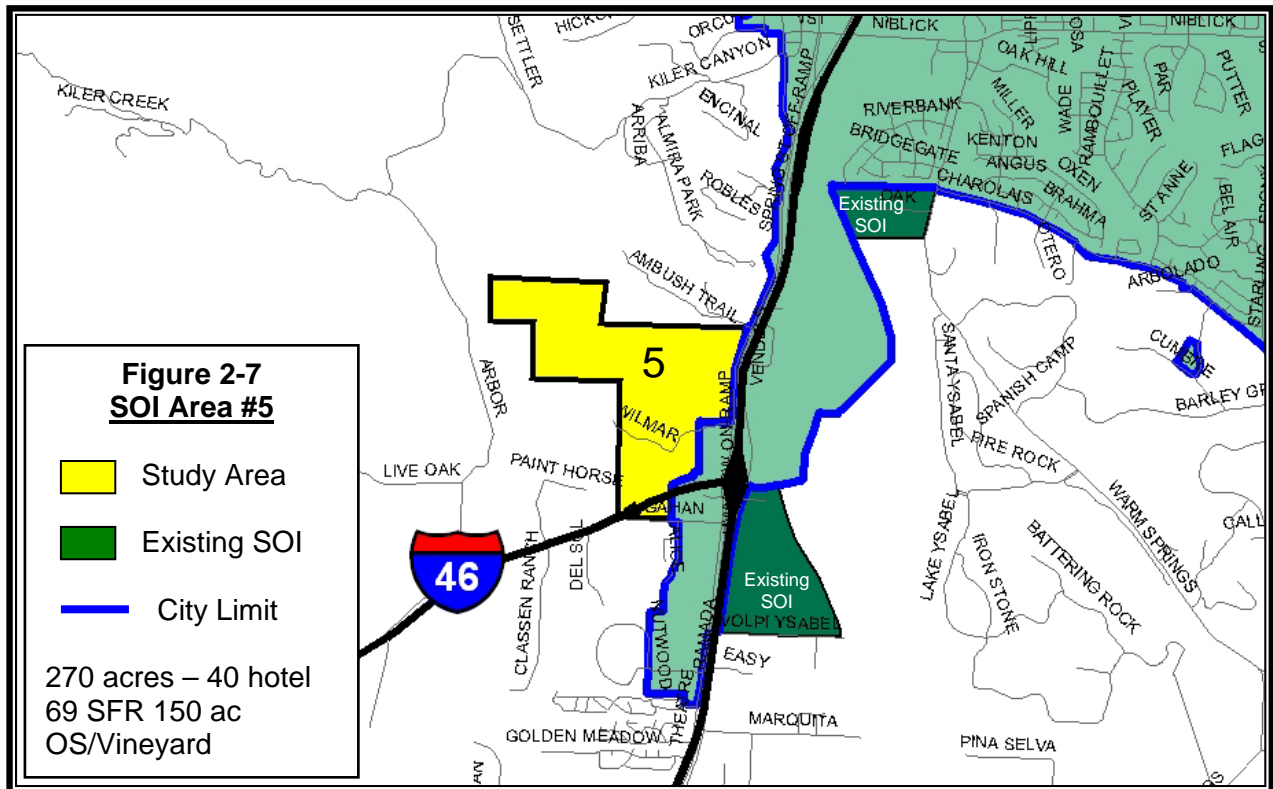
LAFCO Staff Recommendation. The SOI should include Area Four. The County approved AG Cluster project implements the City’s Purple-Belt Action Plan and provides the City an opportunity to better manage the groundwater basin and implement their future recycled water program. Also, having the area in the City’s SOI would allow the City to provided services through an Outside User Agreement. The City is capable of providing services needed to serve the area.



SOI Study Area #5 – Furlotti Family Ranch Company area (Located in SLO County; Not within the SOI). The Furlotti Family Ranch Company properties cover 170 acres that are adjacent to the City boundary within the urban reserve line and designated “Residential Suburban” and 100± acres that is designated “Agriculture” by the County that could potential provide prime farmland that is further west from the City boundary. The City intends to prepare a Specific Plan that would provide a clustered development pattern that would preserve a portion of the site as open space to be utilized for agricultural activities and conservation. The area in general called the Gateway project and has the opportunity to improve the circulation system at the intersection of South Vine Street and Highway 46. Commercial uses would be proposed adjacent to Highway 46 & 101. The property is not within a Williamson Act contract. The site is characterized by rolling oak covered hills with a steep drainage area that bisects the properties. The surrounding area consists of larger lots in active agriculture production.

City/County MOA. This area should not be included in the SOI.

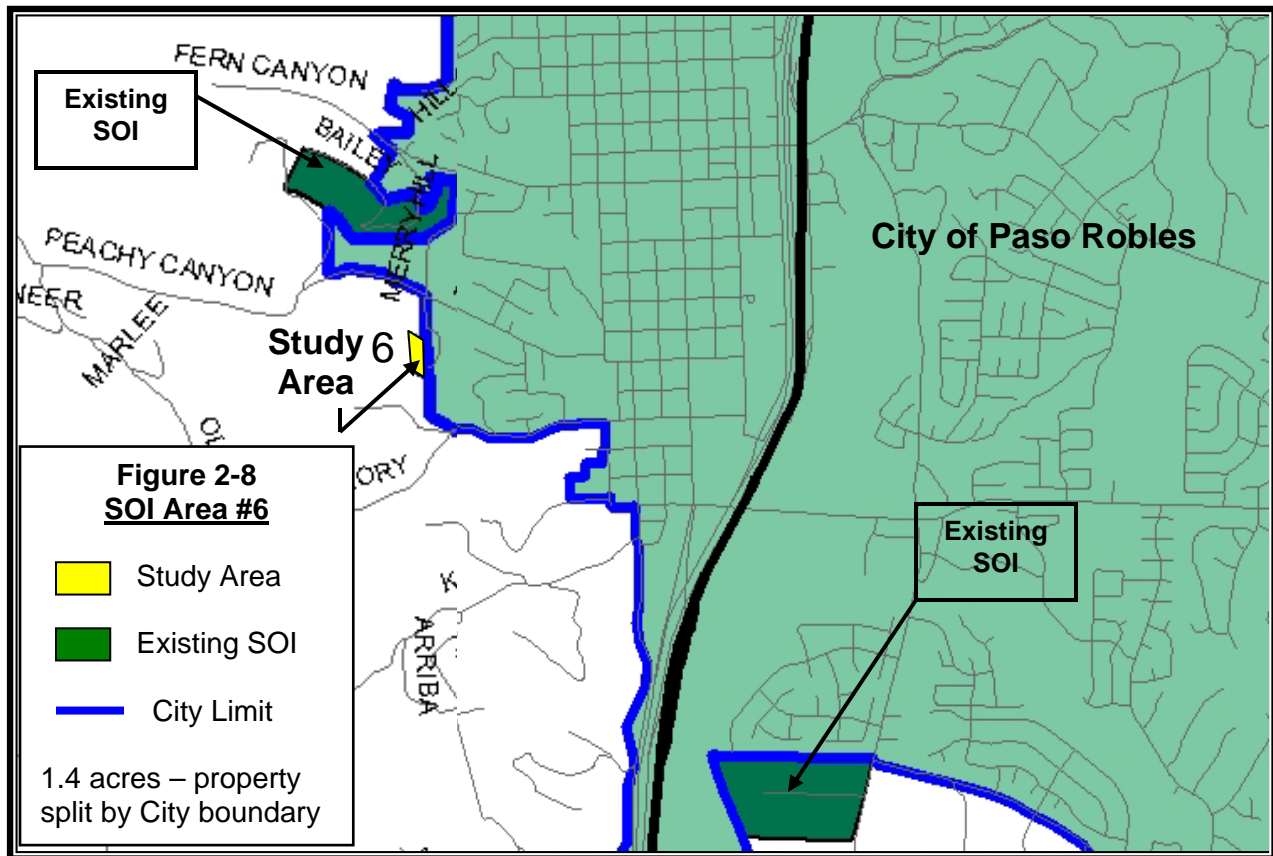
LAFCO Staff Recommendation. The SOI should exclude Area Five. If the Specific Plan, General Plan Amendment and EIR are prepared by the City, more information would be available and the area could be reconsidered for inclusion into the SOI and annexation. The Specific Plan and Environmental Impact Report could address the circulation system and development pattern that would impact fewer environmental resources. The City could be capable of providing services needed to serve the area.



SOI Study Area #6 – Ernst property (Located in SLO County; Not within the SOI). The Ernst property is a smaller parcel about 1.4 acres designated “Rural Residential” by the County that is split by the City limit line. LAFCO Policies call for properties to be included in the City along parcel lines. The City currently provides City water services, however the infrastructure to provide sewer services will not be available until Tract 2271 is completed. The property uses an onsite septic system for wastewater.

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

LAFCO Staff Recommendation. The SOI should include Area Six. The City is capable of providing services to the property and existing infrastructure is available with adequate capacity to serve the site. The City has policies that require the developer to pay for infrastructure improvements and other needed facilities and resources.



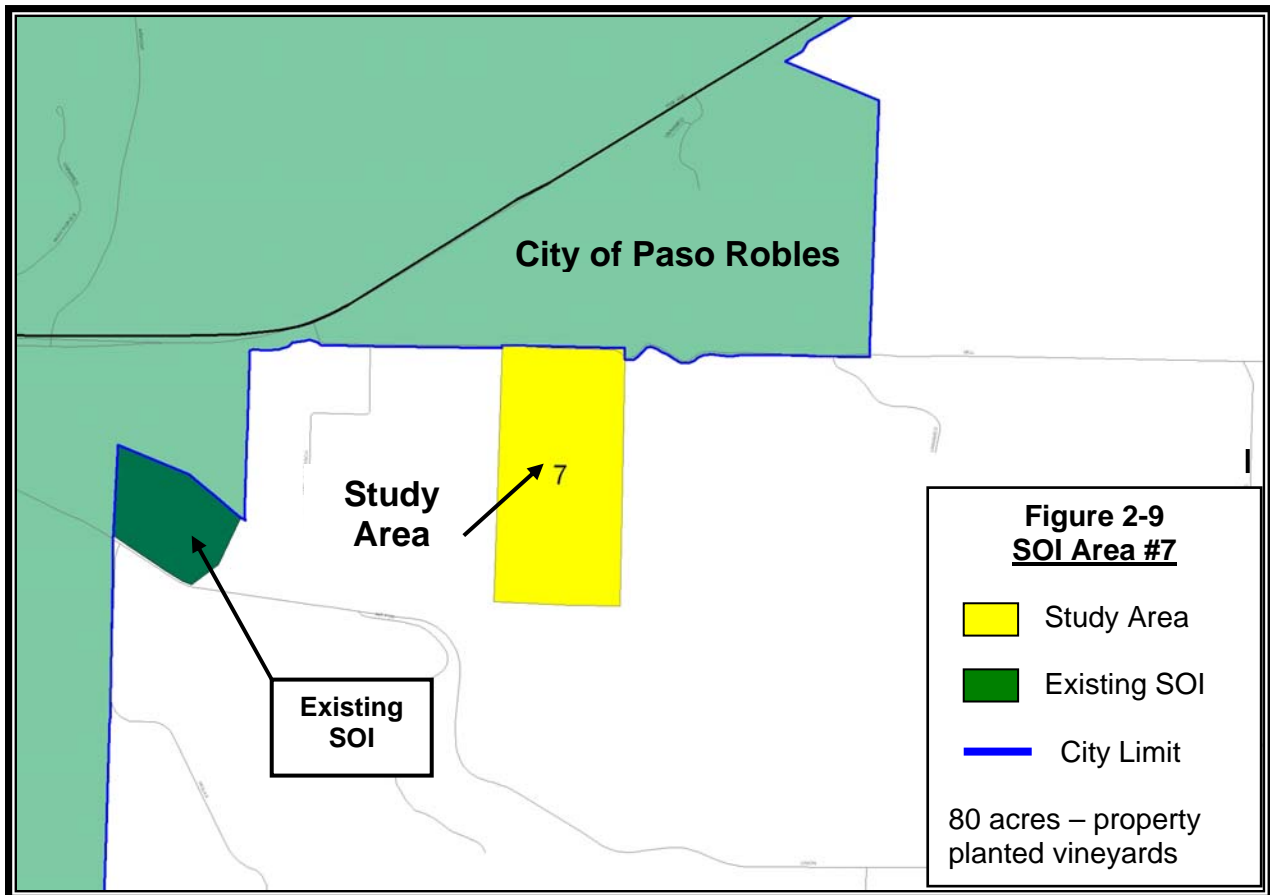
SOI Study Area #7 – Collins Vineyard (Located in SLO County; Not within the SOI). The Collins Vineyard is an 80 acre vineyard designated “Agriculture” by the County’s General Plan that is considered prime farmland under the CKH Act definition. About 52 of the 80 acres in the Collins Vineyard property are planted with grapes. The property is not under Williamson Act Contract; however LAFCO Policies call for prime farmland properties to be protected from urban style developments. The City does not currently provide water services, or have infrastructure in the area to provide sewer services. The property has a single family residence that uses an onsite septic system for wastewater and a private well for water service. The property owner also owns the parcel across the street. This parcel is already in the City and the development of a hotel has been approved. The property owner has expressed interest in transferring their Hotel development already approved within the City Limits nearby to Study Area 7. The Hotel site would consist of approximately 3 acres with the intent of preserving the remaining vineyard and open space areas. Along with the exchange the property currently within the City limits would also be preserved as open space.

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

LAFCO Staff Recommendation. The SOI should include Area Seven. Properties located to the south and west (Study Areas 3 & 4) and to the north of Union Road are proposed for inclusion in the SOI so that the City might have an opportunity to facilitate development of a north-south oriented road to link Union and Mill Roads. Such a road would relieve traffic pressure on Highway 46 East and its intersection with Mill Road. Property owners within Study Area 3 (Robert Hall) and Study Area 7 (Vina Robles) have submitted letters to the City indicating their willingness to dedicate right-of-way for the north-south road, to be split between their properties.

It is anticipated that the Collins Vineyard will continue to be farmed for wine grapes as this has been the primary use for the last several years. The Vina Robles tasting room is located adjacent to and northwest of the Collins Vineyard property and under common ownership. The property owners of these properties have expressed interest with the City to continue the development of a Hospitality Center and amphitheater approved within the City limits. The owner's intent is to pursue transferring the 80 room boutique hotel away from Hwy 46 and closer to Collins Property while preserving the majority of the vineyards. This could result in improved circulation and a better, more efficient land use pattern. The property could be a candidate for utilizing treated wastewater for use in irrigating the vineyard.





Memorandum of Agreement

The City Council of Paso Robles considered and approved the Memorandum of Agreement (MOA) between the City of Paso Robles and the County of San Luis Obispo on November 20, 2012. The Board of Supervisors adopted the MOA on January 8, 2013. The MOA is included with this report in 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 provisions for developing the SOI and a referral area. 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:

Water Supply. The City shall document an adequate, reliable, and sustainable water supply prior to completing an annexation. Water resources will be evaluated and documented consistent with LAFCO policies, the City’s Urban Water Management Plan, and State Laws such as SB 610 when applicable. An adequate, reliable and sustainable water supply should address the issues raised by the Resource Capacity Study of the Paso Robles Groundwater Basin and its current status.

Guiding Principles for Future Development. The City and County agree that the following principles should help guide development that is proposed within the City’s Sphere of Influence:

- *Encourage compact urban development in incorporated areas close to infrastructure, while preserving rural character by maintaining distinct urban boundaries next to rural areas. The City and County will collaborate to carry out this principle through strategies including, but not limited to the following:*

(1.) Implement the City’s Purple Belt Program and its Principles, including:

- (a.) Maintaining the City’s community character and way of life, while also recognizing the need to accommodate additional urban development.
- (b.) Supporting the continuation of agriculture and ranching.

- (c.) Landowners of areas to be annexed will be required to participate in the Purple Belt Program.
 - (d.) Provide additional options to landowners interested in maintaining their land in agriculture in perpetuity, including opportunities to sell, donate, or transfer their development rights in exchange for cash, tax credits, and/or other benefits.
 - (e.) Exploration of funding mechanisms to help support the Purple Belt Program.
- (2.) Incorporate the City's Gateway Plan Standards into future development within the Sphere of Influence.
- Future growth should incorporate the Gateway Plan's "Town and Country" Gateway standards for setbacks, grading, rural-style drainage facilities, tree planting, fencing, rural architecture and site planning. Areas annexed into the City will be required to incorporate these standards.
- (3.) Implement the policies and strategies in the County Framework for Planning and Conservation and Open Space Element, in particular, the following regarding Community Separators as defined and shown in the County's Conservation and Open Space Element on Figure VR-2:
- (a.) Avoid suburban or low-density sprawl at the edges of communities.
 - (b.) Discourage new frontage roads along highways and roadways within Community Separators, but consider exceptions for necessary circulation connections where visual and environmental resources are protected.
 - (c.) Work with land owners, advisory councils and non-profit organizations to propose voluntary scenic, agricultural, or conservation easements and/or greenbelt programs that support private landownership while retaining the visual resources within Community Separators.

(d.) Retain a rural character within Community Separators using setbacks from roadways, building design (i.e. height, massing, and color), signage, and lighting standards to effectively retain visual resources.

- *Create a land use pattern that promotes and improves connections to other parts of the City*

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.

- *Take advantage of good planning and design principles*

The proposed development should be designed to encourage improved transportation system and connectivity to existing city infrastructure within the areas proposed for development. The goals are to 1) develop neighborhoods and businesses that are well-designed, fit into the character of the area, and are a logical part of the City's future growth and 2) promote a land use pattern that encourages the efficient use of resources.

Conditions of Approval

The following conditions of approval are adopted based on the Sphere of Influence Update, Municipal Service Review, Memorandum of Agreement, the Initial Study and Mitigated Negative Declaration, and public input and to reflect the current situation.

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.

WASTEWATER

- a) Prior to LAFCO filing the certificate of completion the City shall document the progress of the currently-planned upgrade to the wastewater treatment plant in compliance with a NPDES permit.

AGRICULTURE & OPEN SPACE

- a. The City shall identify all agricultural and open space lands to be protected in the SOI areas when rezoning or preparing land use entitlements for an area.
- b. Prior to LAFCO filing 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 present and planned land uses identified in the Study Areas above describe the various plans and rationale area by area for inclusion into the Sphere of Influence. The AG Cluster project covers 851± acres adjacent to Paso's eastern boundary. The area is designated "Agriculture" and the County approved a Tract Map and Conditional Use Permit in 2005 that would allow 42 single family residences and seven farm worker housing units while preserving 95% of the site for agriculture/open space. This pattern of development would promote the efficient provision of public services, decrease environmental impacts caused by development, encourage the preservation of open space and agriculture land and would further discourage urban sprawl in the area.

The Furlotti Family Ranch Company properties cover 170 acres that are adjacent to the City boundary within the urban reserve line and designated "Residential Suburban" and 100± acres that is designated "Agriculture" by the County that could potential provide prime farmland that is further west from the City boundary. The City intends to prepare a Development Plan in the future that would look at opportunities for the site to preserve some open space and agricultural lands, as well as provide some housing and commercial development.

The City does not have a limit on growth rate, however has large portions of available development within the existing City limits within the Chandler, Olsen, and Beechwood areas. With the anticipated growth rate of 2.4% per year the City would reach build-out in approximately fifteen years. The Vina Robles area (AG Cluster) is not expected to be annexed into the City but rather be provided City services through an Outside User Agreement. The

Furlotti Family Ranch Company area would increase the build-out potential by an estimated 69 units. The table below summarizes the growth potential within the City and SOI areas.

Table 2-2 Build-out Summary: City plus SOI

Area	Land Use Category (General)	Land Status	Projected Units	Estimated Population
Within City Limits				
Outside Specific Plan Areas	Single Family 1-4 units/acre	Vacant Land	491	1,308
Outside Specific Plan Areas	Single Family 1-4 units/acre	Underdeveloped Land *	42	112
Outside Specific Plan Areas	Single Family 6 units/acre	Vacant Land	3	8
Outside Specific Plan Areas	Multi-Family 8 units/acre	Vacant Land	398	1,060
Outside Specific Plan Areas	Multi-Family 8 units/acre	Underdeveloped Land	401	1,068
Outside Specific Plan Areas	Multi-Family 12 units/acre	Vacant Land	258	687
Outside Specific Plan Areas	Multi-Family 12 units/acre	Underdeveloped Land	278	740
Outside Specific Plan Areas	Multi-Family 20 units/acre	Vacant Land	403	1,073
Chandler Ranch Specific Plan	Single Family 1-4 units/acre	Vacant Land	1,214	3,233
Chandler Ranch Specific Plan	Single Family 6 units/acre	Vacant Land	135	360
Chandler Ranch Specific Plan	Multi-Family 9 units/acre	Vacant Land	90	240
Olsen/Beechwood Specific Plan	Single Family 1-4 units/acre	Vacant Land	1,052	2,801
Olsen/Beechwood Specific Plan	Multi-Family 20 units/acre	Vacant Land	295	786
Total Build-out Potential			5,060	13,475
Within SOI Study Areas				
County Land Use				
#1 Public Facility (148 acres)	Agriculture		0	0
#2 Golden Oak (12 acres)	Agriculture		1	3
#3 Mill Road (175 acres)	Agriculture		5	13
#4 Vina Robles (851 acres)	Agriculture		49	130
#5 Furlotti Family Ranch Company (270 acres)	Residential Suburban & Agriculture		69	183
#6 Ernst (1.4 acres)	Rural Residential		1	3
#7 Collins (80 acres)	Agriculture		0	0
Existing SOI (465 acres)	Agriculture		500	1,332
SOI Subtotal			625	1,664
Total Build-out Potential			5,685	15,139

Source: City of Paso Robles 2011 Housing Element, SLO County Planning & Building Department.

* Underdeveloped residential land is partially-developed, having one or more dwelling units, but having capacity for subdivision to create more single family lots or infilling with additional units. An example of the latter would be a multi-family zoned lot on which 3 units could be built, but is only presently developed with one unit.

Present and Probable Need for Public Services

The present need for public services in the proposed SOI area is moderate. The majority of the property's current use is for agriculture and open space purposes. The Paso Robles groundwater basin and Nacimiento Lake are the current water supplies. The Vina Robles site was approved under the County for an Ag Cluster development that would allow residences.

The City of Paso Robles would provide water to the area. The Paso Robles groundwater basin would likely be the water supply source whether it is developed in the County or City. The City is in the process of developing a new water source (Nacimiento Lake) to supplement the City's water supply to serve existing and new development. Chapter Three – Municipal Service review Factors contains information and written determinations regarding the City's ability to serve the proposed Sphere of Influence. Based on the information in that chapter, the City of Paso Robles would be able to provide adequate levels of public services for the SOI area once the Nacimiento Lake water is online and the City's wastewater treatment plant is upgraded.

The City would provide water, sewer and other services including road infrastructure to the other SOI properties if annexed.

Present Capacity of Public Facilities and Adequacy of Public Services

Water supply is identified as a key issue because the Paso Robles Formation has been designated a Severity Level III. The City has obtained a supplemental water supply with the allocation of Nacimiento Lake water. The City has restructured their water rates to assist in the construction of a water treatment plant. The City is also in the early stages of upgrading its wastewater treatment facility to produce some recycled water. In 2010, the City reported annual water use of 6,326 acre-feet. Under the existing General Plan, the City's build-out would increase water demand by an estimated 6,585 afy. The City as mentioned early is upgrading its wastewater facility to meet State and Regional requirements. The existing wastewater treatment plant is currently overloaded with pollutants and exceeds permit limits.

The City completed its 2010 Circulation Element update considered the future traffic projections that were presented in terms of capacity utilization, or the extent to which the roadway's capacity is being used on a daily basis. Through this study the information conveys that: 1) most of the City's roadways operate well below their capacity on a daily basis, with a couple of

exceptions, and 2) in year 2025 only a handful of streets are projected to have a demand that exceeds their capacity.

Both Police and Fire services have seen recent reduction, with the Police Department operating below the City's Public Safety Element of the General Plan recommending the PRPD be staffed at a ratio of 1.4 officers per 1,000 residents. The PRDES has adopted a response time goal of 4 minutes for 90% of all calls. The City has significantly reduced General Fund (GF) spending by not refilling 36% of GF positions, cutting temporary and contract help, trimming contract services, and deferring wage increases. The GF is projected to experience a deficit in each of the four planning years. This deficit will be managed through expanded labor savings and judicious use of savings.

Social and Economic Communities of Interest

The City of Paso Robles has a variety of social and economic communities of interest, including numerous business, schools, churches, public sector facilities, and other Community Service programs. If the development of the SOI is managed pursuant to the policies of the City, the development of these areas should benefit the social and economic communities of interest.

The existing social fabric of the City will change if these areas are added to the SOI and eventually annexed. However, it is likely that this change will be positive, bringing in new families and economic buying power as well as new business opportunities. 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 this expansion.

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

The City of Paso Robles has a variety of economic diversity that lives within the City limits and surrounding area including within the Sphere of Influence. Disadvantaged community means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. The City of Paso Robles Sphere of Influence does not qualify under the definition of disadvantage community for the present and probable need for public facilities and services.

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. The San Luis Obispo LAFCO's 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 Paso Robles are consistent with those policies and the purposes of LAFCO. The SOI discourages urban sprawl and encourages the preservation of open space and agriculture land. Inclusion in the City also provides for more efficient provision of public services and is consistent with San Luis Obispo LAFCO policies.

CHAPTER 3

PASO ROBLES – 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 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 the commission

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 Paso Robles / County of San Luis Obispo
Water Service	Individual Wells or community water system	City of Paso Robles
Wastewater collection, treatment and disposal	County of San Luis Obispo Public Works or Septic Systems	City of Paso Robles
Storm water drainage, flood control	County of San Luis Obispo Public Works	City of Paso Robles
Roads, Circulation, Street Maintenance Street Lighting	County of San Luis Obispo	City of Paso Robles
Public Transportation	SLO Transit Authority	City of Paso Robles
Law Enforcement and Fire Protection Services	County Sheriff/County Fire Department	City of Paso Robles Police and Fire Department
Community Development/Planning and Building Services, Enforcement	County of San Luis Obispo	City of Paso Robles
Solid Waste	County of San Luis Obispo-via contractor or individual responsibility	City of Paso Robles
Parks and Recreation	County of San Luis Obispo	City of Paso Robles

The Paso Robles city limits include approximately 20 square miles, or 12,739 acres, of land in the northern portion of San Luis Obispo County. The City of Paso Robles Sphere of Influence was most recently updated in 2004, and included expansion areas of Beechwood and Olsen properties. Both Beechwood and Olsen were annexed into the City later in 2004. Figure 3-1 shows the adopted Sphere of Influence. The City's existing Sphere of Influence encompasses approximately 465 acres beyond the City limits. Figure 3-2 shows the City of Paso Robles "Planning Impact Area" which indicates where development could impact Paso Robles and the City would like to be informed about projects. The City does not have any jurisdiction in this area, nor has it been submitted to or approved by LAFCO. Figure 3-3 shows the Study Areas considered under this review. Please note that a study area is intended to be studied for possible inclusion. The area may or may not be included in the SOI.

Figure 3-1 - Paso's Existing SOI

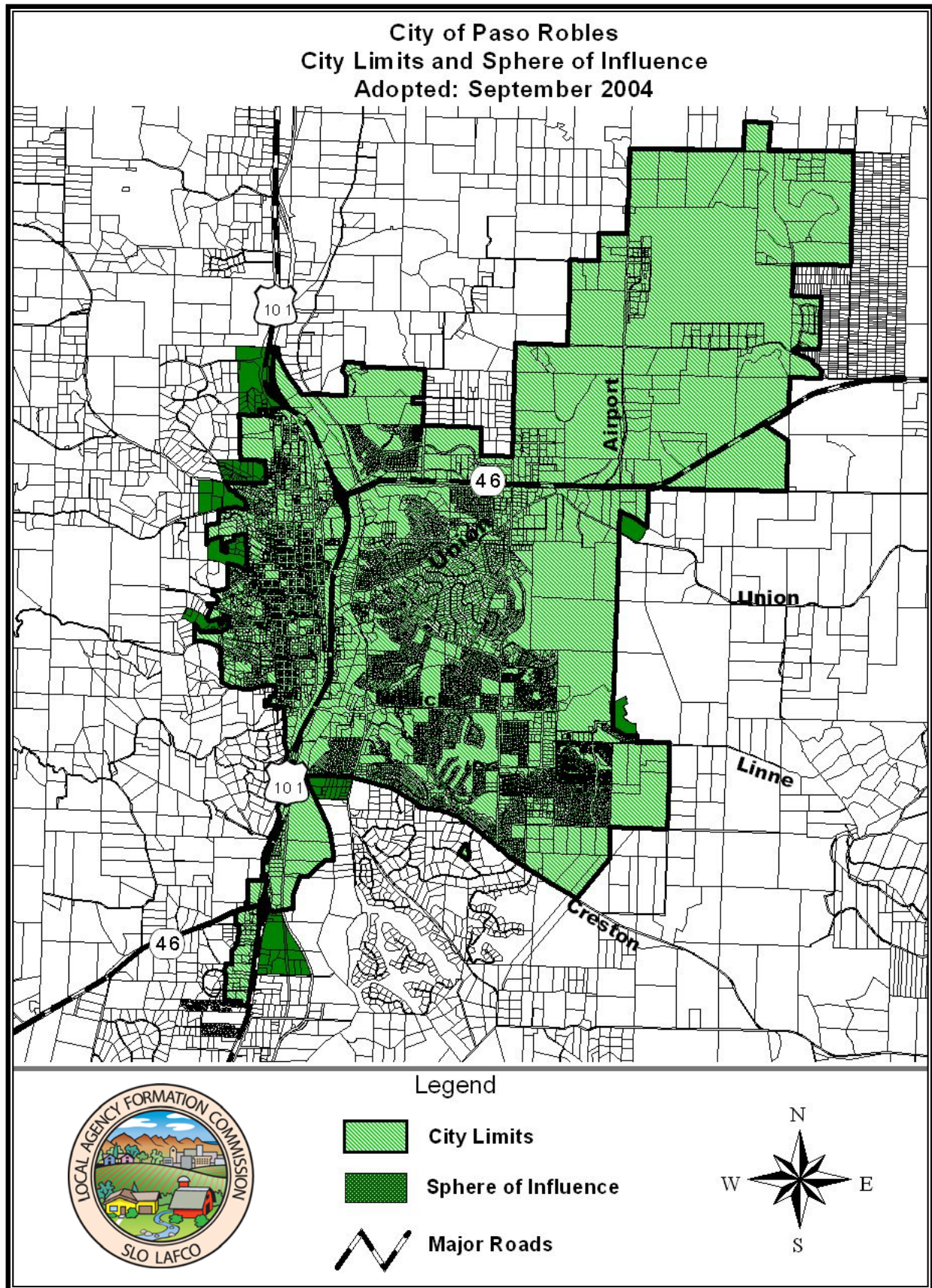


Figure 3-2 – Planning Impact Area

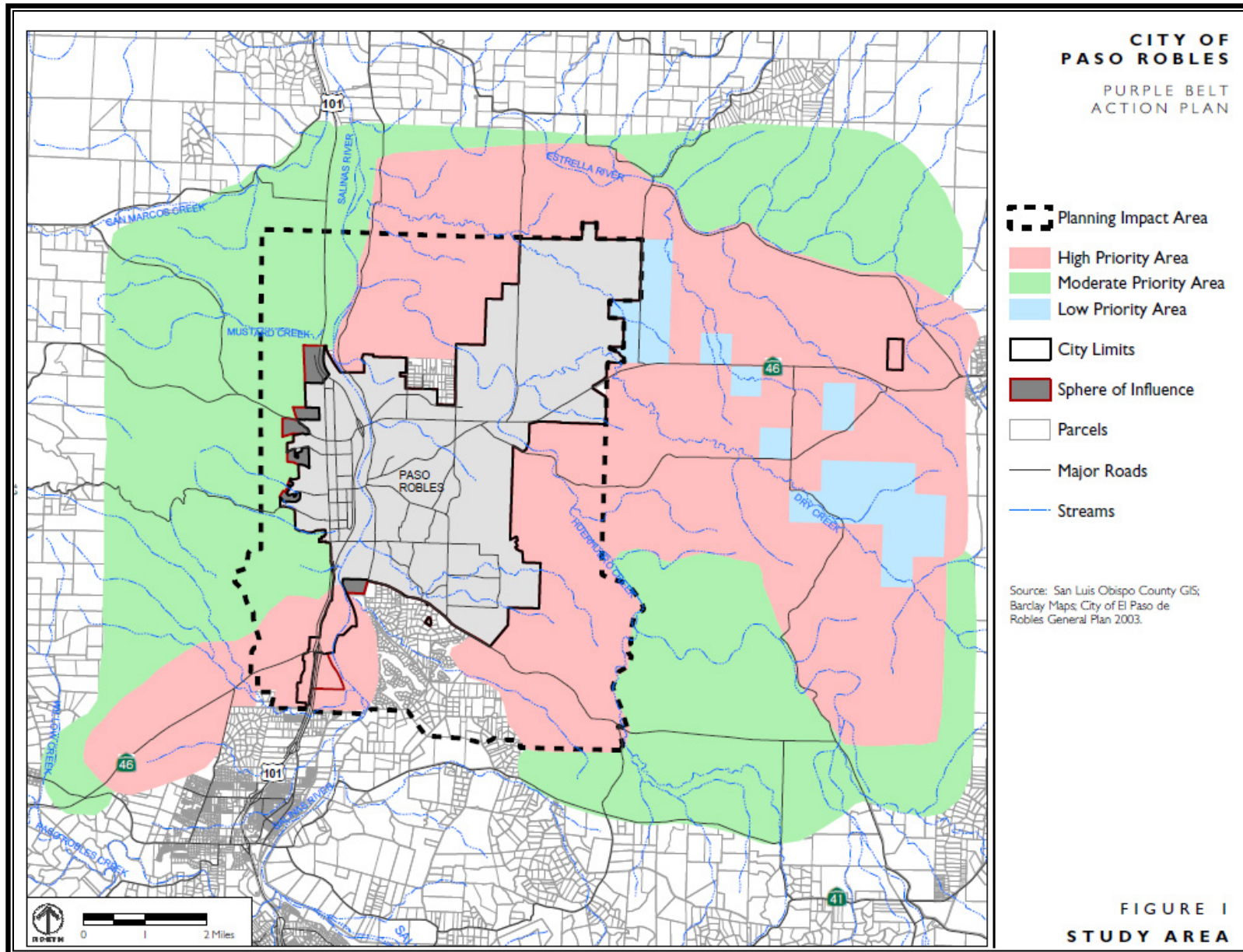
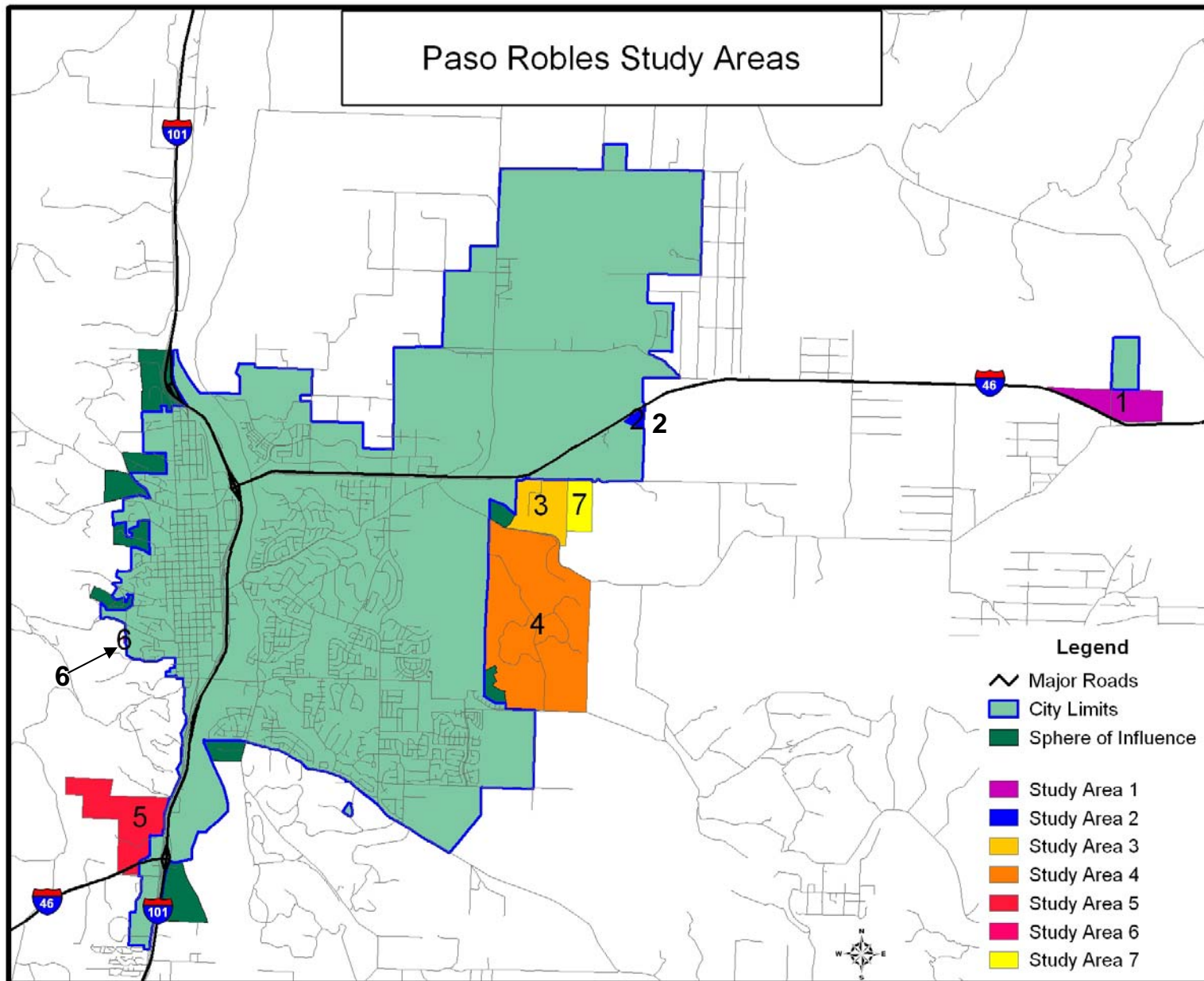


Figure 3-3 – Study Areas



3.1 GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

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

POPULATION

This factor is intended to identify growth and population projections for the affected area of a jurisdiction. This section will use various sources of information to project growth and population for the City of Paso Robles. The previous Sphere of Influence update and Municipal Service Review for Paso Robles provides background information. The table below summarizes proposals considered by LAFCO since 2000 to the present.

Table 3-2 –Proposals Since 2000

Date	Action	Proposal	Acreage	Status
10/28/04	Annexation	Anx #88 Linne	31.3	Approved 2/17/05
06/02/04	Annexation	Anx #87 – Beechwood	235	Approved 12/2/04
01/15/04	Annexation	Anx #86 - Olsen	248.54	Approved 10/21/04
08/19/03	Annexation	Anx #85 Hunter Ranch Golf Course	220.34	Approved 12/18/03
07/17/03	Annexation	Anx #84 McKinley	2.0	Approved 8/21/03
09/05/02	Annexation	Anx #83 Durand	16.9	Approved 11/21/02
03/16/01	Annexation	Anx #82 Roth	5.75	Approved 8/16/01
04/25/01	Annexation	Anx #78 Vina Robles	93.7	Approved 9/20/01
10/30/00	SOI Revision/Annexation	Anx #81 Durand	16.9	SOI Approved Only 5/17/01
08/22/00	Annexation	Anx #79 South Vine Street	16	Denied 10/19/00
02/10/00	Annexation	Anx #77 Kiessig Family Trust	117	Approved 6/15/00

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

U.S. CENSUS

According to the 2000 US Census, the City had a population of 24,297. The 2010 US Census now estimates the population at 29,793. Total housing units were estimated in 2000 to be 8,791

units and 11,426 units in 2010. Based on the General Plan, the City estimates build-out population within the current City limits is 44,000. This assumes an existing population of 29,793, plus 5,025 new units occupied at a rate 2.663 people per unit.

The City's population grew by 22% from 2000 to 2010. Most of the growth in the City over the past 20 years has occurred on the east side of the Salinas River. The presence of steep hills has limited growth to the west of the City. Residential land uses makes up the single largest land use category in the City. Existing residential land use designations comprise 5,434 acres and approximately 42 percent of the total designated City acreage.

California Department of Finance Population Estimates-2000 to 2010

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 2000 census count. The table below reflects the DOF estimates for Paso Robles and the County of San Luis Obispo over the last decade. In 2010, DOF estimated Paso Robles' population at 30,072.

Table 3-3: Population Estimates

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Paso Robles	24,297	25,035	25,842	26,852	27,294	28,075	29,051	29,648	29,854	30,004	30,072
County Total	246,681	250,329	253,824	256,190	258,902	261,699	263,939	266,043	268,636	270,901	273,231

Source: DOF E-4 Population Estimates for Cities, Counties and State, 2000-2010

Council of Governments Population Projections-2009

The Council of Governments recently had the consulting firm of Economics Research Associates update population projections for San Luis Obispo County including the City of Paso Robles. The original study was completed in 2006 and was updated in 2009 to take into account the recent 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 Paso Robles. The table below shows those results:

**Table 3-4: Projected Population Growth City of Paso Robles
San Luis Obispo Council of Governments Projections**

	2008	2010	2015	2020	2025	2030	2035
LOW	29,682	30,650	34,000	35,530	36,990	38,820	40,670
MEDIUM	29,682	30,650	34,000	35,880	37,670	39,920	42,190
HIGH	29,682	30,650	34,000	35,920	37,750	40,040	42,350

Paso Robles is part of the North County Area which includes the City of Atascadero the communities of Templeton and Santa Margarita with nearly 60,000 people reaching the density and population threshold to become an “urbanized area” according to the Census Bureau. In 2004, there were 10,230 housing units with 2.69 persons per household and 2.67% of the units were vacant. Paso Robles has increased its population by an average of 550 persons per year between 2000 and 2010.

COUNTY’S GENERAL PLAN

The County’s Salinas River Area Plan, El Pomar Area Plan, and Adelaida Area Plan are components of its General Plan that establishes land use policy in the unincorporated areas around Paso Robles. Significant areas are zoned Agricultural and are currently under conservation contracts. The urban reserve line identifies where the County anticipates urban development over the next 20-years. The Paso Robles urban reserve line encompasses a slightly larger area than the City limits of Paso Robles. (see Figure 3-4).

The County’s Plan 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 plan recognizes that separation between communities provides each community with the opportunity for developing its own distinctive identity.

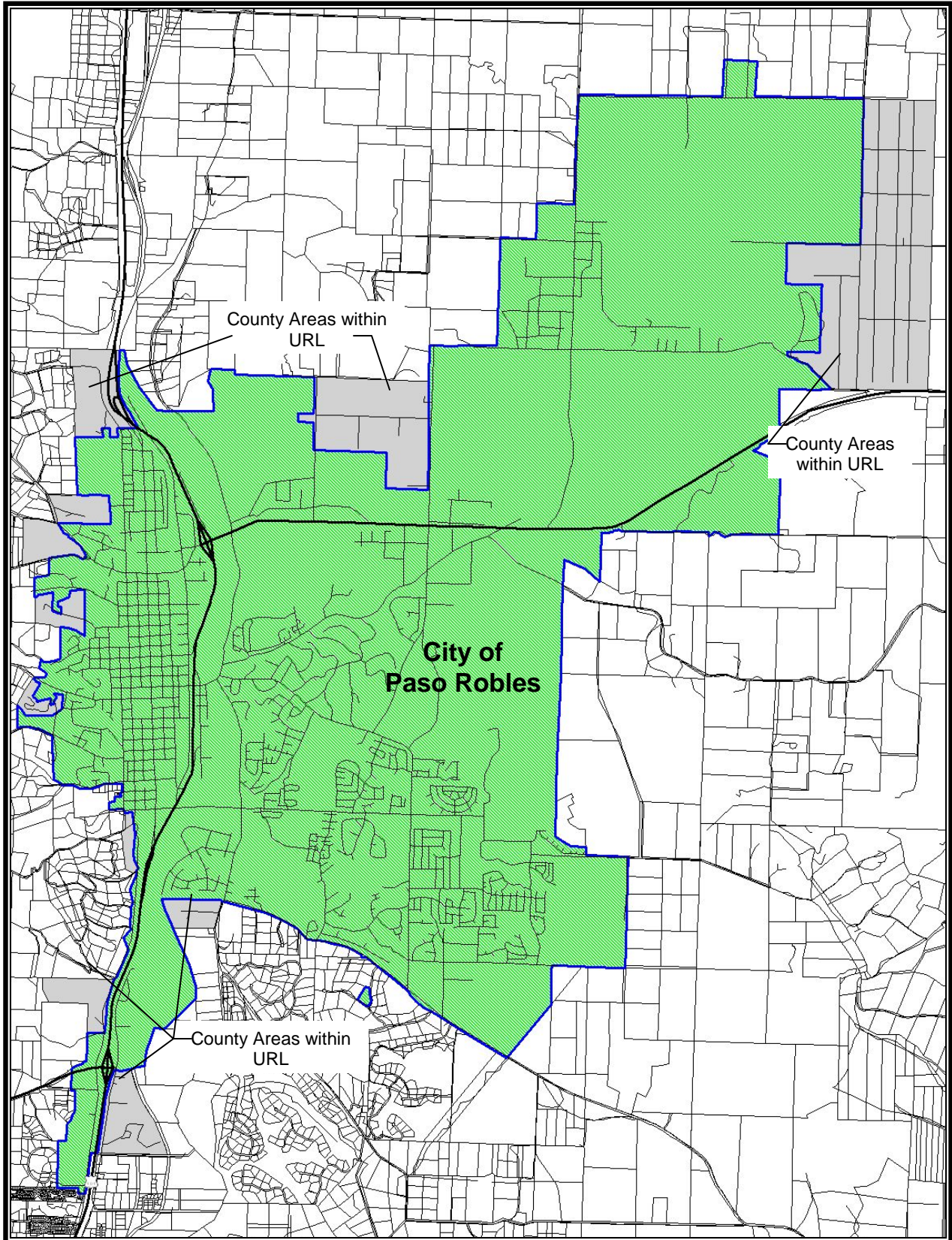
The County’s Conservation and Open Space Element (COSE) consolidated five previous individual elements (conservation and open space, historic, esthetic, and energy elements). The

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 Strategic Growth Principles intend to direct growth to occur in existing urban areas and in a more sustainable manner. The following Strategic Growth Principles guide the County in decision making:

1. Strengthen regional cooperation
2. Preserve open space, scenic, natural beauty and natural resources. Conserve energy resources. Protect agricultural land and resources.
3. Strengthen and direct development toward existing and strategically planned communities.
4. Foster distinctive, attractive communities with a strong sense of place.
5. Provide a variety of transportation choices.
6. Create a range of housing opportunities and choices.
7. Encourage mixed land uses.
8. Create walkable neighborhoods and towns.
9. Take advantage of compact building design.
10. Make development decisions predictable, fair and cost effective.
11. Encourage community and stakeholder collaboration.

The County has adopted Strategic Growth Principles that strengthens and directs development towards existing communities within an Urban Reserve Line, provides for logical, attractive and safe pedestrian circulation, and protects, preserves, and/or restores important open space, scenic natural beauty and sensitive environmental areas. These policies allow the County to work with communities to maintain distinct urban boundaries and community separators and identify suitable development areas for compact, affordable development, where supported by sustainable resource capacities.

Figure 3-4
Paso Robles Area Urban Reserve Line – County General Plan



The County's General Plan identifies the type and intensity of development allowed in each of several land use categories (zoning) for County. The following table summarizes the existing zoning and acreage for the study areas being reviewed:

Table 3-5: Existing Land Use

Study Areas	Acreage	Land Use/Zoning	Existing Land Use	Build-Out Potential
#1 Public Facility	148	Agriculture	Vacant	0 units
#2 Golden Oak	12	Agriculture	Residential	1 units
#3 Mill Road	175	Agriculture	Residential/AG	7 units
#4 Vina Robles	851	Agriculture	Ag Cluster Residential	42 Residential, 7 farm-worker units, & OS
#5 Furlotti Family Ranch Company	270	Residential Suburban & Agriculture	Vineyard/Open Space	Being Developed
#6 Ernst	1.4	Rural Residential	Residential	Built-out
#7 Collins	80	Agriculture	Vineyard	Hotel

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

The Salinas River Inland Area Plan describes the areas identified as Residential Suburban generally corresponds to the City's Residential Suburban category. The south Paso Robles Residential Suburban area is located on the south side of the City between the Southern Pacific Railroad tracks and River Road. It is generally level and is used for crop production. The western portion of the area lies within the Salinas River flood hazard area. Building within the flood hazard area should be avoided.

The Adelaida Inland Area Plan is located in the west Paso Robles fringe area and is adjacent to rural residential lands in the Salinas River planning area. Areas identified as Rural Lands are primarily steeper terrain with dense vegetation or rocky outcrops, including most of the westerly edge of the planning area along the more remote, rugged portions of the Santa Lucia Range.

RMS Annual Report-2009

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 2009 Resource Management System Annual Report, the City estimates that it now serves approximately 30,650 residents in 2010 compared to an estimated 23,370 in 2000.

Over the last 10 years, Paso Robles' population has increased by 5,500 people. This equates to 2.1% per year rate of population increase over the 10 year period. The table below reflects the population data from the census and the County's 2009 Resource Management System Annual Report:

**Table 3-6: Historical & Projected Population Growth
Paso Robles California: Census and RMS Data**

	1990 ¹⁾	2000 ¹⁾	2010 ²⁾	2015 ²⁾	2020 ²⁾	2025 ²⁾	2030 ²⁾
Population	18,583	24,297	30,650	34,000	35,880	37,670	39,920
10 Year Increase	--	5,714	6,353	3,350	1,880	1,790	2,250
10 year % Incr.	--	23.5%	20.7%	9.8%	5.2%	4.8%	5.6%

Sources: 1) US Census, 2) Resource Management System Annual Report, 2009

City of Paso Robles 2010 Urban Water Management Plan

Housing Units and Growth Projections. In the 2010 Urban Water Management Plan, the City of Paso Robles estimates that 30,072 people lived in the City. The 2010 U.S. Census stated the total number of dwelling units as 11,426 with an average household size of 2.6 persons and an occupancy rate of about 97%. The City's Urban Water Management Plan projects the current City limit and Sphere of Influence boundaries to yield a population of 44,000 persons. The 2003 General Plan assumes a growth rate of 2.4% per year to the 2025 build-out population of 44,000.

The 2010 Urban Water Management Plan assumes between 2010 and 2025, single family connections are estimated to increase 43 percent while multi-family connections are estimated to increase 74 percent¹. The large increase in multifamily units reflects the multi-family land use zoning in the 2003 General Plan and assumes full build-out. In summary, the City's growth rate is likely to continue based on the current General Plan. The table below is taken from the Urban Water Management Plan and shows historic and projected growth rates:

¹Projection of the number of service connections has little value as it only infers population and demand. Also, the accuracy is limited especially for multifamily. The actual number of connections for multifamily has no correlation to demand or population. This is because there may be large multifamily complexes that have only a few master meters while others individually meter each dwelling unit. Connection projections are only included as it is a requirement of the State. Actual water demand and population projections should be used as an alternative.

Table 3-7: Historical & Projected Population Growth

	1990 ⁽¹⁾	2000 ⁽¹⁾	2005 ⁽¹⁾	2010 ⁽¹⁾	2015 ⁽¹⁾	2020 ⁽¹⁾	2025 ⁽¹⁾
Population	18,583	24,297	27,361	30,072	30,770	37,385	44,000
10 Year Increase	--	5,714	3,064	2,711	698	6,615	6,615
10 year Avg. Increase	--	31%	13%	10%	3%	21%	17%
Average per Year	--	3.1%	2.6%	1.9%	>1%	4.2%	3.5%

(1) Source: City's 2010 Urban Water Management Plan

CITY OF PASO ROBLES GENERAL PLAN, 2003

The City of Paso Robles adopted its General Plan in 2003 and amended that section of the Land Use Element which addresses population growth in 2005. Between 1990 and 2000 the City's average compounded growth rate was 2.7%. Its 2000 population was 30.7% greater than the 1990 population. Between 2000 and 2010 the City's average compounded growth rate was 2.1% and the 2010 population was 23.5% greater than the 2000 population. The 2003 General Plan, as amended in 2005, assumed that all residentially-designated land in the City would build out by 2025 and that population growth could be assumed to occur at a constant rate. This rate would translate to an average annual population increase of 800 persons, which at 2.663 persons per unit, would need 300 dwelling units per year. Since the national recession that began in 2007, it could be fairly argued that future growth rates will be substantially less than those assumed by the General Plan in 2005, extending the projected build-out of the City well beyond 2025.

The 2011 Housing Element shows that a total of 5,060 new dwelling units could be built on vacant and underdeveloped lots and parcels, including the two specific plan areas: Chandler Ranch and Olsen Ranch/Beechwood. The City's Housing Element of the General Plan does not anticipate additional dwelling units from the study areas or SOI. These properties are outside of the current City limits. The City of Paso Robles has more than adequate potential for new residential housing within existing City limits. The table below summarizes the growth potential within the City and SOI areas.

Table 3-8 Build-out Summary: City plus SOI

Area	Land Use Category (General)	Land Status	Units	Population
Within City Limits				
Outside Specific Plan Areas	Single Family 1-4 units/acre	Vacant Land	491	1,308
Outside Specific Plan Areas	Single Family 1-4 units/acre	Underdeveloped Land *	42	112
Outside Specific Plan Areas	Single Family 6 units/acre	Vacant Land	3	8
Outside Specific Plan Areas	Multi-Family 8 units/acre	Vacant Land	398	1,060
Outside Specific Plan Areas	Multi-Family 8 units/acre	Underdeveloped Land	401	1,068
Outside Specific Plan Areas	Multi-Family 12 units/acre	Vacant Land	258	687
Outside Specific Plan Areas	Multi-Family 12 units/acre	Underdeveloped Land	278	740
Outside Specific Plan Areas	Multi-Family 20 units/acre	Vacant Land	403	1,073
Chandler Ranch Specific Plan	Single Family 1-4 units/acre	Vacant Land	1,214	3,233
Chandler Ranch Specific Plan	Single Family 6 units/acre	Vacant Land	135	360
Chandler Ranch Specific Plan	Multi-Family 9 units/acre	Vacant Land	90	240
Olsen/Beechwood Specific Plan	Single Family 1-4 units/acre	Vacant Land	1,052	2,801
Olsen/Beechwood Specific Plan	Multi-Family 20 units/acre	Vacant Land	295	786
Total for City			5,060	13,475
Proposed SOI Study Areas	County Land Use			
#1 Public Facility (148 acres)	Agriculture		0	0
#2 Golden Oak (12 acres)	Agriculture		1	3
#3 Mill Road (175 acres)	Agriculture		5	13
#4 Vina Robles (851 acres)	Agriculture		49	130
#5 Furlotti Family Ranch Company(270 acres)	Residential Suburban & Agriculture		69	183
#6 Ernst (1.4 acres)	Rural Residential		1	3
#7 Collins (80 acres)	Agriculture		0	0
Existing SOI (465 acres)	Agriculture		500	1,332
SOI Subtotal			625	1,664
Total			5,685	15,139

Source: City of Paso Robles 2011 Housing Element, SLO County Planning & Building Department.

- * Underdeveloped residential land is partially-developed, having one or more dwelling units, but having capacity for subdivision to create more single family lots or infilling with additional units. An example of the latter would be a multi-family zoned lot on which 3 units could be built, but is only presently developed with one unit.

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. Paso Robles has an estimated 1,115 hotel/lodging rooms and 181 wineries. The 1,115 or so visitor accommodations in Paso Robles represent approximately 11% of the total available accommodations Countywide (EVC; 2008). The City has added an additional 236 rooms since

2005 with a current application to add 30 more rooms to reach approximately 1,145 room inventory. With regard to wineries within and around the City, a 2007 economic impact study prepared by MKF Research estimates more than 90% of the number of wineries in the county are located in North County, which is primarily the Paso Robles American Viticultural Area (AVA). The north county is also responsible for about 82.4% of the county's winery revenue and 82.5% of county wine production.

Recent Building Permit Activity

The Community Development Department's Residential Activity Report dated June 2011 shows a total of 701 residential units with zoning entitlements. This does not include those currently under construction or recently built. This represents a decrease from 768 residential units with zoning entitlements in June 2009. The table below shows the number of dwelling units for which Certificates of Occupancy were issued between 2004 and 2010. Since 2004 the City has finalized 1,289 new single-family units, and 281 multi-family units.

Table 3-9: Building Permits Finaled 2004-2010

	SF	MF	MH
2010	24	0	0
2009	23	4	0
2008	46	58	0
2007	85	91	0
2006	290	79	0
2005	425	38	0
2004	396	11	0
Total	1,289	281	0

Source: Paso Robles Community Development Department 2011

Land Use

The City's 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. The City's existing Sphere of Influence encompasses approximately 465 acres beyond the City limits. The City's General Plan, however, anticipates limiting potential residential annexation within the SOI.

The goals of preserving open space and prime agricultural lands and efficiently providing government services were added to the City's existing goals of discouraging urban sprawl and

encouraging the orderly formation of local agencies. 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 areas being studied for inclusion in the City's Sphere of Influence are in the County's Salinas River Area Plan and El Pomar Area Plan. These areas are zoned Residential Suburban and Agricultural and are currently undeveloped or have approved County permits. Study area #4 properties are the only properties under Williamson Act contracts.

The Land Use Element provides direction regarding the use of land within the City limits and within the Sphere of Influence. Inside the City limits, Land Use Designations, or zoning, identify what particular land uses are envisioned for a specific location or area. The following Goals and Policies have been adopted by the City:

GOAL LU-2: Image/Identity. Maintain/enhance the City's image/ identity.

POLICY LU- 2E: "Purple Belt"(Open Space/Conservation Areas Around the City).

Create a distinct "Purple Belt" surrounding the City by taking actions to retain the rural, open space, and agricultural areas.

Action Item 1. *Coordinate with the County and private organizations to identify boundaries of and obtain support for a "purple-belt" that buffers the eventual edge of the City through the preservation of existing, and encouragement of future agriculture and open space.*

Action Item 2. *As feasible, acquire development rights/easements within the designated purple belt area. Use these development rights/easements to limit land uses within the designated purple belt to agricultural and/or open space.*

Action Item 3. *Take steps to ensure that the County retains surrounding lands in very low-density rural residential, open space (including natural resource), and agricultural uses. Oppose the creation of new parcels within the County.*

Action Item 4. *Implement strategies that help preserve or protect agriculture beyond the City limits, including:*

- *Establishment of agricultural buffer easements, berms and/or vegetative screening, on property proposed for urban development as a condition of approval of discretionary development applications.*
- *Implement the City's adopted "right-to-farm" ordinance.*
- *Participation in the Williamson Act and other farmland preservation programs.*

Action Item 5. *Require disclosure agreements for new non-agricultural development within 500 feet of an existing agricultural use. Such disclosure agreements should describe potential nuisances (e.g., dust, noise, pesticide spraying, etc.) associated with normal agricultural operations.*

Policies Specific to SOI. Paso Robles General Plan does not have specific policies to particular properties within the SOI boundary but does identify subareas within the Planning Impact Area as its future growth boundary.

POLICY LU- 2F: *Planning Impact Area (PIA): Maintain and periodically update a Planning Impact Area (PIA) to indicate the maximum potential geographical boundaries to which the City may grow in the foreseeable future (within the 2003-2025 planning period and beyond), or areas within which development patterns would have an immediate impact upon the City, and identify land use categories that would be assigned if unincorporated land were annexed.*

Action Item 1: *Evaluate annexation requests for conformance with adopted General Plan goals, policies and action items (including the requirement that financing mechanisms or alternative measures be put into effect in order to ensure fiscal neutrality), as well as public infrastructure and service plans.*

Action Item 2: *Continue to review and comment on planning efforts and development projects being considered by the County within the City's Planning Impact Area.*

POLICY LU- 2G: *Specific Plans. Require for large, vacant and/or underutilized areas, as well as for areas with special planning needs, as follows (refer to Figure LU-3):*

- *Areas outside of and southeast of the 2003 City limits, within Subarea "D" (proposed Annexation Areas between Linne Road and Creston Road).*

POLICY LU-4A: *Service Levels. Strive to ensure that City services and facilities are maintained at current levels and/or adopted standards, and are funded as revenues become available.*

Action Item 1. *Direct City revenues towards continuing to fund the public services and on-going maintenance/operation of public facilities and utilities provided by the City (water, sewer, storm drains, police, emergency services, library, recreational services, and solid waste).*

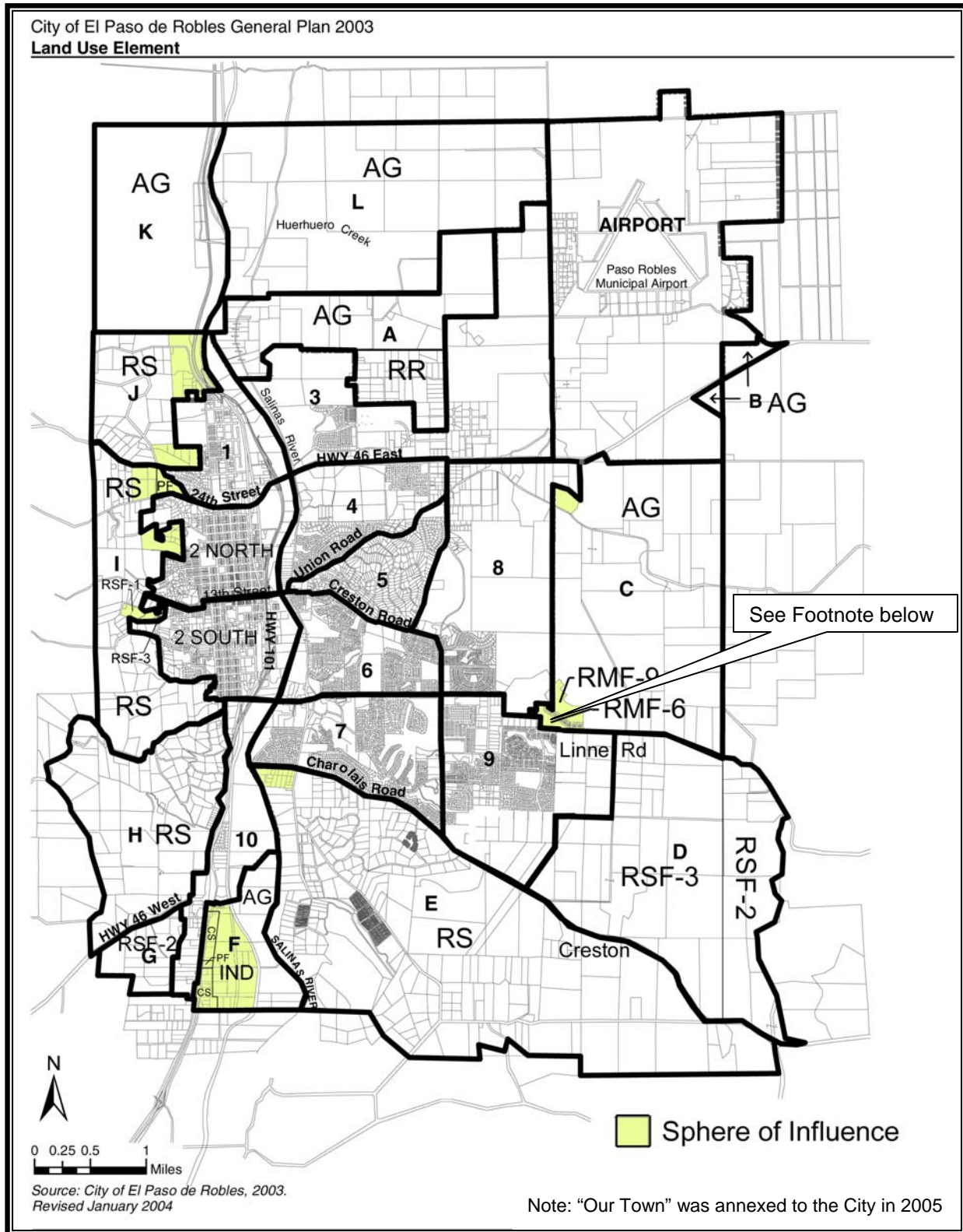
Action Item 2. *Require new development in annexation areas and/or specific plan areas to establish funding mechanisms to pay for the construction, maintenance, and operation of required City services and facilities on an on-going basis: (1) at current levels; or (2) per adopted City standards, as well as in compliance with state and federal mandates; and/or (3) as deemed necessary during the environmental review and/or the fiscal impact review process.*

Action Item 3. *Require a fiscal impact analysis for new development in annexation areas and/or specific plan areas and condition projects accordingly so as to ensure that they will be fiscally neutral and not result in a net loss for the City.*

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, and within the Planning Impact Area which also comprises the Sphere of Influence. Paso Robles General Plan Figure LU-2 shows the areas where land use designations have changed since the 1991 General Plan. Land use designations within each subarea are shown in Figures LU-6A through LU-6W (see Figure 3-5 below for a consolidated map). It is noted that the land use designations shown outside the City's proposed expansion areas are intended to facilitate long-range planning coordination efforts between the City and the County. The Memorandum of Agreement between the City and County also 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.

The General Plan points out that in addition to the specific sites in the SOI, the City should communicate its concerns over development in areas that would remain under County jurisdiction vis-à-vis adopting a "Planning Impact Area" shown in the General Plan.

Figure 3-5
Paso Robles Consolidated Subarea Land Use



Housing Element. The City's 2011 Housing Element was approved by the City Council on June 21, 2011 and certified by the State Department of Housing and Community Development (HCD) on August 15, 2011. The Goals, Policies and Programs found in the Housing Element are the Housing Implementation Plan for the period from January 1, 2007 through July 1, 2014. The table below shows the total number of residential units (646) the City of Paso Robles must provide zoning for in that time period. HCD has reviewed the Housing Element and has provided comments for the City to consider before certification by the State.

Table 3-10: 2007-2014 - SLOCOG Regional Housing Needs Allocation

	Units By Income Category					Totals	% of Units
	Very Low	Low	Moderate	Above Moderate			
Arroyo Grande	83	58	69	152	362	7%	
Atascadero	106	74	88	194	462	10%	
Grover Beach	44	31	37	81	193	6%	
Morro Bay	41	29	34	76	180	4%	
Paso Robles	149	103	123	271	646	10%	
Pismo Beach	36	25	30	66	158	3%	
San Luis Obispo	366	254	302	668	1,589	33%	
County Unincorp.	298	207	246	544	1,295	27%	
Total Units	1,124	782	928	2,052	4,885	100%	

Source: SLOCOG RHNA 2008

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 Paso Robles.

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 Paso Robles, 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 for jurisdiction within the coastal zone boundary, it is the only element that is subject to review and "certification" by the state. The City's Housing Element has not 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 5,060 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 following the adoption of the 2003 General Plan Update, the City updated its Water and Sewer Master Plans. As noted in the 2011 Urban Water Master Plan, with the City's decision to participate in the (Lake) Nacimiento Water Project (which began in 1992), it will have adequate capacity to serve

all properties in its current boundaries at densities/intensities consistent with current land use designations. Water and sewer service will need to be extended into the specific plan areas (Chandler Ranch, Olsen Ranch, and Beechwood) as properties in those areas are subdivided following adoption of the specific plans. New development will need to pay for its fair share of Lake Nacimiento Water. As mandated by SB 1087 (Statutes of 2005), the City has adopted a resolution granting priority for water and sewer connections to housing reserved for lower income household in the unforeseen event that capacity for either utility becomes limited. These services are further discussed in the next section.

The **Circulation** Element was recently updated in 2011 and includes plans for improvements to the City's transportation system that will accommodate existing residents and future growth. The stated purpose of the circulation system is to maintain/enhance safe and efficient person mobility in the City (per Goal CE-1). To support that goal, the 2011 Circulation Element Update changes how the performance of the transportation network is measured away from an auto-centric measure (level of service or LOS) towards measures that represent a more efficient use of resources, support the mobility of people, quality of life and small town feel desired by residents. In addition, measures supporting person mobility will offer more travel choices, support public health goals by encouraging more walking and biking, and reduce greenhouse gas emissions. Goals, Policies, and action items supporting these goals are provided in detail in the 2011 Circulation Element Update.

The table below identifies key road capacity utilization that maintains adequate traffic flow for the roads over the next 15 years. The information conveys that: 1) most of the City's roadways operate well below their capacity on a daily basis, with a couple of exceptions, and 2) in year 2025 only a handful of streets are projected to have a demand that exceeds their capacity. Specifically, the volume on four study segments is projected to exceed the capacity and two of these are on SR 46 between US 101 and Airport Road. In addition, only three other segments are projected to have a utilization of between 90 and 100 percent.

Table 3-11 Existing and 2025 Roadway Segment Utilization

Street	Segment	Existing Daily Traffic	Existing Capacity Utilization	2025 Daily Traffic	2025 Capacity Utilization
24TH ST	SPRING ST TO US 101	15,700	89%	14,100	80%
AIRPORT RD	SR 46 TO DRY CREEK RD	5,400	30%	4,000	23%
CHAROLAIS RD	S RIVER RD TO RAMBOUILLET	7,100	33%	11,500	53%
	RAMBOUILLET RD TO CRESTON	4,700	22%	9,000	41%
13TH ST	SPRING ST TO RIVERSIDE AVE	8,600	49%	11,200	63%
	RIVERSIDE AVE TO S RIVER	25,400	68%	32,200	86%
CRESTON RD	S RIVER RD TO GOLDEN HILL	15,800	73%	19,800	91%
	GOLDEN HILL RD TO NIBLICK	17,700	47%	25,200	67%
	NIBLICK RD TO CHAROLAIS	5,500	15%	8,000	37%
	CHAROLAIS RD TO E CITY LIMIT	4,200	19%	7,400	34%
DALLONS DR	BUENA VISTA TO GOLDEN HILL	1,300	8%	2,600	15%
GOLDEN HILL RD	DALLONS DR TO SR 46E	2,200	13%	12,800	34%
	CRESTON RD TO ROLLING HILL	9,300	43%	13,800	64%
	ROLLING HILLS RD TO UNION	11,200	51%	17,100	46%
	UNION RD TO SR 46E	7,100	40%	11,100	30%
LINNE RD	FONTANA RD TO EAST CITY	4,100	23%	10,700	60%
NACIMIENTO LAKE	WEST CITY LIMIT	7,300	41%	9,700	55%
NIBLICK RD	SPRING ST TO S RIVER	30,100	80%	38,100	102%
	S RIVER RD TO MELODY DR	19,400	52%	25,400	68%
	MELODY DR TO CRESTON RD	14,100	38%	19,700	53%
N RIVER RD	UNION RD TO SR 46E	2,700	20%	4,200	31%
	SR46E TO NORTH CITY LIMIT	1,200	9%	1,300	10%
ROLLING HILLS RD	CRESTON RD TO GOLDEN HILL	2,800	16%	3,600	20%
PASO ROBLES ST	FWY OFFRAMP TO CRESTON	5,800	61%	5,600	58%
RIVER OAKS DR	N RIVER RD TO BUENA VISTA	1,900	11%	2,600	15%
RIVERSIDE AVE	13TH ST TO 24TH ST	11,800	67%	13,700	63%
SHERWOOD RD	CRESTON RD TO FONTANA	10,000	56%	16,200	75%
S RIVER RD	S CITY LIMITS TO CHAROLAIS	2,300	17%	2,600	19%
	SERENADE RD TO NIBLICK	12,800	34%	17,400	47%
	NIBLICK RD TO NAVAJO	13,400	36%	15,100	40%
SPRING ST	10TH ST TO 11TH ST	13,900	64%	15,000	69%
	16TH ST TO 17TH ST	13,800	64%	17,900	82%
	28TH ST TO 30TH ST	4,900	23%	6,900	32%
UNION RD	N RIVER RD TO WALNUT DR	5,500	26%	9,000	41%
	WALNUT DR TO GOLDEN HILL	5,300	30%	9,100	51%
	GOLDEN HILL RD TO SR46E	7,800	44%	14,100	65%
	SR46E TO EAST CITY LIMIT	3,300	18%	4,600	21%
BUENA VISTA DR	SR 46E TO EXPERIMENTAL STA	4,400	20%	6,800	31%
	NORTH OF CUESTA COLLEGE	2,600	12%	3,500	16%
DRY CREEK RD	AIRPORT RD TO SR 46E	1,300	7%	3,800	21%
NICKERSON DR	NIBLICK RD TO CRESTON	2,000	15%	2,400	18%
PINE ST	6TH ST TO 13TH ST	3,400	35%	3,000	31%
RAMADA DR	SR 46W TO CALLE PROPANE	1,700	18%	4,700	49%
	SR 46 W TO SOUTH CITY	3,100	33%	6,100	64%
RAMBOUILLET RD	CHAROLAIS RD TO NIBLICK	1,600	12%	1,500	11%
S RIVER RD	NAVAJO RD TO CRESTON	11,200	63%	13,700	77%
THEATRE DR	SR 46W TO SOUTH CITY LIMIT	9,600	44%	12,300	57%
S VINE ST SR	46W TO 1ST ST	4,800	27%	12,700	72%
VINE ST	3RD TO 4TH St	4,000	30%	5,500	41%
	ST 30TH ST TO 32ND ST	300	3%	1,200	9%
SPRING ST	3RD ST TO 4TH ST	19,300	89%	22,700	105%
	6TH ST TO 7TH ST	15,600	72%	16,700	77%

Daily Traffic = Average Daily Traffic on a Typical Weekday

Source: City of Paso Robles Circulation Element 2011

The **Conservation and Open Space** Elements addresses natural resources such as water, soils, creeks, riparian habitat, air quality as well as archaeological resources. These Elements are important in updating the Sphere of Influence because they contain detailed goals, policies, and action items targeted at preserving open space lands. These policies address the implementation of the purple-belt action plan. Key policies include:

POLICY OS-1A: *Open Space/Purple Belt. Develop an open space plan/program for establishing an open space/ purple belt (agricultural preserve area) surrounding the City.*

Action Item 6. *Strive to establish an agricultural buffer between publicly-accessible open spaces and bordering agricultural lands.*

Action Item 7. *Coordinate the City's Open Space/Purple Belt plan/program with neighboring communities, the County of San Luis Obispo, and non-profit agencies.*

Action Item 8. *Investigate and implement as appropriate and feasible with San Luis Obispo County, establishment of permanent agricultural and open space areas that buffer communities from continuous urbanization and promote efficient growth patterns.*

Action Item 9: *Take steps to ensure that the County retains surrounding lands in very low-density rural residential, open space (including natural resource), and agricultural uses. Oppose the creation of new parcels within the County.*

Action Item 10: *Implement strategies that help preserve or protect agriculture, including:*

- *Establishment of agricultural buffer easements, berms and/or vegetative screening, on property proposed for urban development as a condition of approval of discretionary development applications.*
- *Implement the City's adopted "right-to-farm" ordinance.*
- *Participation in the Williamson Act and other farmland preservation programs.*

The boundaries of a Purple Belt (wine grape and other agriculture belt) is intended to ensure protection of vineyard and other AG resources, open space, and to prevent expansion and sprawl of urban development. It is intended to preserve the County's sense of rural character by preserving open space corridors between existing communities.

The Parks and Recreation, Noise, and Safety Elements of the General Plan each have goals, policies, and action items 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.

LAFCO Questions

The following section of the analysis addresses key growth and service-related questions that have been adopted by San Luis Obispo LAFCO for preparing a Municipal Service Review.

A. How does the projected growth of the proposed sphere of influence area compare with present County land use designations?

The existing Sphere of Influence for the City of Paso Robles is estimated to have a development potential of 150 units with only 266 acres of the 465 acres within the SOI considered for development.

The City's current General Plan is based on the ability of the City to accommodate a population of 44,000. Currently, the City's population is approximately 29,793 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 2025.

B. How have surrounding County land use patterns evolved and what impacts have they caused on infrastructure, e.g., roads, water, sewer, fire, police?

The County has not approved significant development proposals within the existing Sphere of Influence of the City of Paso Robles. The City and County have had no conflict regarding development on the fringe of the City in the unincorporated areas. The Memorandum of Agreement (MOA) between the City and the County provides for early coordination regarding development in the areas that might impact the City.

The areas being considered for inclusion in the City's Sphere of Influence are partly in the County's Salinas River Area Plan and El Pomar Area Plan. These areas are zoned Residential Suburban and Agricultural and are largely undeveloped. Study area #4 properties are the only properties under Williamson Act contracts.

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 2003.
2. According to both the County's Resource Management System and the Council of Governments Population Projections the City of Paso Robles is projected to grow at a rate of less than 2.4% per year the assumed growth rate under the City's build-out projections.
3. Development activity and population growth has decreased in the City over the past several years due to the economic downturn. This is evidenced by the building and land use permit data provided by the Community Development Department.
4. 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, roads, and fire and police.
5. The Memorandum of Agreement between the City and County provides a mechanism for the City and the County to work together on land use projects proposed in the Sphere of Influence. The MOA would also include more specifics about the development process, logical phasing of development, timing of infrastructure and services, and the intent of the City and County.

3.2 Location and Characteristics of any Disadvantaged Unincorporated Communities

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 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 City or property owners.

The City of Paso Robles has a variety of economic diversity that reside within the City limits and surrounding area including within the Sphere of Influence. Disadvantaged community means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. The City of Paso Robles Sphere of Influence does not qualify under the definition of disadvantage community for the present and probable need for public facilities and services nor are the areas contiguous to the sphere of influence qualify as a disadvantage community.

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 if a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to 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.

It is prudent for LAFCO to analyze present and long-term infrastructure demands and resource capabilities of the City of Paso Robles. 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. The City's General Plan contemplates limited expansion for annexations in the future (within the existing SOI), and Planning Impact Areas (areas to communicate concerns however not anticipated for future services except the Study Areas included in this SOI/MSR update).

The most important infrastructure and capacity 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, traffic and roads, sewer system capacity, fire and police protection, as well as, other services.

WATER

The City updated its Urban Water Management Plan in 2010/2011 and Water Master Plan in 2006. The County updated its Urban Water Management Plan in 2005. These plans, and other documents such as the Paso Robles Groundwater Basin agreement and studies, are the basis for this section of the Municipal Service Review. The City and County are currently updating their Water Master Plans. Also underway is the update of their Urban Water Management Plans due every five years 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 an SOI. Because a Sphere is the area that is envisioned for eventual annexation and service by a jurisdiction, it is important that an adequate, reliable, and sustainable water supply be documented. Also to be considered are a jurisdiction's policies with regard to growth and the provision of water.

Water Supply

Currently the City relies entirely on groundwater for its water supply. The City has water rights to a specific quantity of water from the Salinas River Underflow unit (4,600 AFY with a maximum diversion rate of 8 cubic feet per second). The City is not limited to the amount of water that can be drawn from the deeper Paso Robles Formation. The City also subscribed to receive 4,000 acre-feet per year of water from the Nacimiento Pipeline Project. The status of these supplies is discussed in the following section.

Paso Robles Groundwater Basin

The City of Paso Robles, City of Atascadero, Atascadero Mutual Water Company, Templeton Community Services District and County of San Luis Obispo, in coordination with other Basin stakeholders, work cooperatively to implement the 2011 Paso Robles Groundwater Basin Management Plan (GMP). The purpose of the GMP is to implement active stakeholder outreach, education, and management strategies to maintain a reliable and high quality water supply. The following reports have been prepared over the last ten years to provide better information:

- Resource Capacity Study – Water Supply in the Paso Robles Groundwater Basin, 2011
- Evaluation of Paso Robles Groundwater Basin Pumping *Water Year 2006* , 2009
- Update for the Paso Robles Groundwater Basin, 2007
- Paso Robles Groundwater Basin Water Banking Feasibility Study, 2007

- San Luis Region Integrated Regional Water Management Plan, 2005
- Paso Robles Groundwater Basin Study Phase II, 2002
- Paso Robles Groundwater Basin Study Phase I, 2002

Some of the findings from these studies are:

- The Rinconada fault forms a hydraulic barrier between the Atascadero sub-basin and the main Paso Robles basin, making the sub-basin largely independent of the main basin with regard to pumping depressions and recharge effects.
- The entire Paso Robles basin has an estimated perennial yield of 97,700 acre-feet per year (AFY) and the Atascadero sub-basin accounts for 16,400 AFY of that perennial yield.
- Pumping in 2006 was estimated to be 88,164 AF, over 90% of the estimated perennial yield.
- Atascadero sub-basin pumping is estimated to be in excess of 95% of the perennial yield.
- In general, long-term observation of groundwater levels has found a large area of groundwater level decline. This area of critical concern is located roughly east and north of the City of Paso Robles, both north and south of State Highway 46.
- Data collected and analyzed from 1980 to 2006 indicate that the area of drawdown is growing both horizontally and vertically. In addition, areas of sustained drawdown have developed in the Shandon and Creston areas.

The most recent “Resource Capacity Study” (RCS) recommended a Level of Severity III for the main Paso Robles basin and a Level of Severity I for the Atascadero sub-basin. A Level of Severity III designation means that groundwater is being used at its upper dependable limit and/or groundwater depletion may occur before new supplies are developed. The following recommendations are from the RCS:

- a. limitations on non-agricultural development and water use

- b. preparation of a Groundwater Basin Management Plan
- c. collaboration with agriculture for water conservation
- d. conservation outreach to rural groundwater users
- e. an expanded groundwater monitoring network
- f. regular updates to groundwater studies

The County conducted extensive review and public comment of the Resource Capacity Study in 2010 and 2011. The County ultimately certified the Resource Capacity Study discussed above for the Paso Robles basin, and found that a Level of Severity III was warranted for the Paso Robles basin.

The City and County, with other groundwater users, are preparing a Groundwater Management Plan (GMP) which identifies Basin Management objective of stabilizing water levels. The GMP also identifies actions to achieve the objectives including improved monitoring, increased conservation, use of surface water, and growth management, among others.

Paso Robles will continue to rely on groundwater as its sole source of water supply until a water treatment plant is constructed to treat its Nacimiento surface water allocation. Groundwater resources are not adequate to reliably sustain the area's future demand. The City faces challenges to its future groundwater supply from increasing competition for groundwater on both a local and regional scale. The City may also face local limitations with regard to the availability of the groundwater supply. The City's deep basin wells have shown substantial declines in groundwater levels. The declines reflect local pumping in excess of local recharge.

The City is an active participant in water resources management and analysis, including the Paso Robles Groundwater Basin Agreement with San Luis Obispo County and specific basin landowners. This agreement supports groundwater management to avoid continued declines, possible overdraft and promotes long-term groundwater-supply reliability. The agreement also supports cooperative participation in monitoring and management of groundwater resources.

The City's Paso Robles Basin and underflow wells produced 4,103 AF and 4,023 AF respectively in 2007; the 2010 combined peak season production capacity of all City wells is roughly 10 million gallons per day (MGD). Without the ability to implement mandatory landscape-watering restrictions City peak-season demands could exceed 12 MGD. The

mandatory watering restrictions in place in 2009 and 2010 helped maintain adequate fire storage, emergency storage, and prevent potential water service outages. The addition of Nacimiento Water would allow the City to reduce future pumping of basin wells in both the near and long term. The reduction would be most significant in the near term then rise to meet increasing demand, to about 3,400 AFY (even in 2025 basin pumping will be 17% lower than that of 2007). This is because the City has committed to the use of surface water to satisfy current supply deficiencies and to provide for growth. Recycled water and conservation will also play a key role in sustaining local groundwater resources and developing a diversified water supply.

Actual annual use is dependent on optimization of Nacimiento water relative to basin well water use. If additional Nacimiento water is not available, conservation offsets and increased recycled water use would most likely make up the difference.

The table below shows the amount of metered groundwater pumped by the City from 2000 to 2010. The table also shows the gross water pumped from the basin upper and lower wells. Together both show the total amount of water used by the City between 2000 and 2010.

Table 3-12 City of Paso Robles Groundwater Pumped

Paso Robles Amount of Ground Water Pumped, AFY											
Basin	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Paso Robles Basin	2,797	3,132	3,789	3,742	3,138	2,856	3,366	4,103	3,819	2,794	2,338
Salinas River underflow	3,652	3,587	3,548	3,728	4,324	4,558	4,065	4,023	4,072	3,868	3,988
Total Pumped	6,449	6,719	7,337	7,470	7,462	7,414	7,431	8,126	7,891	6,662	6,326

Source: City of Paso Robles Urban Water Management Plan; DWR Public Water System Statistics

Nacimiento Water Allocation. The San Luis Obispo County Flood Control and Water Conservation District is entitled to approximately 17,000 AFY of the annual yield of Lake Nacimiento for uses in San Luis Obispo County. Lake Nacimiento water will initially supply 4,000 AFY to the City with the remaining demand being satisfied through the City's Salinas River underflow supply and basin wells. Nacimiento surface water supply is independent of local groundwater supplies. Use of Nacimiento water would reduce dependence on groundwater and thereby provide the City with increased water supply reliability. Used as a supplemental source, it would permit some reduction of local groundwater pumping. In addition to the current 4,000

AFY entitlement, the City is planning to purchase an additional 1,400 AFY to serve the planning threshold population of 44,000 residents. If the decision is made to grow beyond the current thresholds, the City anticipates that this development will purchase (if available) unsubscribed Nacimiento water.

The sources of water described above are all presently available to the City of Paso Robles. The table below shows the City’s current water supply situation. The chart shows the water supply by percentage.

Table 3-13 – Paso Robles Current Water Supply

Source	Amount (acre feet)
Groundwater – (Basin wells)	4,000
Groundwater – (River wells)	4,600
Nacimiento Water *	4,000
Total	12,600

* Requires construction of a treatment plant

Figure 3-7

Paso Robles Current Water Supply

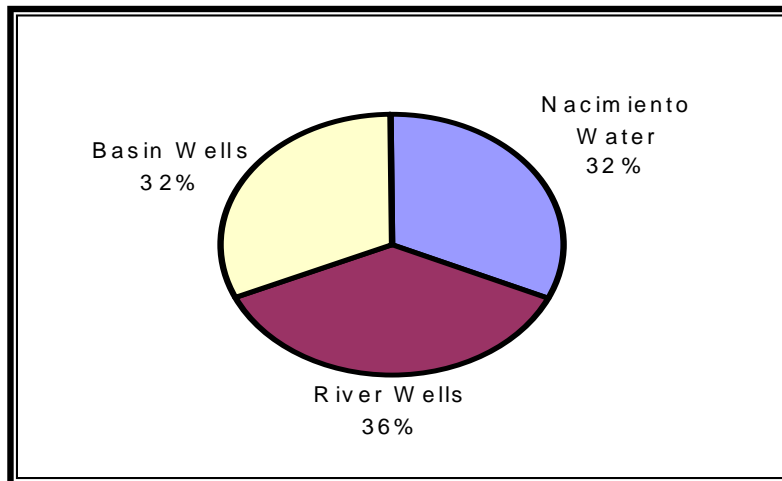


Table 3-14 - Future Available Water Supply

Source	Allocation AFY
Groundwater – (Basin wells) ¹	3,400
Groundwater – (River wells)	4,600
Nacimiento Water	5,400
Recycled Water ²	N/A
Total	13,400

Source: City of Paso Robles Urban Water Management Plan

- (1) If necessary to reduce future basin pumping additional supplemental supply sources such as additional Nacimiento and water recycling will be evaluated.
- (2) The City is planning to provide recycled water in the future. Non-potable recycled water is considered a demand reduction measure rather than a supply source.

The projected water demand to meet the current and future needs can be met by current water supplies. With the projected growth in population, the City's General Plan proposes the development and implementation of various innovative water provisions and conservation programs that help to ensure an adequate supply for the City, such as:

1. Development of supplementary water supplies to provide diversified resources and limit groundwater pumping. Supplementary water supplies may include the following: Lake Nacimiento water, other water importation, regional conjunctive storage/use agreements, and/or developing water reuse.
2. Basin recharge programs through non-traditional methods. Such programs may include the following: storm drainage system to discharge to aquifer recharge areas, developing/improving water recharge along historic drainage patterns along/adjacent to creeks and/or rivers, and/or developing recycled wastewater programs including basin recharge.
3. Maintain/update the Urban Water Management Plan and implement Best Management Practices as feasible.

4. Maintain an updated Water Master Plan and develop needed water production, treatment, storage and distribution facilities as part of the Capital Improvement Plan/Budget.
5. Maintain potable water by:
 - a. monitor City water supplies/wells for water quality requirements of the Department of Health Services and other regulatory agencies;
 - b. encourage minimization of applications of agricultural chemical fertilizers and pesticides;
 - c. provide treatment and distribution systems needed to assure conveyance of potable water that meets all water regulations.
6. New water service shall not be extended to areas outside the City boundaries prior to annexation. Existing commitments for water service outside the city limits shall continue to be honored.
7. Maintaining private water well use shall be allowed only for existing users.

Recycled Water Potential. Recycled water would be considered a demand reduction measure rather than a supply source for the City.. The City is actively planning to provide an estimated 650 AFY of recycled water for irrigation by 2025. Recycled water for irrigation not only releases water for higher beneficial uses, but is very reliable throughout the year and during times of drought. Utilizing recycled water for landscape irrigation would substantially reduce peak water demands in summer.

Recycled water qualities range from secondary quality (as defined by Title 22 CCR) to the highest level of treatment, tertiary quality for unrestricted use. Recycled water is not planned to be available for use until the year 2025. The City's wastewater facility treats its effluent to secondary standards. The treated water depending on the level of treatment could have restricted use as recycled water. Use may be limited to park and landscape irrigation and given the small amount of potential users it is not likely worth the effort. Tertiary recycled water which would have more potential use because it could be piped to augment stream flows, agricultural and landscape irrigation. The City has initiated the treatment plant upgrade process to an advanced secondary treatment facility that would meet City goals and federal wastewater

standards and regulations. The upgrades would not increase the capacity of the WWTP. Construction for the upgrades is anticipated for completion by 2013. Tertiary treatment facilities are anticipated to be added in 2022 to include a filtration process and a new chlorine contact chamber.

County Annual Resource Summary Report, 2009

The County Department of Planning and Building prepares the Annual Resources Summary Report that summarizes the resource situation (including water) of Paso Robles and other incorporated cities and unincorporated area of the County. The Report evaluates the capability of incorporated cities and unincorporated communities to provide public services. The Annual 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 2009 Annual Resource Summary Report for City of Paso Robles:

The City of Paso Robles is the largest city or community in the county that has historically completely depended on groundwater. This groundwater dependence is now in conflict with groundwater needs of the expanded irrigated agriculture regime in the Paso Robles Groundwater Basin. Several recent and ongoing water studies have shown this large groundwater basin to be in a state of rapid decline over a large area. The City has contracted for 4,000 acre feet per year of Nacimiento project water. This additional supply may lessen the groundwater basin declines in the future and will allow the City to meet its urban expansion goals.

Total water supply= 12,600 acre feet per year (AFY)

**Table 3-15 Paso Robles Water Use
Estimates, AFY**

2004	2006	2007	2009
7,929	7,444	8,130	7,353

Source: 2009 RMS

Water Demand

The City completes water demand projections in order to estimate how much water might be needed to serve residents, businesses and other uses as growth and development occur in the City. The City’s 2010 Urban Water Management Plan 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.

In 2010, the City reported annual water use of 6,326 acre-feet. Under the existing General Plan, the City’s build-out would increase water demand by an estimated 7,074 afy. The total water demand is estimated to be 13,400 afy in the year 2025. If the City is successful in implementing recycled water and conservation measures (outlined in the 2011 UWMP) to comply with Senate Bill 7, demands may be reduced by as much as 3,885 AFY. Total customer demand could potentially be reduced from 13,400 to 9,515 AFY by 2025. The following table compiles information derived from the 2010 Urban Water Management Plan.

**Table 3-16 - Paso Robles Public Water System Statistics -
Water Supplies Needed to Meet Demands – Current and Projected (AFY)**

Water Supply Sources	2010⁸	2015	2020	2025	2030	2035
Basin Wells ¹	2,338	100	990	3,400	3,400	3,400
River Wells	3,988	4,450	4,600	4,600	4,600	4,600
Nacimiento Water ^{2,9}	0	4,000	5,400	5,400	5,400	5,400
Demand Without Potential Conservation ³	6,326	8,550	10,990	13,400	13,400	13,400
Potential Conservation and Recycled Water Savings						
BMP/DMM Conservation ⁴	0	364	1,038	1,617	1,617	1,617
Price Elasticity of Water Rates Conservation ⁵	0	616	1,827	1,618	1,618	1,618
Recycled Water (Phase 1 Direct Use) ⁶	0	0	0	650	650	650
SB-7 Target Water Demands in (AFY) to Comply with 20% Demand Reductions by 2020	N/A	7,570	8,125	9,515	9,515	9,515
SB-7 Target Water Demands in gallons per capita per day (gpcd) ⁷	N/A	217 gpcd	193 gpcd	193 gpcd	193 gpcd	193 gpcd

- 1) Basin well pumping = Demand without additional conservation - River wells - Nacimiento water. Conservation savings and future recycled water use will reduce basin well use from amounts shown.
- 2) Nacimiento use consistent with assumption developed for the City of Paso Robles 2010 Uniform Water Rate Study, Final Report (K/J, 1/25/10). Acquisition of 1,400 AFY of additional Nacimiento water was modeled to occur in FY 21-22; for this table, delivery assumed in 2020 since closer than 2025.
- 3) 2025 demand of 13,400 AFY based on land use zoning and a population threshold of 44,000.
- 4) Conservation savings from Appendix B of the 2010 UWMP.
- 5) Estimates for conservation derived from price elasticity impacts of planned water rate increases = Demand without Potential Conservation - SB7 Target Demand - BMP/DMM Conservation - Potential Recycled Water Use].
- 6) Projected direct use for irrigation at existing and new parks, schools, roadway landscaping, and potentially other users outside of the city.
- 7) Senate Bill 7 Target Water Use based on 10% reduction of gpcd baseline water use by 2015 and 20% reduction by 2020 multiplied by projected population. (See Table 8 for calculation of baseline use of 241 gpcd).
- 8) Actual 2010 water use was reduced by approximately 20 percent due to City-wide Level 2 mandatory outdoor water use restrictions.
- 9) In order to limit reliance on the highly-stressed groundwater basin, new development - per City policy - is required to be served with surface and recycled water.

Water Conservation. On June 2, 2009 the City of Paso Robles adopted and enacted an urgency ordinance for Water Conservation and Water Shortage Contingency Plan (Ordinance No. 09-956 H.S.). In 2009 and 2010 the City implemented a Level Two Water Use Restriction, which required mandatory measures be followed to reduce water waste such as limiting landscape irrigation to 3-days per week, no overfilling of swimming pools and spas and no washing down hard or paved surfaces. The City is prepared to manage future drought years because they diversified their water supply by adding surface water from Nacimiento water project and its ability to reduce water use through the implementation of Ordinance No. 09-956 H.S. This Ordinance defines stages of action, provides methods to reduce water consumption,

lists mandatory prohibitions against specific water use practices, and presents penalties for excessive water use. Shortage levels and usage restrictions can be found in Exhibit D.

Water Supply and Demand

The City appears to have available resources or can obtain water to meet the demand for areas within the city limits and for the SOI areas. The Paso Robles Groundwater Basin will continue to be studied and monitored to ensure proper management and the City plans to implement conservation measures and enhance groundwater reliability through a future recycling program. In addition, once the water treatment facility is built, Nacimiento water will be available along with additional allocation to meet future City needs. Annexations of land to the City will be required to prove that the water resources are adequate, reliable and sustainable prior to an annexation being approved by LAFCO.

The following tables provide a summary of projected densities, and water demands associated with the Study Areas.

Table 3-17 Land Use

Ownership or Project Name	Gross Acres	Approx. Residential Density
#1 Public Facility	148	0
#2 Golden Oak	12	1
#3 Mill Road	175	5
#4 Vina Robles	851	49
#5 Furlotti Family Ranch Company	270	69
#6 Ernst	1.4	1
#7 Collins	80	0
Existing SOI Areas	465	500
Totals	2,002 acres	625 units

Table 3-18 Projected Water Demand

Ownership or Project Name	Recommended Land Use	Water Demand (AFY) (1)
#1 Public Facility	Public Facility	2 AFY
#2 Golden Oak	Agriculture	15 AFY
#3 Mill Road	Residential/Agriculture	9 AFY
#4 Vina Robles	Agriculture	18.5 AFY
#5 Furlotti Family Ranch Company	Residential/ Visitor-Serving	103 AFY
#6 Ernst	Residential	0.38 AFY
#7 Collins	Commercial/Agriculture	27 AFY
Existing SOI Areas	Residential/Agriculture	189 AFY
Totals		363

Notes: (1) Water demand estimates are derived from LAFCO calculated assumptions. Residential demands vary depending on land use characteristics, but averages to 0.378 AFY per residence. Visitor-serving unit demands are 0.194 AFY per hotel room plus 5 AFY for restaurant/retail uses. Agricultural use estimates are based on local experience from similar land uses.

Water Distribution and Storage System

The City of Paso Robles' water system consists of two main zones: the West Zone and the East Zone. The Salinas River is the dividing line between the two zones. The two zones normally operate independently. A pipeline and booster station (13th Street Booster Station) were constructed to allow water to be pumped from west to east if required.

The West Zone receives water from four river wells (two Thunderbird and two Ronconi wells) located in the southern and central portion of the West Zone. The Westside Reservoir (4.0 million gallon tank) provides regulatory, fire and emergency storage to the West Zone. The western side of the system contains three higher sub-zones: the 24th Street Booster Station, the 12th Street Zone and the Highland Park Zone.

The East Zone can receive water from thirteen different active wells situated at various locations within the zone and two from the Thunderbird well field. The Golden Hill Reservoirs (two 4.0 million gallon tanks) provides regulatory, fire and emergency storage to the East Zone. The eastern side of the zone contains two higher sub-zones: the Orchard Bungalow Zone and the Oak Meadow Zone.

Water Distribution: The water distribution system was evaluated as part of the 2007 Water Master Plan update. Improvements to the system that would enhance service pressures are identified in the Water Master Plan and are prioritized into the City's Capital Improvement Program.

Uptown

The majority of upgrades required in the Uptown Zone will be to accommodate the new development proposed in the Oak Park area. Extending basic service lines will be necessary to accommodate the predicted densities in this area. Other upgrades in the Uptown Zone are generally system retrofits to undersized or underperforming pipes.

Midtown

The majority of upgrades required in the Midtown Zone represent the retrofit of existing pipes that are currently undersized for the existing system. The Midtown Zone serves as a conduit from the water treatment facility to the Uptown Zone. The age, size, and location of these pipes are the impetus to increase the size and capacity of the system. Very few new water mains are needed to accommodate buildout of the Midtown Zone.

Downtown

Upgrades are minor with few new water mains needed to accommodate buildout of the Downtown Zone.

South of Downtown

Upgrades are relatively minor with new pipes required to accommodate redevelopment and buildout including the proposed City Hall. Other upgrades include replacing 8-inch water mains in Spring Street, as specified by the Master Plan for Water Distribution.

Riverside Avenue Corridor

Upgrades are relatively minor with new pipes required to accommodate redevelopment and buildout, mainly in the area south of 13th Street and east of Highway 101.

Capital Improvement Plan-Water System. The City's Capital Improvement Plan (CIP) comprehensively schedules and finances all capital projects and equipment purchases. The

City's Capital Improvement Plan contains project-by-project information and aligns with the goals of the City for project implementation.

Planned water system improvements are included in the City's Capital Improvements Program that was adopted by the City Council July 17, 2007. The program is prepared in ten-year increments and is updated annually. The Water Master Plan has prioritized the projects that are most needed to improve the system. Nearly 9 miles of pipe improvements are recommended to correct existing system deficiencies with an additional 14.5 miles recommended to provide water service at build-out.

2010/2011

- ▶ Install reclaimed waterline concurrent with Nacimiento waterline. \$2,935,603 budgeted. -- \$9,000,728 Total Project Cost
- ▶ Budgetary projection for WWTP upgrade after recycling decision. \$4,696,966 budgeted. -- \$50,316,683 Total Project Cost
- ▶ Design and construct Nacimiento Water Treatment Plant, 6 MGD membrane filtration plant, located at Thunderbird well field. \$9,393,931 budgeted. -- \$17,078,468 Total Project Cost
- ▶ Annual well rehabilitation. \$234,848 budgeted. -- \$2,575,071 Total Project Cost
- ▶ Water Tanks - regular program of coating repairs \$23,485 budgeted. -- \$257,507 Total Project Cost
- ▶ Water Meters - ongoing meter replacement program and conversion to automatic meter reading devices \$23,485 budgeted. -- \$637,507 Total Project Cost
- ▶ FE3 - 16" waterline in Olsen/Beechwood from Creston Rd to Linne Rd \$2,399,847 budgeted. -- \$4,047,070 Total Project Cost
- ▶ Nacimiento Water delivery costs -- \$63,860,000
- ▶ W3 - 8" waterline in 32nd St from Park St to Pine St -- \$56,368
- ▶ W7 - 10" waterline in 24th St and Riverside Ave -- \$346,605
- ▶ W8 - 8" waterline in Oak St from 4th St to 7th St -- \$217,078
- ▶ W9 - 8" waterline in 2nd St from Vine St to Orcutt Rd -- \$207,483
- ▶ FE2 - 12", 16", and 24" waterline in Chandler Ranch from Gilead Ln to N/o Hwy 46 \$2,396,849 budgeted. -- \$4,925,524 Total Project Cost

2011/2012

- ▶ Budgetary projection for WWTP upgrade after recycling decision. \$26,015,318 budgeted. -- \$50,316,683 Total Project Cost
- ▶ Design and construct Nacimiento Water Treatment Plant, 6 MGD membrane filtration plant, located at Thunderbird well field. \$619,412 budgeted. -- \$17,078,468 Total Project Cost
- ▶ Annual well rehabilitation. \$247,765 budgeted. -- \$2,575,071 Total Project Cost
- ▶ Water Tanks - regular program of coating repairs \$24,776 budgeted. -- \$257,507 Total Project Cost
- ▶ Water Meters - ongoing meter replacement program and conversion to automatic meter reading devices \$24,776 budgeted. -- \$637,507 Total Project Cost
- ▶ FE2 - 12", 16", and 24" waterline in Chandler Ranch from Gilead Ln to N/o Hwy 46 \$2,528,675 budgeted. -- \$4,925,524 Total Project Cost
- ▶ E5 - 12" waterline in Tractor St from Oakwood St to Combine St -- \$328,975
- ▶ W1 - 12" waterline in Spring St from 24th St to 36th St -- \$1,471,528
- ▶ W2 - 8" waterline in Oak St from 30th to 32nd St -- \$301,138

2012/2013

- ▶ Budgetary projection for WWTP upgrade after recycling decision. \$19,604,400 budgeted. -- \$50,316,683 Total Project Cost
- ▶ Annual well rehabilitation. \$261,392 budgeted. -- \$2,575,071 Total Project Cost
- ▶ Water Tanks - regular program of coating repairs \$26,139 budgeted. -- \$257,507 Total Project Cost
- ▶ Water Meters - ongoing meter replacement program and conversion to automatic meter reading devices \$26,139 budgeted. -- \$637,507 Total Project Cost

2013/2014

- ▶ Annual well rehabilitation. \$275,769 budgeted. -- \$2,575,071 Total Project Cost
- ▶ Water Tanks - regular program of coating repairs \$27,577 budgeted. -- \$257,507 Total Project Cost
- ▶ Water Meters - ongoing meter replacement program and conversion to automatic meter reading devices \$27,577 budgeted. -- \$637,507 Total Project Cost
- ▶ W18 - 14" waterline in Pine St, 23rd St, and Spring St -- \$970,316
- ▶ FE6 - 16" waterline in Linne Rd from Airport Rd to Tract 2526 -- \$1,013,973

2014/2015

- ▶ Annual well rehabilitation. \$290,936 budgeted. -- \$2,575,071 Total Project Cost
- ▶ Water Tanks - regular program of coating repairs \$29,094 budgeted. -- \$257,507 Total Project Cost
- ▶ Water Meters - ongoing meter replacement program and conversion to automatic meter reading devices \$29,094 budgeted. -- \$637,507 Total Project Cost

2015/2016

- ▶ Annual well rehabilitation. \$306,937 budgeted. -- \$2,575,071 Total Project Cost
- ▶ Water Tanks - regular program of coating repairs \$30,694 budgeted. -- \$257,507 Total Project Cost
- ▶ Water Meters - ongoing meter replacement program and conversion to automatic meter reading devices \$30,694 budgeted. -- \$637,507 Total Project Cost

2016/2017

- ▶ Annual well rehabilitation. \$323,819 budgeted. -- \$2,575,071 Total Project Cost
- ▶ Water Tanks - regular program of coating repairs \$32,382 budgeted. -- \$257,507 Total Project Cost
- ▶ Water Meters - ongoing meter replacement program and conversion to automatic meter reading devices \$32,382 budgeted. -- \$637,507 Total Project Cost
- ▶ A well water desalting program including high recovery of raw and treated water. -- \$3,307,358

Note: The City has indicated due to delays and legal challenges in adopting water rates many of the other critical projects identified have been delayed or in some cases removed from the CIP.

WASTEWATER COLLECTION & TREATMENT SYSTEM

Facility Description. The City of Paso Robles owns and operates a secondary wastewater treatment plant, which treats wastewater from the City of Paso Robles and a portion of the Templeton Community Services District south of the City. The plant is located east of Highway 101, along the Salinas River. There are approximately 9,800 wastewater connections. Primary treatment includes influent screening, aerated grit removal, clarification/primary sedimentation. Secondary treatment includes biological treatment (two-stage trickling filters), secondary clarification, and disinfection. Treated effluent is discharged to a series of six polishing ponds for dechlorination with the overflow from the sixth pond discharging to the Salinas River. The effluent eventually recharges the groundwater basin north of the City. It should be noted that the wastewater resource could be an asset to the City in the future when reused for irrigation or for groundwater recharge.

The plant operates in accordance with the City's National Pollutant Discharge Elimination System (NPDES) permit No. CA0047953, which allow a maximum treatment capacity of 4.9 million gallons per day (MGD) and a maximum peak wet weather flow of 10 MGD. In 2010, the average daily flow was 3 MGD. The existing wastewater treatment plant is overloaded with pollutants, exceeds permit limits, and requires an upgrade.

Wastewater Treatment Plant Upgrade. The City of Paso Robles is currently in the process of upgrading its WWTP to improve the water quality discharge into the Salinas River, meet state discharge requirements, and prepare for future production of recycled water. The treatment plant will be upgraded to an advanced secondary treatment process. Advanced secondary treatment means treatment that meets federal secondary treatment standards for biochemical oxygen demand, total suspended solids, and pH, plus nutrient removal. The advanced secondary treatment process will include a new headworks (including grit removal), a biological nutrient removal process, new secondary clarifiers, chloramination, and dechlorination. Treated wastewater will flow into an effluent polishing channel constructed in the area that is currently Pond No. 3. The channel will allow treated wastewater to cascade down to the river, thus oxidizing and volatilizing any residual pollutants that may be present in the treated wastewater. The channel will mimic a creek and fan out near the river, delivering the wastewater by diffuse laminar flow at or near the existing location of Outfall "C". Ancillary facilities will include a cogeneration system to produce electric power and heat from biogas.

Tertiary treatment facilities are intended to be added in approximately 2025. This will likely include a filtration process and a new chlorine contact chamber. Ponds “4, 5 & 6” will no longer be part of the wastewater treatment process however will remain as storm water retention and/or future recycled water storage.

The tables below summarize the existing and projected wastewater flows for the City of Paso Robles.

Table 3-19 – Existing and Projected Wastewater Flows

Wastewater Factor	2000 mgd	2010 mgd	2013 (1) mgd	2025(2) mgd
Population	24,297	30,072	34,000	44,000
City Average Annual Flow	2.8 mgd	3 mgd	3.3 mgd	4.6 mgd
System Capacity	4.9 mgd	4.9 mgd	4.9 mgd	4.9 mgd
Percent of Capacity	57%	61%	67%	94%

Notes: (1) Per communications with Wastewater System Manager (Matt Thompson)
(2) Based on build-out potential of existing GP.

Wastewater Collection. The existing wastewater collection system within the City is made of a network of roughly 137 miles of sewage collectors ranging in size from 4” to 36” in diameter. Fourteen sewage lift stations are maintained by the City. The Salinas River and Highway 101 divide the wastewater collection system. The majority of the system west of the Salinas River was installed around 1960, though some sections were installed in the early 1900’s. The majority of the system east of the river has been installed in the last 35 years. An additional feature is the Interceptor Sewer, which extends the length of the City along River Road and conveys wastewater from Templeton to the wastewater treatment plant. The interceptor crosses the Salinas River in two places on pipe suspension bridges.

Projects Budgeted: 2010/2011

- ▶ Lift station rehabilitation to upgrade obsolete pumps, rails, and motors and to provide longer response time. \$115,000 budgeted
- ▶ Rehab various sewer Mains. \$500,000 budgeted
- ▶ Rehab/replace old manholes. \$104,000 budgeted

- ▶ Wastewater Treatment Plant Upgrade \$1,870,000 budgeted -- \$49,600,000
- ▶ W1 Riverside Interceptor Upgrade, 13th to 24th \$300,000 budgeted -- \$750,000 Total Cost

2011/2012

- ▶ Lift station rehabilitation to upgrade obsolete pumps, rails, and motors and to provide longer response time. \$120,000 budgeted
- ▶ Rehab various sewer Mains. \$500,000 budgeted
- ▶ Replace/Rehab various old manholes. \$108,000 budgeted
- ▶ W1 Riverside Interceptor Upgrade, 11th to 14th \$390,000 budgeted
- ▶ Paso Robles sewer fix -- \$750,000 budgeted
- ▶ Recoating of North & South sewer pipe bridges \$200,000 budgeted

2012/2013

- ▶ Lift station rehabilitation to upgrade obsolete pumps, rails, and motors and to provide longer response time. \$125,000 budgeted
- ▶ Wastewater Treatment Plant Upgrade \$9,000,000 budgeted -- \$49,600,000 Total Cost
- ▶ Rehab various sewer lines. \$500,000 budgeted
- ▶ Rehab/replace old manholes. \$112,000 budgeted

2013/2014

- ▶ Lift Station Rehab. \$130,000 budgeted
- ▶ Rehab various sewer lines. \$500,000 budgeted
- ▶ Rehab/replace old manholes. \$117,000 budgeted
- ▶ Wastewater Treatment Plant Upgrade \$14,800,000 budgeted -- \$49,600,000 Total Cost

2014/2015

- ▶ Lift Station Rehab. \$135,000 budgeted
- ▶ Rehab various sewer lines. \$790,000 budgeted
- ▶ Rehab/replace old manholes. \$122,000 budgeted
- ▶ Wastewater Treatment Plant Upgrade \$14,800,000 budgeted -- \$49,600,000 Total Cost

2015/2016

- ▶ Lift Station Rehab. \$140,000 budgeted
- ▶ Rehab various sewer lines. \$822,000 budgeted
- ▶ Rehab/replace old manholes. \$127,000 budgeted
- ▶ Wastewater Treatment Plant Upgrade \$6,800,000 budgeted -- \$49,600,000 Total Cost
- ▶ W3 - 36th Street Sewer Service Area -- \$295,000

2016/2017

- ▶ Lift Station Rehab. \$146,000 budgeted
- ▶ Rehab various sewer lines. \$855,000 budgeted
- ▶ Rehab/replace old manholes. \$132,000 budgeted

2017/2018

- ▶ Phase 1 sewer service expansion to west airport area. \$4,050,000 budgeted
- ▶ Lift Station Rehab. \$152,000 budgeted
- ▶ Rehab various sewer lines. \$890,000 budgeted
- ▶ Rehab/replace old manholes. \$137,000 budgeted
- ▶ W7 – Upgrade sewer in 12th St between Vine and Olive. \$67,000 budgeted

Water and Sewer Rates Comparison

The following tables compare the water and sewer rates of the cities of Paso Robles, Atascadero, and the communities of Templeton, and San Miguel. The sample monthly bill was calculated using 10 units of water as a base. This information was gathered from website research from each City/Community.

Table 3-20 – Single-Family Water Rates

Rate/Fee	Paso Robles	Paso Robles effective 1/1/12	Atascadero	Templeton	San Miguel	Santa Margarita
Monthly Service Meter Charge	\$18.00	\$0.00	\$15.50	\$15.25	\$13.85(2)	\$29.13
Water (per 1 unit)	\$1.32	\$2.50	\$1.70	\$1.71 (1)	\$0.00	\$1.30(3)
Other Charges	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sample Monthly Bill (10 units of water)	\$31.20	\$25.00	\$29.10	\$28.93	\$13.85	\$29.13

(1) price per unit between 3 and 17ccf units.

(2) price per first 1,000 cubic feet.

(3) price per unit between 11 and 16 units used.

Table 3-21 – Single-Family Sewer Rates

Rate/Fee	Paso Robles	Atascadero	Templeton	San Miguel
Flat Monthly Rate	\$25.86	\$20.18	\$23.34	\$30.90
Sewer (per 100 cubic feet water)	\$0.00	\$0.00	\$0.00	\$0.00
Other Charges	\$0.00	\$0.00	\$0.00	\$0.00
Sample monthly bill (10 units of water)	\$25.86	\$20.18	\$23.34	\$30.90

Figures 3-8 and 3-9 show a rate comparison for four communities in the North County. The following charts show the comparison of two cities and two community services districts. The charts are based upon a sample billing using “10 units” of water as a basis.

Figure 3-8

Bill Comparision - Monthly Residential Sewer - 10 units
 1 unit = 100 Cubic Feet of Water

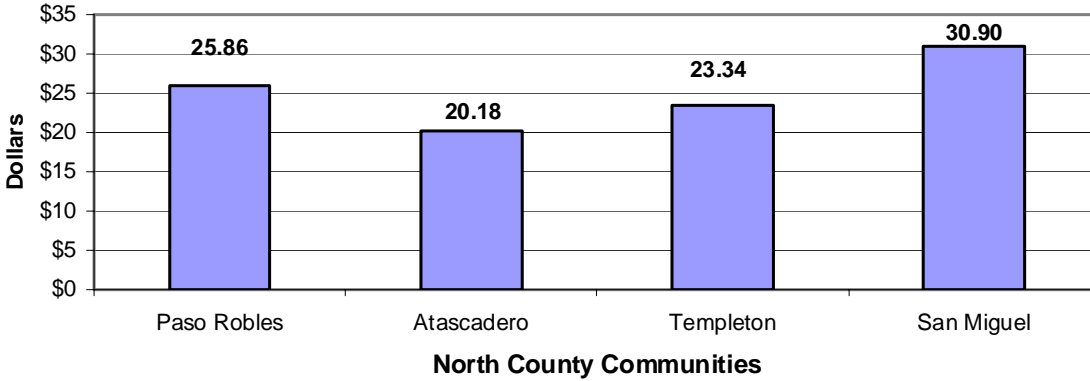


Figure 3-9

Bill Comparision - Monthly Residential Water - 10 Units
 1 unit = 100 Cubic Feet of Water

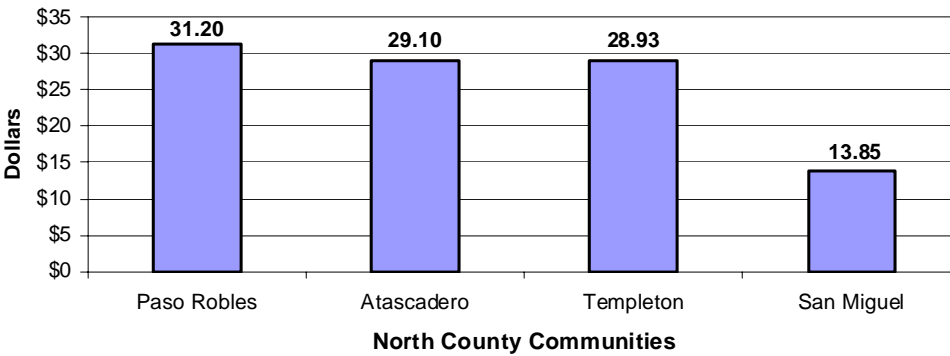
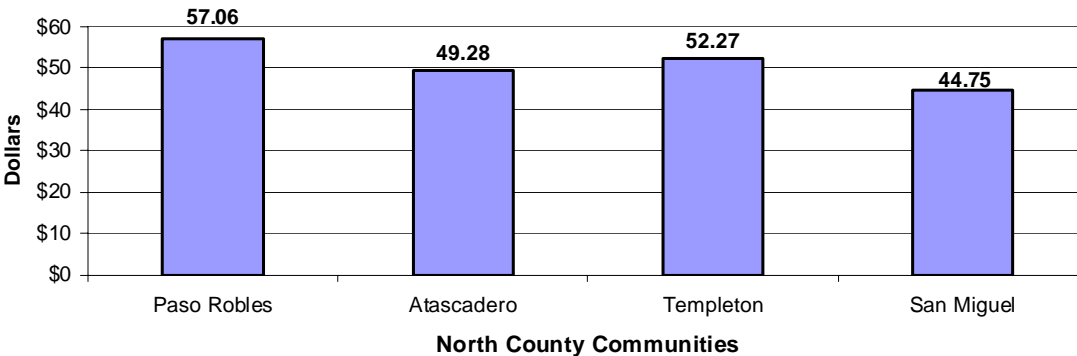


Figure 3-10

Total Comparision - Monthly Residential Water & Sewer - 10 units
 1 unit = 100 Cubic Feet of Water



TRANSPORTATION - STREETS – ROADS

City of Paso Robles General Plan, Circulation Element 2011

The Circulation Element of the City's General Plan was recently updated to describe how the City will manage transportation issues as the City grows and develops. The Circulation Element was adopted in February 2011 along with an Environmental Impact Report. The newly adopted Circulation Element reflects the 2003 General Plan Land Use Element. This coordinated approach enabled the City to plan for transportation commensurate with the planned growth and development. The Element contains goals, policies and implementation standards and programs to guide the future development of the City's circulation system.

The stated purpose of the 2011 circulation system is to

"maintain/enhance safe and efficient person mobility in the City (per Goal CE-1). To support this goal, the 2011 Circulation Element Update changes how the performance of the transportation network is measured away from an auto-centric measure (level of service or LOS) towards measures that represent a more efficient use of resources, support the mobility of people, quality of life and small town feel desired by residents. In addition, measures supporting person mobility will offer more travel choices, support public health goals by encouraging more walking and biking, and reduce greenhouse gas emissions.

The 2003 Circulation Element included a Citywide target of LOS D for all roadways during the peak hours of travel. Level of service measures driver comfort and convenience, and LOS D reflects a utilization substantially below the roadway's capacity during the majority of the day. This is an inefficient usage of infrastructure, one which results in costly roadway widenings to accommodate only brief periods of higher traffic levels (i.e., the worst minutes or hours of the day). These widenings have secondary impacts of encouraging higher rates of vehicular speed, degrading mobility for pedestrians and cyclists and affecting the overall quality of life in surrounding areas. With this in mind, future traffic projections are presented in terms of capacity utilization, or the extent to which the roadway's capacity is being used on a daily basis.

The 2011 Circulation Element Update Map is generally consistent with the 2003 Circulation Element Map, but it removes a number of infrastructure recommendations due to revised traffic projections and changes to the City's Circulation Element Goals, Policies, and Action Items. Figure CE -1 illustrates both the existing and future City street system. The pattern and location of future facilities are not precise and will warrant periodic study updates to confirm their appropriateness and feasibility. The map presents the network needed to serve key circulation demands to the Year 2025 planning horizon, while accommodating the City's multi-modal and community goals for the transportation network."

The Circulation Element anticipates that as the City develops, selected transportation facilities will need to be improved. Continued growth and development of the community will be supported by the improvement of the bicycle, pedestrian, and transit systems and by increasing the efficiency of the vehicle network, not necessarily by roadway widening.

Projects Budgeted: 2010/2011

- ▶ Dual Left Turn at 46 east & 101. \$16,139,000 budgeted
- ▶ ADA Curb Cut Improvements. \$100,000 budgeted -- \$488,000 Total Cost
- ▶ 13th Street Bridge Environmental Mitigation. \$20,000 budgeted -- \$73,000 Total
- ▶ Theater Drive realignment, \$3,260,000 budgeted

2011/2012

- ▶ ADA Curb Cut Improvements. \$100,000 budgeted -- \$488,000 Total Cost
- ▶ 13th Street Bridge Environmental Mitigation. \$10,000 budgeted -- \$73,000 Total
- ▶ Veterans Memorial Bridge Deck Maintenance. -- \$200,000

2012/2013

- ▶ ADA Curb Cut Improvements. \$100,000 budgeted -- \$488,000 Total Cost
- ▶ 13th Street Bridge Environmental Mitigation. \$10,000 budgeted -- \$73,000 Total
- ▶ Robert Rader Bridge Deck Maintenance -- \$250,000

Figure 3-22 at the back of this document is from the Circulation Element of the General Plan (2011) and show the Circulation Master Plan. The map show key intersections in Paso Robles and proposed or planned improvements. The Circulation Element provides sound policy base for the continued improvement of the City's circulation system.

SLOCOG Regional Transportation Plan, 2010

The most recent RTP, Preliminary Sustainable Communities Strategy (PSCS), acts as a blueprint for a transportation system that addresses transportation projects that will meet access and mobility needs. The 2010 Regional Transportation Plan (2010 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) 2010 Regional Transportation Plan a significant increase in traffic volume on Highway 101 from SR 46 W to SR 46 E is projected from the 2008 number of 47,625 average

daily trips to 77,000 average daily trips in 2035. Employment growth is expected to be high in cities like Paso Robles. As the communities of the North County mature and bring in a greater mix of housing and jobs, the travel patterns of the region will likely evolve as well. Rather than solely bedroom communities with a large portion of residents commuting into San Luis Obispo, the North County will experience increased local trips while continuing to serve as a gateway to our region from the Central Valley. The Level of Service in the Paso Robles area on Highway 101 is expected to maintain a LOS A. Emerging in the North County commute is pattern between Atascadero and Paso Robles, fueled in part by job growth in that area as well as new housing/commercial development in those cities and the community of Templeton. The level of traffic growth on US 101 can be attributed to residential growth in the Paso Robles-Templeton-Atascadero Urban area. Also a factor is the increased level of sub-regional commuting between Atascadero and Paso Robles as the economy matures and more jobs are created in the North County. SLOCOG 2010 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.

Highway 101/SR 46E Corridor. The City is bisected by Highway 101 Freeway Corridor. In 2008, this highway carried Annual Average Daily Trips (AADT) of 22,700 (2008 Caltrans counts; website). Volumes are continuing to increase from local and regional sources. Highway 101 segment carries heavy commuter traffic as well as interregional and local traffic. On these critical interchanges and in other places such as the Hwy 46 corridor, PSCS recognizes the need to begin project development and secure local development funds for interchange improvements and even grade separation. Highway 46E interchange has been redesigned to address capacity issues. SLOCOG and Caltrans have prepared and published the 2008 Comprehensive Corridor Study for State Route 46 East. The primary purpose of this Corridor Study is to assist the four key partner agencies, Caltrans, SLOCOG, City of Paso Robles, and San Luis Obispo County, in addressing mobility and safety concerns and develop a long term vision for the State Route 46 East (SR 46E) corridor.

Transit. The City of Paso Robles operates three fixed-route bus lines, Monday through Saturday, from 7:00 am to 7:00 pm. Each route runs on hourly headways. Route A and Route B follow the same alignment but in opposite directions, while a new Route C which will provide service outside of town to North Cuesta College and Twin Cities Community Hospital in Templeton will expand the number of stops in Paso will be started on July 1, 2011. Paso

Express also provides general public paratransit service within Paso Robles. Service runs from 6:00 am to 8:00 pm Monday through Friday. Paso Robles Transit will terminate the North County Shuttle on June 30, 2011. The route connected North Cuesta College campus with the Paso Robles Transportation Center, the Las Tablas park-and-ride lot, downtown Templeton, downtown Atascadero via the El Camino Real corridor going as far south as Paloma Park. The City also operates a Dial-A-Ride from 7 am to 12 pm, 5 days per week (M-F) starting July 1, 2011.

Paso Robles Municipal Airport. Aviation activity in Paso Robles has remained stable. The construction of 30 new airport hangars has increased the number of based aircraft to over 200. Current capital projects include maintaining and repairing the existing runways and taxiways, with a proposed Runway extension (in 3-10 years).

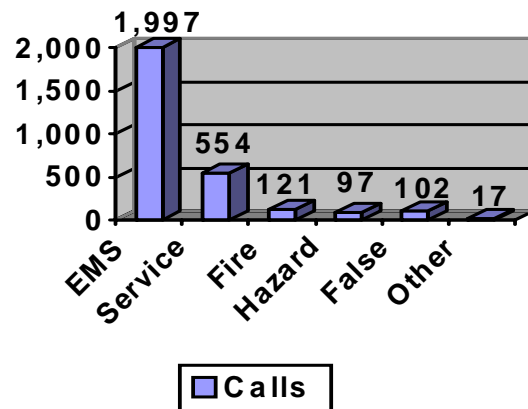
Fire

Fire prevention and suppression services are provided by the City of Paso Robles Department of Emergency Services (PRDES), a fire and emergency service organization providing a variety of services to the City of Paso Robles. PRDES provides fire suppression, emergency medical care, hazardous materials emergency intervention and control, water rescue, entrapment extrication, fire Safety inspections of businesses, public fire safety education, fire investigation, disaster management and planning, and weed abatement services.

PRDES operates from two fire stations to minimize response time and handle the volume of work. The department is staffed with twenty-five employees. The Safety Element of the City's General Plan recommends that the Emergency Services Department be staffed with 0.8 to 1.3 firefighters per 1,000 populations.

Fire Station One is located at 900 Park Street near the center of town on the west side of Hwy 101. This station is staffed with full-time firefighters, and is equipped with one engine, two utility trucks, and one ladder truck.

**Figure 3-11
Fire Department Incidents
2008**



Fire Station Two is located at 235 Santa Fe Avenue near Niblick and Creston Road southeast of town. This station is staffed with full-time firefighters and is equipped with one engine, one patrol vehicle, and one rescue vehicle.

A third Fire Station is located at Buena Vista Extension and is not staffed. This station is equipped with one aircraft crash vehicle.

Total PRDES staff includes one fire chief, one battalion chief, sixteen career firefighters, one secretary, and six fire captains. PRDES has adopted a response time goal of 4 minutes for 90% of all calls. Over the 2008 year PRDES have responded to more than 2,888 calls. The City requires that all new development pay fees for additional equipment and fixed facilities as needed to service the new development.

POLICE

The Paso Robles Police Department (PRPD) provides law enforcement services for the City of Paso Robles. PRPD's current Public Safety Center is located at 900 Park Street, positioned within the interior of the City. The facility is comprised of a 14,000 sq ft building designed to serve the City's growth rate for at least the next twenty-three years.

The PRPD is staffed with 27 sworn officers, 8 part-time sworn reserve officers, 12 non-sworn full-time positions, with thirteen patrol vehicles. According to PRPD, the City's Public Safety Element of the General Plan recommends the PRPD be staffed at a ratio of 1.4 officers per 1,000 residents. In 2011, because of decreased revenues due to a protracted national economic recession, staffing levels have decreased below the General Plan's standards. Consequently, certain Police services (e.g. School Resources Officers, traffic safety, and other programs) have been diminished or suspended. It is anticipated that staffing levels will be restored as the economy recovers.

On average, an officer from PRPD responds to around 6 to 8 calls per day, ranging anywhere from misdemeanors to felony calls. According to PRPD, the acceptable time to respond to priority one (felony) and priority two (minor crime) calls is 3 to 5 minutes, which has been successfully achieved.

The Paso Robles Police Department is divided into three (3) divisions:

Administration: The Chief of Police, a Captain and two Lieutenants comprise the Administrative team. The Captain reports directly to the Chief, and assume her duties in her absence. In addition, the Captain overseeing the work of the Lieutenants and ensures operational stability of the remaining two Divisions. The Lieutenants report directly to the Captain and each have unique responsibilities in their respective areas, and alternate assignments at the discretion of the Chief. Lieutenants are the highest-ranking sworn police officers in their respective divisions and are accountable for day-to-day operational and policy decisions as well as making recommendations to the Captain and Chief in promotional and disciplinary matters. Lieutenants represent organizational mid-management, and are division commanders along with having specific staff responsibilities. These divisions, and their responsibilities, are outlined below:

Operations Division: The Operations Division consists of uniform patrol, traffic safety and Reserve Officer Program, K-9, SWAT, School Resources Officer and the Housing Authority Partnership Officer. As discussed above, staffing levels have decreased below the General Plan's standards. Consequently, certain Police services (e.g. School Resources Officers, traffic safety, and other programs) have been diminished or suspended. It is anticipated that staffing levels will be restored as the economy recovers.

Support Services Division: The Support Services Division consists of the Investigations Program (Detectives), Narcotics Task Force (NTF), Communications Program, Records Program and the Community Services Program, including; Drug Abuse Resistance Education (DARE), Police Activities League (PAL), Youth Task Force, Citizens Volunteer Patrol (CVPP) and other community-based services.

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 Paso Robles in 2010, calculated using the following formula:

$$29,793 \text{ population} \div 1,000 = 30 \text{ people}$$

$$27 \text{ sworn employees} \div 30 = 0.90 \text{ officers per 1000 people}$$

Nationwide the Department of Justice-FBI law enforcement statistics show the ratio to be an estimated 1.8 officers per 1000 people for communities the size of Paso Robles. 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 on the next page show the violent and property crime rates per 1,000 people for the City of Paso Robles from 2002 through 2009. Violent crimes include homicide, rape, robbery, and aggravated assault and have been steadily decreasing. Property crimes include burglary, larceny, and arson was also following this decreasing trend until 2009 and started to rise. This information is from the California Department of Justice Crime statistics. The 2002-2009 crime statistics are based on data from the State of California’s Office of Attorney General, Department of Justice, Criminal Justice Statistics Center.

Figure 3-12: Violent Crime Rate

Source: California and FBI Crime Index Table 11, 2001-2009

City of Paso Robles - Violent Crime per 1000 people

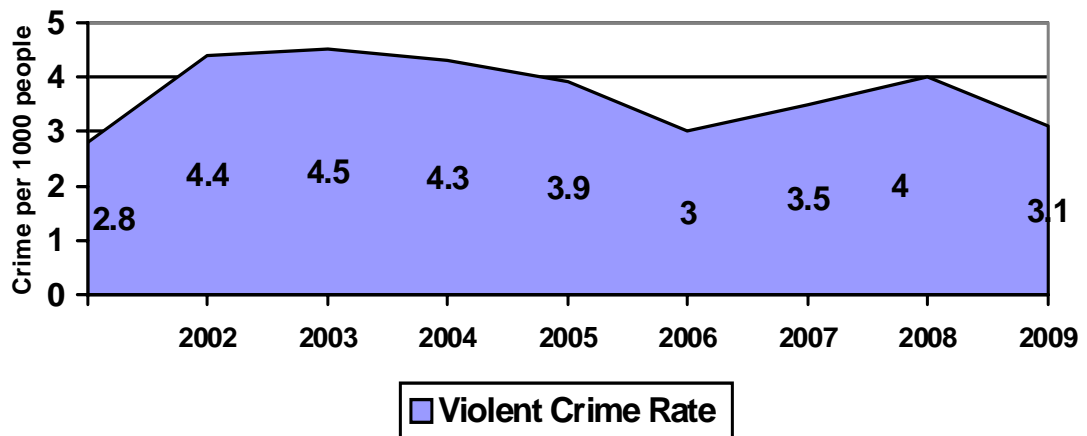
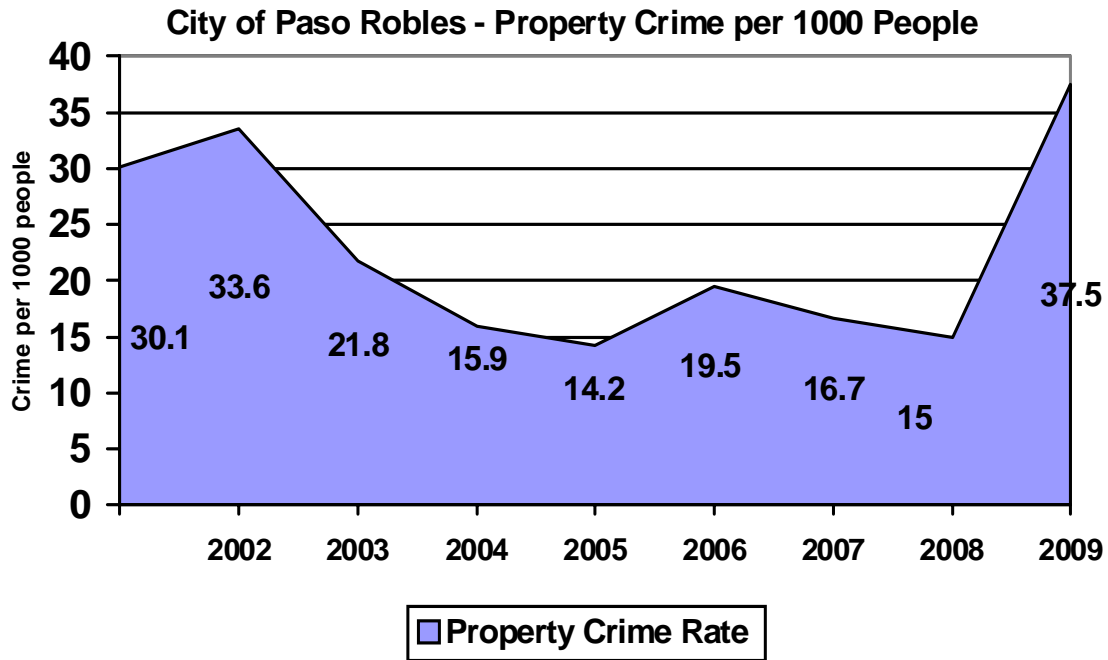


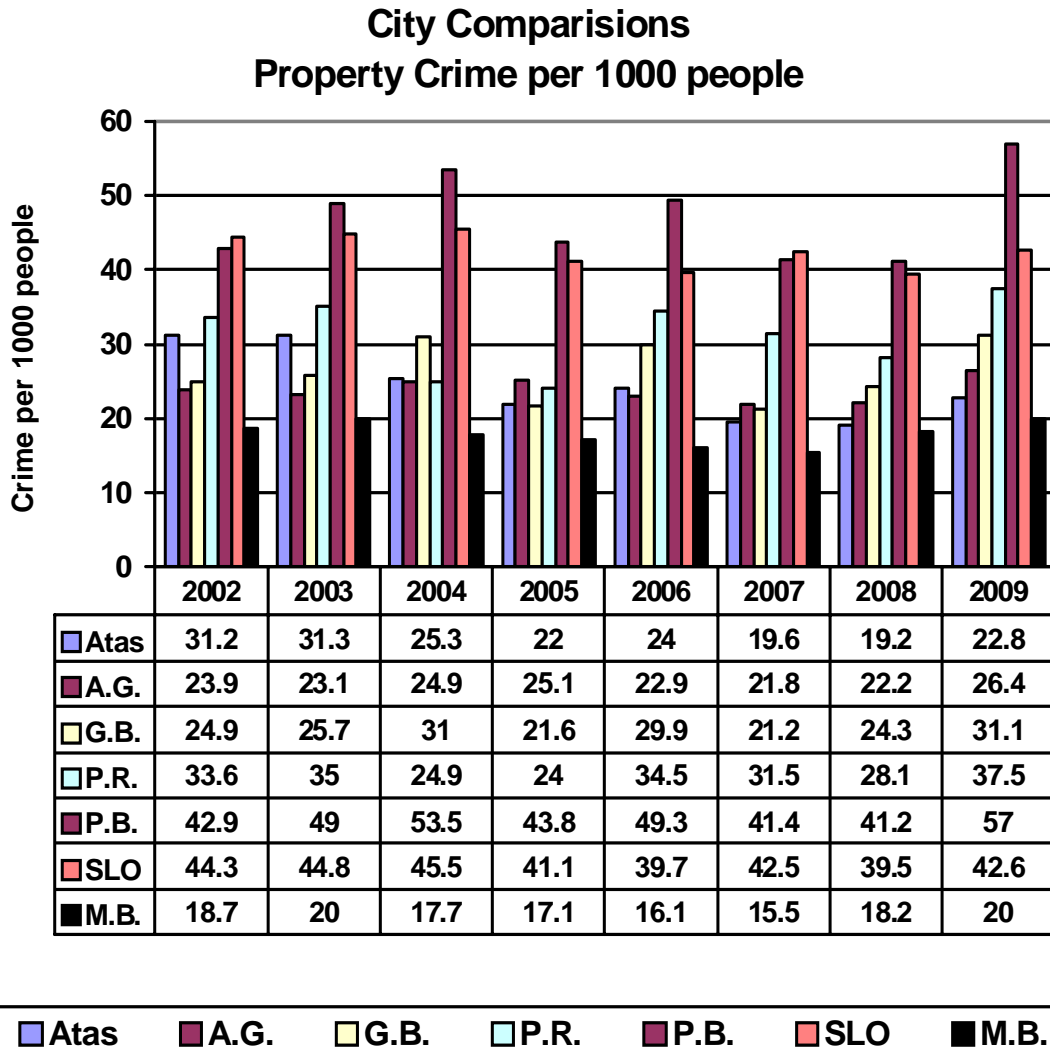
Figure 3-13: Property Crime Rate

Source: California and FBI Crime Index Table 11, 2001-2009



The following figures show the City of Paso Robles 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.

Figure 3-14: Comparative Crime Rate

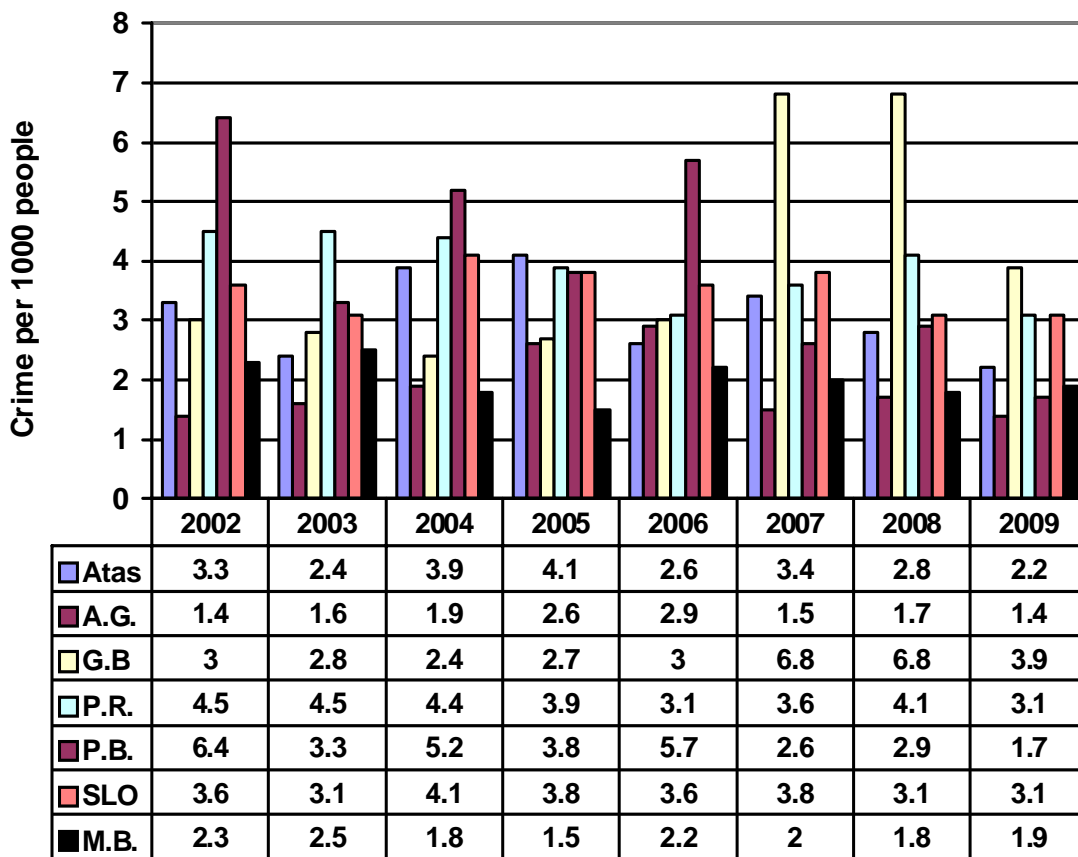


Source: DOF E4, 2009 and California Department of Justice Department

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 3-15: Comparative Crime Rate

City Comparisions
Violent Crime per 1000 people



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

The Police Department has met the needs of the residents and visitors by utilizing paid reserves when needed, overtime for full-time employees and by prioritizing the urgency of conflicting demands for assistance. 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.

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 to off-set impacts of new development include: transportation, drainage, bike and pedestrian path, police, fire, general governmental facilities, park and recreation, and library 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 water service to the development within the City. The policies and standards in the City's General Plan provide for future water services to be funded by the developer.
2. The City's available Water Supply is estimated to be 12,600 AFY in the City's Urban Water Management Plan. The estimated water demand within the City Limits at build-out is estimated to be between 9,500 – 12,600 AFY depending on the success of demand management measures that area implemented to comply with SB7.
3. The City's future supply is estimated to be 13,400 AFY. The City is contracting for 4,000 acre-feet of water from the Nacimiento Pipeline Project to supplement its water needs. 1,400 AF of Nacimiento water is planned for the year 2020 to provide for growth.
4. The City continues to evaluate new water supplies and is planning on upgrading its wastewater treatment plant to develop a recycled water source.
5. The City will likely require the annexations to purchase extra capacity from the Nacimiento water project.

Wastewater

6. The City operates and regularly maintains the wastewater collection and treatment system, which consists of sewer pipelines, manholes, pump stations, and wastewater treatment facility.
7. The treatment facility has a rated capacity of 4.9 million gallons per day of wastewater and is currently processing an average of 3.0 million gallons per day. The system is currently overloaded with pollutants, but will be upgraded in the future, which will restore capacity to 4.9 mgd.

8. The City's upgraded wastewater plant will have the ability to serve the SOI areas with an estimated 1.6 million gallons per day from the remaining City limits. The areas in the SOI are estimated to produce a limited amount of wastewater.

Roads and Streets

9. The City has recently updated (2011) the Circulation element of their General Plan to manage future traffic associated with growth and development.
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 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, Circulation Element and Water Master Plan address the provision of infrastructure for water, wastewater, roads and other public facility needs.
16. 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

17. The City provides police and fire services to existing citizens and is capable of expanding those services.

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

19. The City continues to evaluate the level of staffing needed to provide adequate services to residents.

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 Paso Robles's prepares a four-year Financial Plan with adoption of a biennial (2-year) budget. The budget document for FY09/10 to 10/11 is well organized, thorough and clearly articulates the City's future financial plans. The budget report identifies the sources of revenues, past year's accomplishments and financial performance. As part of this Service Review, budgets from the last two years have been reviewed. The budget document provides information that is divided into the following sections:

Section 1 - Introduction

The City's organizational chart and appropriation limitation for the Fiscal Year.

Section 2 – Graphics and Budget Summary

A financial overview for the City's budget for the Fiscal Year.

Section 3 - Operating Budget

Identifies costs associated with the day-to-day operation and maintenance of the City. The budget provides the revenues and expenditures for each department for the fiscal year along with the previous three-year comparison.

Section 4 – Special Schedules

This section approves new and expanded appropriations.

Section 5 - Capital Improvement Projects

This section of the Budget lists and prioritizes the capital improvement projects for the City. It provides costs and a description of the planned projects.

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 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.

Constraints

Like many jurisdictions during this difficult fiscal period the City of Paso Robles is carefully managing its financial resources. The City has significantly reduced **General Fund (GF)** spending by not refilling 36% of GF positions, cutting temporary and contract help, trimming contract services, and deferring wage increases. The GF is projected to experience a deficit in each of the four planning years. This deficit will be managed through expanded labor savings and judicious use of reserves. The City’s General Fund is projected to experience a favorable ending balance for each of the four financial planning years (Fiscal Years 11/12, 12/13, 13/14, and 14/15). However, the projection assumes no additional salary/wage increases in the four year period, or hiring any replacement staff for the currently vacant positions, or replacing any of the reduced maintenance, service and other contract services.

The Water Fund (WF). This fund operates as the enterprise fund for the provisions of water services. The City Council adopted a new water rate on April 19, 2011 and it goes into effect on January 1, 2012. The Financial Plan assumed that voters would have approved new water rates (to become effective January 2012 to pay for Nacimiento Water Project). The City anticipated if the new rates were not approved, the Water Fund would deplete its financial resources by FY 2014 and the City may not have sufficient water (without extraordinary conservation).

The Wastewater Fund (WWF). This fund provides revenues through fees to operate and administer the wastewater facility. The 50+ year old wastewater treatment plant requires rehabilitation and upgrade to meet State & Federal discharge standards. The rehabilitation will cost approximately \$49.6 million; a cost that requires a user rate increase. Consequently, the financial plan anticipates new revenues from an (estimated) user rate adjustment in FY 2012. If

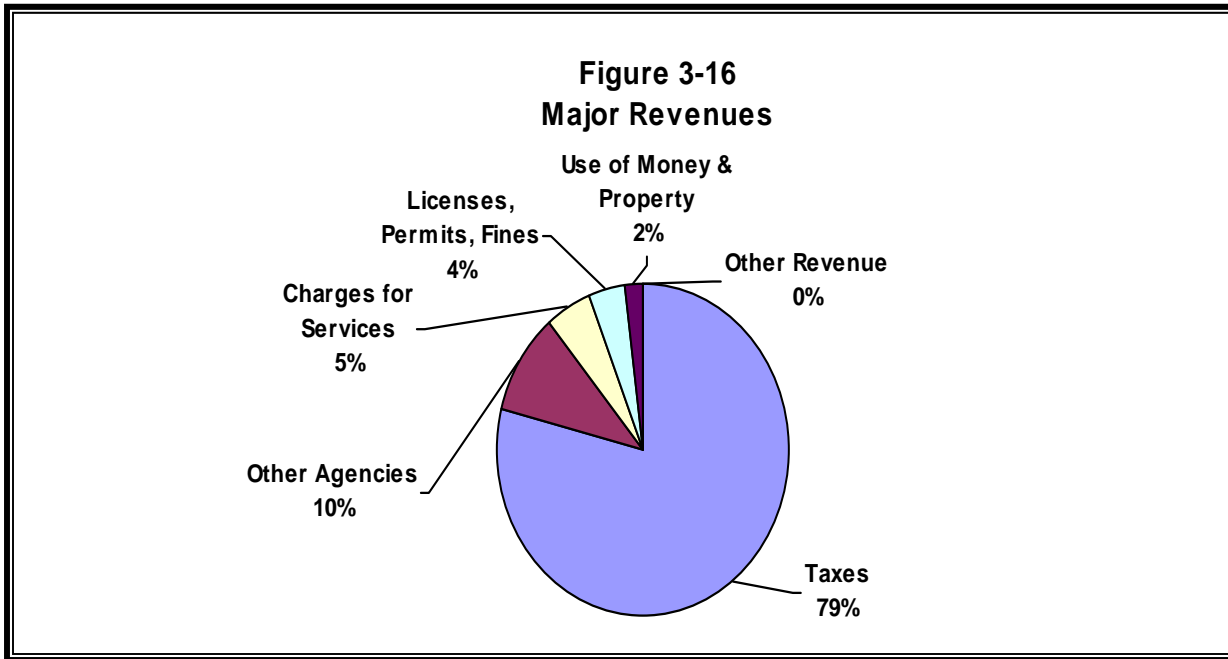
new rates are not implemented, the Plant cannot be rehabilitated. Without rehabilitation, the Plant cannot meet discharge standards, exposing the City to the risk of substantial fines for discharge violations. Assuming new rates are approved; the treatment plant would be upgraded beginning in FY2012.

The Redevelopment Agency. The Redevelopment Agency was created in 1987 for the purpose of improving, upgrading and revitalizing areas within the City that had become blighted because of deterioration, disuse, and unproductive economic conditions. It is a legal and separate public body, with separate powers and a separate budget from the City. The Agency made partial repayment of past debt owed to the City General Fund for construction of the Library, issue new debt (bonds) in FY 2010. The Redevelopment Agency could not afford the payments initially, so the City just accrued the debt payments.

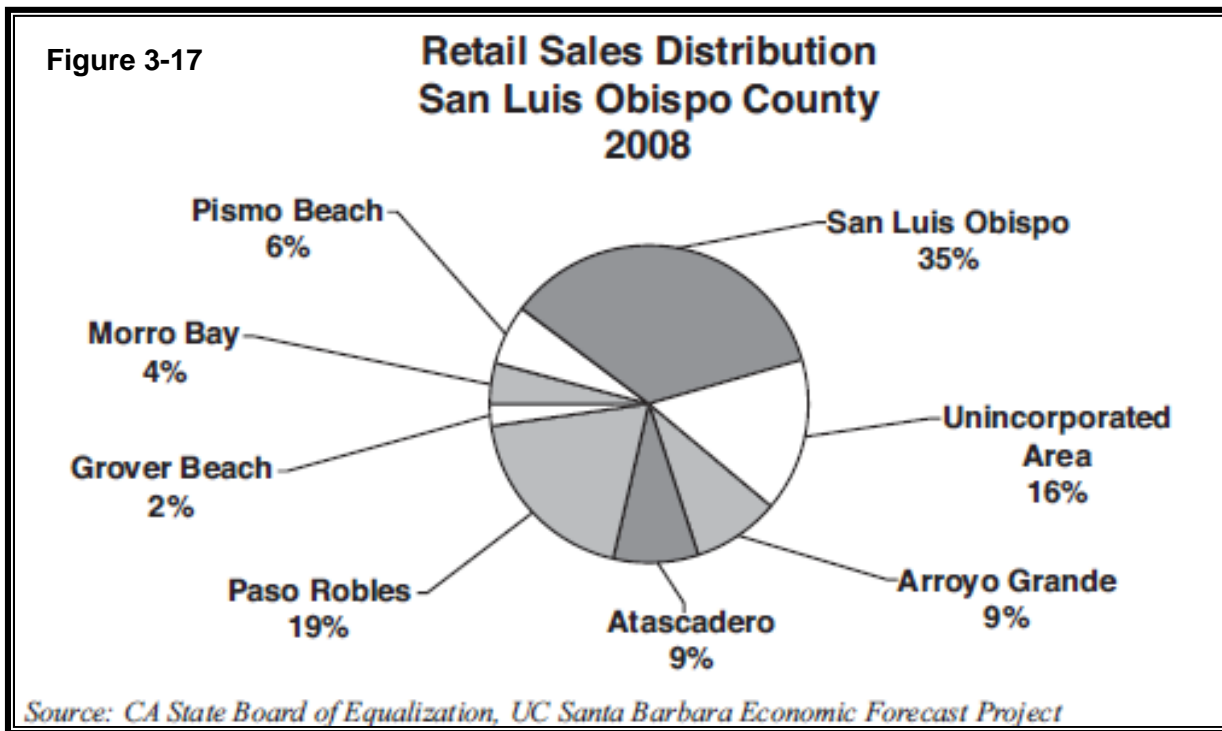
LAFCO considers the ability of a jurisdiction to pay for improvements or services associated with future annexed sites. This planning can begin by identifying what opportunities there are to fund infrastructure and maintenance needs associated with future annexation and development. Also identifying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

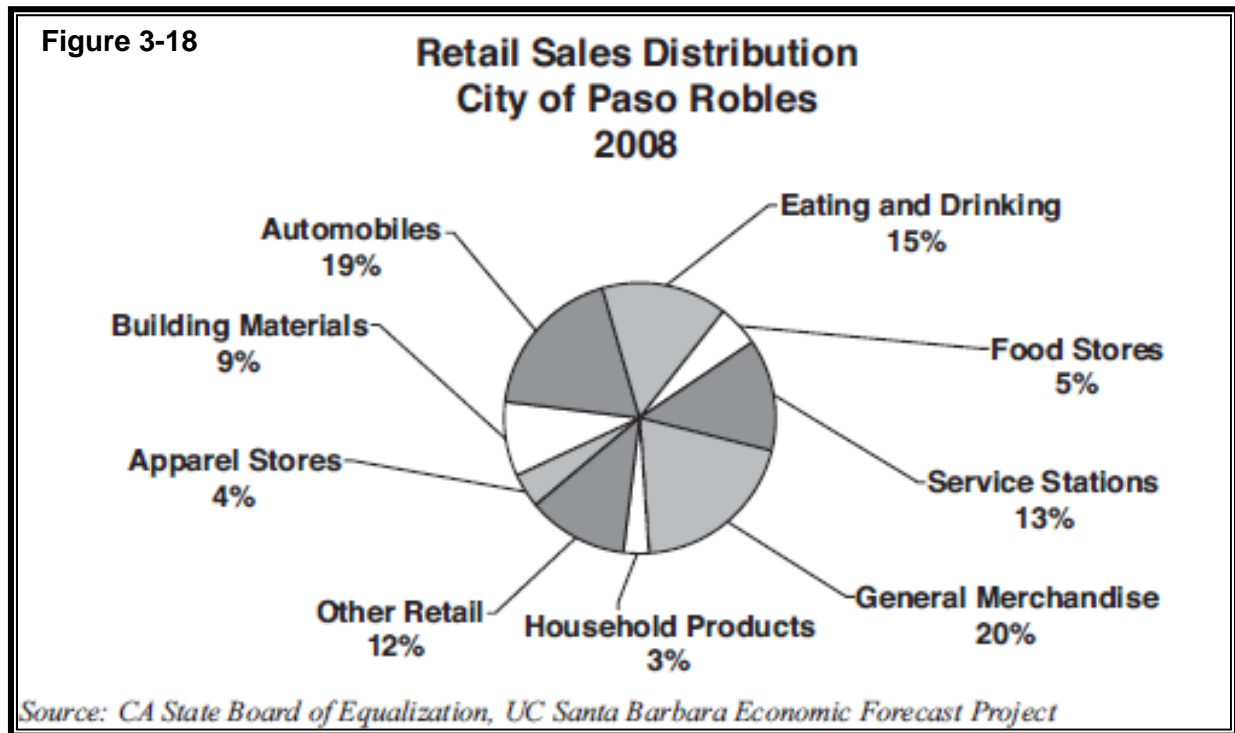
The General Fund budget/financial plan can be balanced over the four years FY 12 – FY 15 with continued expense reductions and deferral of maintenance projects. The City's financial policy requires that the budget be balanced for the four-year planning period and that the GF's unappropriated fund balance reserve equal 15% of its operating expenses. Current financial policy was established to ensure that the City's finances are managed in a manner that will provide for delivery of quality services and products, while providing for an acceptable level of service to the community. Formal financial review be held twice per year so that adjustments may be made, if necessary, to the financial plan.

Major Revenues. Paso Robles revenues from retail sales tax are one of the largest in the County. In the past few years revenues from sales tax have declined, however, since **the end of the recession, the City has experienced some of the largest gains in sales tax, throughout the Central Coast region. Sales Tax revenues are projected to increase from a low of \$4.7M to over \$6.4 million by FY15.** About 70% of the City's general fund revenues come from the local hotel tax, sales tax revenues, and local property taxes.



Source: Paso Robles's four-year budget document FY09/10 to 10/11





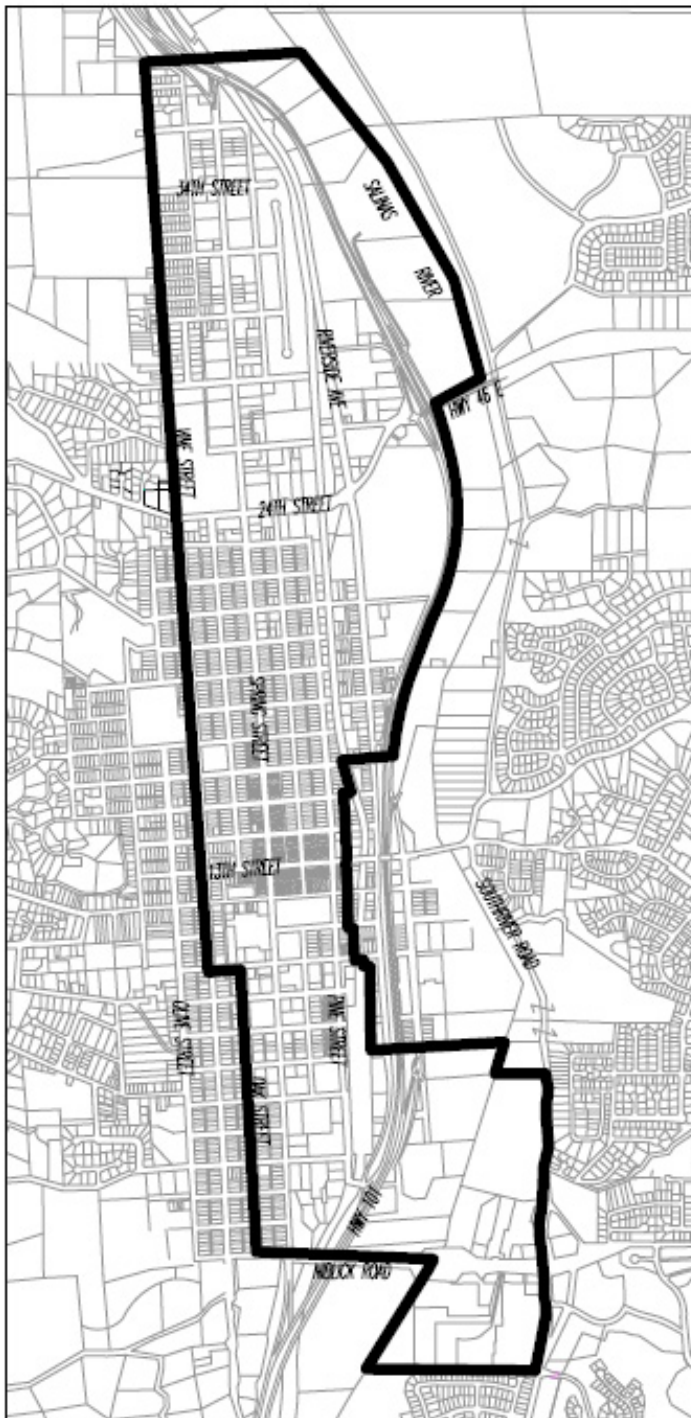
Long-Term Debts

The City has the following long-term debts:

- \$4,019,300 Redevelopment Agency debt service.
- \$12,000 1993 Public Facilities COP
- \$3,365,613 for 1998 Measure D General Obligation Bonds
- \$3,726,800 for the Wastewater Treatment Plant

Redevelopment Agency. The Paso Robles Redevelopment Agency was activated in 1987. The Agency adopted the Redevelopment Implementation Plan from 2010-2014 for the Redevelopment Project Area. The Project Area consists of 1,150 acres. The Agency has participated in the following investments: refurbishment of the downtown City Park, storm drainage and street improvements in the downtown and Niblick Road corridors, and assistance to affordable housing. The Agency's Low to Moderate Income (LMI) Housing Fund currently has approximately \$38,000 available or surplus. Once the SERAF loan is repaid, the LMI would be approximately \$1.4 million. The Agency entered into an agreement with the City of Paso Robles for affordable housing programs for the Hidden Creek Village project over the next ten years.

Figure 3-19



*City of El Paso
De Robles*

*Redevelopment
Project Area*

Development Impacts. While 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 December 2009, the median home price in the City was \$300,000. 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 – Paso Robles updated its Development Impact Fees in 2010.
- City's particular mix of service responsibilities - e.g., some cities are not responsible for certain services – Paso Robles 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 is expected to take revenues from Paso Robles property tax revenues as a one-time funding source to fund the State's budget shortfall.
- City's local taxes and rates e.g. utility tax, hotel tax, business license tax, franchise tax, sales tax, etc.- The various City taxes generates approximately \$6,000,000 in revenues received in 2008.

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 and sales 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 may be considered for undeveloped properties planned to be included in the City.

According to Policy LU-4A and Action Items two and three in the City's General Plan, fiscal impacts would be evaluated as part of a separate study that would lead to conditions of approval being incorporated into the Specific Plan prepared for these areas. The projects would be conditioned to ensure that the projects are fiscally neutral and do result in a net loss for the City. These policies, if implemented as adopted would enable the City to fund services for annexations without causing a fiscal burden to others in the City.

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.

Community Facilities District

On February 15, 2005, the City Council of the City of Paso Robles adopted a Resolution entitled "A Resolution of the City Council of the City of El Paso de Robles of Intention to Establish a Community Facilities District" with respect to Community Facilities District No. 2005-01 (District).

A public hearing and election were held on April 5, 2005. The returns of the election indicated unanimous approval of the special tax by qualified landowners within the District. The City Council adopted resolutions forming the CFD, declaring the results of the special election and directing recordation of notice of special tax lien. The CFD was thereby declared to be fully formed with the authority to levy special taxes in accordance with the approved Rate and Method of Apportionment.

The CFD will finance public services for new development in the District. Such services may include police protection services, fire protection and suppression services, ambulance and paramedic services, recreation program services, library services, maintenance services for elementary and secondary school sites and structures, operation and maintenance of museums and cultural facilities, maintenance of parks, parkways (including street lights), and open space, flood and storm protection services, including the operation and maintenance of storm drainage systems and sandstorm protection systems, services with respect to the removal or remedial action cleanup of hazardous substances. The authorized services may be financed only to the extent that such services are in addition to those services provided in the community facilities district prior to creation of the Community Facilities District. All of these public services are authorized by the CFD No. 2002-1.

The Fiscal year 2010 approximately \$55,000 was received from the CFD levy.

Reserves

The City has adopted a Fiscal Policy which includes maintaining a General Fund Reserve of 15% of budgeted annual operating expenditures. The General Fund budget/financial plan is balanced over the four years FY 10 – FY 13 with continued expense reductions, deferral of maintenance projects, use of accumulated savings (reserves), and repayment from the RDA. Healthy reserves are one indicator that the City is in sound financial condition. The City has taken a series of cost-saving measures and reorganizations to maintain its financial footing.

The City's goal of maintaining a 15% reserve is for the purpose of maintaining a good credit rating, to provide for economic uncertainties, contingencies for unforeseen expenses, and cash flow requirements. The City adopts a two-year budget which allows the City to look beyond the current year and attempt to alleviate any shortfalls that may occur in the future. The two-year

budget is also a more effective way to budget. The City balanced the last three FY 07-09 budgets while decreasing their reserves.

Rates and Fees

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; police, fire, library, parks, water, wastewater, streets, and administrative facilities.

In 2006, the City retained David Taussig & Associates to provide a Development Impact Fee Justification Study. Using the Development Impact Fee Justification Study the City adjusted its impact fee structure by identifying the public facilities and costs associated with mitigating the cumulative impacts of new development. These fees are adjusted every year on a cost index basis.

In 2010, the City retained Kennedy/Jenks to provide a rate study and related reports and recommendations for the City's water enterprise funds. This report provided a list of capital improvements to maintain a reliable water service. The report also compared other Cities in the County water rates. Using this study the City placed on the November 2010 ballot a voter increased adjusted to its fee structure that would have increased the rates of providing water service. The voters did not pass the rate increase subsequently the City is considering alternative to maintain the expected water service without major conservation efforts.

The City's water and sewer rates were adjusted in 2010 per the CPI that was approved in 2005. Overall, the City carefully monitors the fees charged for services with the goal of providing a service at an equitable rate to the customer and residents.

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 City adopted new rates that will go into effect January 1, 2012. Customers will pay only for the water they use, with no fixed monthly base charge. The following is a table that compares the current rates and fees of several service providers for water and sewer services:

Table 3-22: Residential Water Rates Comparison

Rate/Fee	Paso Robles ¹⁾	Paso Robles ²⁾	Atascadero	Morro Bay	Pismo Beach	Arroyo Grande	Grover Beach	San Luis Obispo
Monthly Service Charge	\$18.00	\$0.00	\$15.50	\$16.43	\$29.20	\$40.08	\$6.75	\$0
Water Fee	\$0	\$0	\$1.70 (3-12 ccf)	\$5.59 (5 ccf)	\$1.94 (1-12 ccf)	\$1.44 (1-12 ccf)	\$2.28 (0-12 ccf)	\$5.21 (1-5 ccf)
Per unit used: 100 cubic feet = 1 ccf	\$1.32 (all ccf)	\$2.50 (all ccf)	\$2.70 (13-25 ccf)	\$5.74 (10 ccf)	\$2.52 (13 + ccf)	\$1.60 (13-32 ccf)	\$2.41 (13-20 ccf)	\$6.52 (6-25 ccf)
100 cubic foot = 748 gallons			\$4.00 (26-50 ccf)	\$5.89 (15 ccf)		\$1.81 (33-64 ccf)	\$2.58 (21-42 ccf)	\$8.17 (26 + ccf)
				\$6.04 (20 ccf)				

1) Paso Robles water rate includes Lake Nacimiento monthly charge of \$12.00. 2) Currently \$18 monthly fixed charge would be eliminated as of 1/1/12.

The City of Paso Robles current water rates are the lowest 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, Paso Robles water rates as of 1/1/12 will be average of all the jurisdictions:

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

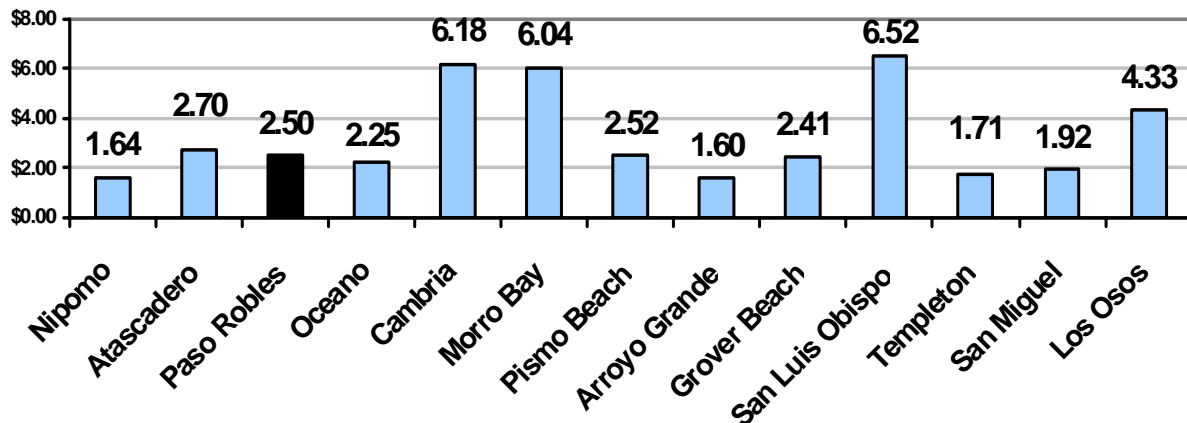


Table 3-23 – Single-Family Water Rates and Monthly Bill

Rate/Fee	Paso Robles	Atascadero	Oceano	Cambria	Morro Bay	Pismo Beach	Arroyo Grande	Grover Beach	San Luis Obispo	Templeton
Monthly Service Meter Charge	\$0.00	\$15.50 Up to 2 ccf	\$11.97	\$23.82	\$16.43	\$29.20	\$18.00	\$6.75	\$0.00	\$15.25 Up to 2 ccf
Water (per 1 Unit)	20 units @ \$2.50 (all ccf)	9 units @ \$1.70 (3-12 ccf) 9 units @ \$2.70 (13-25 ccf)	14 units @ \$1.70 (7-25 ccf)	9 units @ \$6.05 (7-15 ccf) 5 units @ \$6.18 (16-20 ccf)	\$5.59 (5 ccf) \$5.74 (10 ccf) \$5.89 (15 ccf) \$6.04 (20 ccf)	12 units @ \$1.94 (1-12 ccf) 8 units @ \$2.52 (13 + ccf)	12 units @ \$1.44 (1-12 ccf) 8 units @ \$1.60 (13-32 ccf)	12 units @ \$2.28 (0-12 ccf) 8 units @ \$2.41 (13-20 ccf)	5 units @ \$5.21 (1-5 ccf) 15 units @ \$6.52 (6-25 ccf)	17 units @ \$1.71 (3-17 ccf)
Other Charges	\$0.00	\$0.00	20 units @ \$1.14 (1)	\$0.00	\$0.00	\$0.00	\$34.73 (3)	\$0.00	\$0.00	\$0.00
Sample Monthly Bill (20 units of water)	\$50.00	\$55.10	\$58.57	\$109.17	\$115.04 (2)	\$43.44	\$61.61	\$46.64	\$123.85	\$44.32

(1) Price per unit for Dam retrofit.

(2) Morro Bay rates vary depending on use total; taking from Morro Bay water rates table for 20 units.

(3) Lopez Charge.

Sewer rates are compared in the table below:

Table 3-24: Single-Family Sewer Rates

Rate/Fee	Paso Robles	Atascadero	Morro Bay	Pismo Beach	Arroyo Grande	Grover Beach	San Luis Obispo	Templeton
Flat Monthly Rate	\$25.86	\$20.18	\$64.43	\$68.28	\$2.20	\$32.84	\$7.22	\$23.34

Because the City still has a 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 are not available in the SOI areas. As these areas are largely undeveloped at this time, should they be annexed, the cost of providing new urban services will be recovered by charging fees for new development that uses such services. When annexing land, the City endeavors to recover its costs of providing services. In doing so, it does not strive to be “equitable” with mitigation or development fees or regulations that apply in the County. Under State Law, the City cannot establish fees that exceed each property owner’s fair share of mitigating the impact to city services.

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 uses the best practices in managing their financial resources.
2. The City has proactively planned for and taken actions to manage the impacts of the State's fiscal crisis on the City's financial resources.
3. 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.
4. 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 pay for 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 might occur in the SOI areas.
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 and transient occupancy tax revenues from new visitor-serving land uses.
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 an assessment district.
7. The City has established a Community Facilities District as a financing mechanism to fund various public service needs within the District's boundary for new development.
8. The City has in place financial policies that provide a structure for responsible decision-

making.

9. Rates and fees for services are established using the City's policy and procedures and special studies as the need arises.
10. The City completed a fee study in fiscal year 2005 & 2006 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.
11. The City adopted an updated Fee Schedule in 2010 that provided the fees charged for development impacts and water and sewer rates.
12. The City uses the budget cycle to consider updating the fees and rates schedule that is implemented on an on-going basis.

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 evaluates 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, District and State to work cooperatively in such efforts.

Opportunities for shared facilities include:

- ▶ Roadway connections
- ▶ Coordinated open space preservation and park management
- ▶ Preservation and enhancement of Agricultural Lands
- ▶ Construction of water pipeline facilities (Nacimiento)

In the case of roadways, the opportunity to coordinate connections between Highway 46 and Highway 101 interchange could enhance regional traffic patterns, and will aid in emergency response times.

Coordination of open space corridors that cross over the proposed City-County limit lines will enhance the viability of habitat from the area and preserve these important related habitats and agricultural lands 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 cooperatively and maintains working relationships with the following agencies:

- The City and Community of Atascadero and Templeton for water supply and wastewater with Templeton;

- 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;
- SLO County Air Pollution Control District;
- SLO Council of Governments;
- CalTrans

WRITTEN DETERMINATIONS

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

1. At present, the distinction between City and County services in the SOI areas is clear. The City would assume those services provided by the County in the SOI study areas if they are annexed and developed.
2. The City works cooperatively with a variety of State and Federal Agencies to facilitate improvements that benefit the City and protect residents and visitors.
3. 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.
4. The City and County have worked cooperatively to construct the Nacimiento Pipeline Project.

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 Paso Robles 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. The City's website contains a wealth of information about all of the City's Departments and services. A community newsletter is sent to local addresses monthly to inform the public of current events 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 7:30 p.m. on the first and third Tuesdays of each month in the Paso Robles Library/City Hall, at 1000 Spring 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. The Council meetings are not televised or videotaped for later playback but minutes are kept for all meetings as the City records. The City Council meetings are also broadcast on KPRL radio.

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:

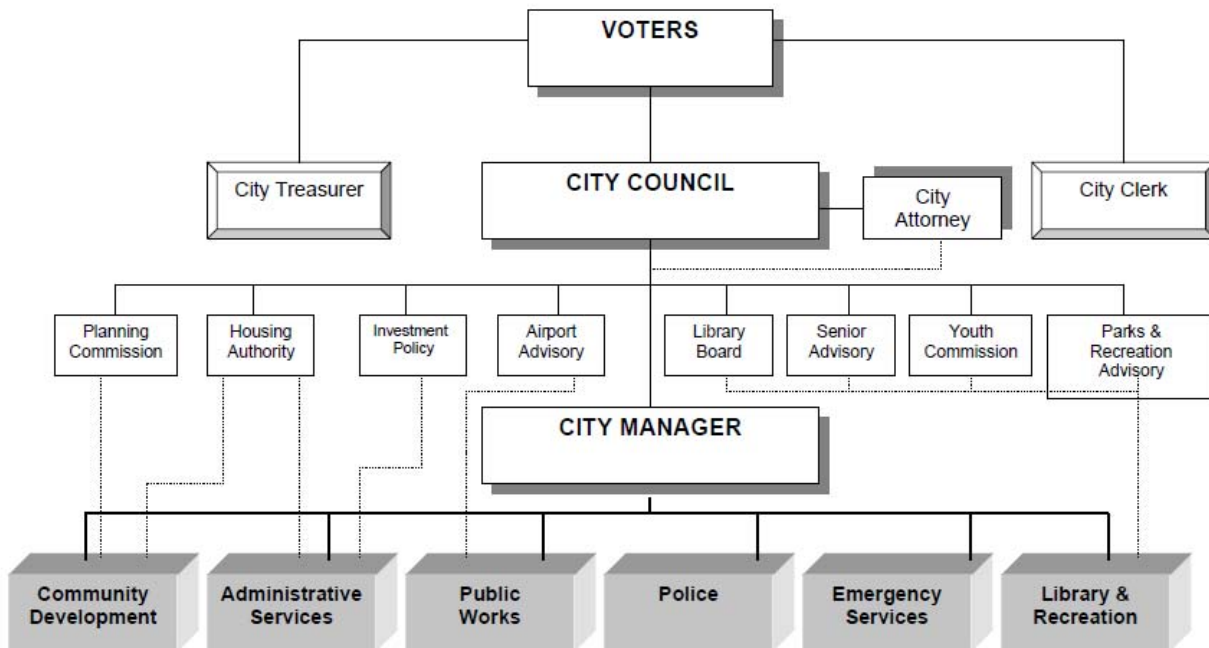
- Planning Commission
- Development Review Committee
- Housing Authority

- Airport Advisory
- Library Board
- Senior Advisory
- Youth Commission
- Parks and Recreation Advisory

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.

Figure 3-21



Paso Robles 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, the lead staff person, start date and end date, and a status or comments section. The City also produces and distributes an annual Economic Forecast and business outlook that provides relevant information about the community's demographics, employment, retail, real estate and general financial condition. The City also produces a monthly senior newsletter (The Silver Oaks Gazette) that provides information about the City events and activities.

WRITTEN DETERMINATIONS

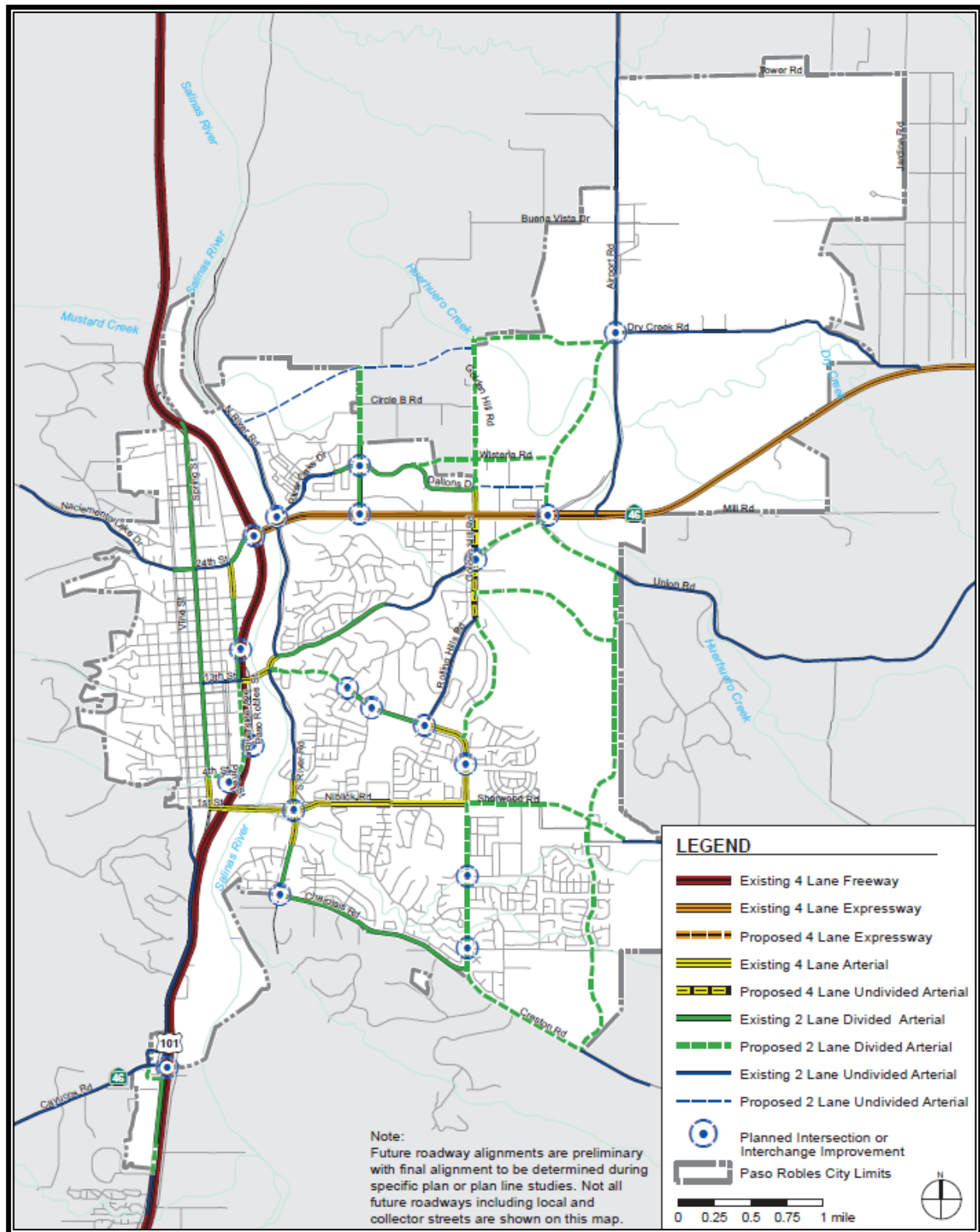
The following written determinations are based on the information contained in the above section regarding Local Accountability and Governance:

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 monthly, has conducted workshops, and public town hall meetings to address matters for the broadest public input possible.
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. The public has the opportunity to participate in the budget hearing process. Annual reports are completed and made available to the public upon request. The City prepares an annual Economic Forecast with financial information and a summary of sales and economic growth in the community.
4. The City is well-organized, and is administratively capable of providing services to the areas in the Sphere of Influence.
5. The City evaluates the services provided to residents and services that may need to be upgraded or started.
6. The City has recently updated many of its service plans, including the Urban Water Management Plan, Housing and Circulation Element of the General Plan, and fee and rate structures.

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.

Figure 3-22 Circulation Master Plan



REFERENCES

- City of Paso Robles Housing Element, 2011
- City of Paso Robles Urban Water Management Plan, 2011
- City of Paso Robles Circulation Element, 2011
- San Luis Obispo Council of Governments Regional Transportation Planning Agency, Regional Transportation Plan, 2010.
- Paso Robles Groundwater Basin Water Balance and Review Update (March 2010)
- Paso Robles Groundwater Basin Resource Capacity Study (August 2010)
- City of Paso Robles Budget FY 2009/10 to 2010/11
- City of Paso Robles Development Impact Fee Summary, 2010
- City of Paso Robles Water Rate Study, 2010
- City of Paso Robles Water & Wastewater Fees, 2010
- California Department of Finance E-4 Report, 2010
- City of Paso Robles Redevelopment Implementation Plan, 2010
- Wastewater Treatment Plant Upgrade Mitigated Negative Declaration, 2010
- City of Paso Robles Sewer System Master Plan 2009.
- Evaluation of Paso Robles Groundwater Basin Pumping *Water Year 2006*, May 2009
- Paso Robles Purple Belt Action Plan, 2009
- SLO County Resource Management System Annual Report, 2009
- County of San Luis Obispo Salinas River Inland Area Plan, revised 2009
- County of San Luis Obispo El-Pomar/Estrella Planning Area, revised 2009
- California Department of Finance E-4 Report, 2009
- SLOCOG ERA Population & Employment Forecast, 2009
- Annual Update Report Economic Forecast, 2009
- San Luis Obispo County Tourism Analysis Report, 2008
- SLOCOG Regional Housing Needs Allocation, 2008
- Department of Emergency Services 2008 Annual Report, 2008
- Economic Impact of Wine and Winegrapes in the Paso Robles AVA and Greater SLO County, 2007
- Water Resources Plan Integration and Capital Improvement Program, 2007
- Paso Robles Groundwater Basin Water Banking Feasibility Study, June 2007

- Todd Engineers Paso Robles Groundwater Basin Study, December 2007
- Development Impact Fee Justification Study, October 2006
- City of Paso Robles Water Master Plan 2006.
- City of Paso Robles Cost for Services Report, 2005
- San Luis Obispo Council of Governments, Regional Profile, October 2004.
- San Luis Obispo Local Agency Formation Commission, Sphere of Influence Study, 2004.
- City of Paso Robles General Plan 2003, November 2003.
- City of Paso Robles General Plan 2003 Environmental Impact Report and Technical Appendices, November 2003
- County of San Luis Obispo Adelaida Inland Area Plan, revised 2003
- Fugro West, Inc. & Cleath & Associates Draft Final Report Paso Robles Groundwater Basin Study, March 2002
- City of Paso Robles, Official Website, www.prcity.com.
- 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.

Exhibit A:

Initial Study/Mitigated Negative Declaration

**SPHERE OF INFLUENCE UPDATE
MUNICIPAL SERVICE REVIEW**

CITY OF PASO ROBLES

INITIAL STUDY

**MITIGATED NEGATIVE
DECLARATION**

**PREPARED BY:
SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
RELEASE DATE: NOVEMBER 17, 2011
RE-RELEASE DATE: JANUARY 10, 2013
CERTIFIED DATE: FEBRUARY 21, 2013**

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I. INTRODUCTION AND PURPOSE

This Initial Study/Mitigated Negative Declaration assesses the potential environmental impacts associated with the proposed Sphere of Influence (SOI) Update and Municipal Services Review (MSR) for the City of Paso Robles (the “City”). Together with the other studies prepared for this project, and other environmental documents incorporated by reference, this analysis will serve as the environmental review for the proposed project. This review is required by the California Environmental Quality Act of 1970 (CEQA) as amended (Public Resources Code Section 21000 et. Seq.) and the State CEQA Guidelines as well as Guidelines for the Implementation of CEQA adopted by the San Luis Obispo Local Agency Formation Commission.

The Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH) requires the Local Agency Formation Commission (LAFCO) to update the Spheres of Influence for all applicable jurisdictions in the County. 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.” The Act further requires that a Municipal Service Review be conducted prior to or in conjunction with the update of a Sphere of Influence. As part of the decision-making process, LAFCO is required to review and consider the potential environmental effects that could result from the proposed Sphere of Influence Update. The Service Review is an informational document that supports the SOI Update.

This Initial Study/ Mitigated Negative Declaration has been prepared in a manner that provides complete and adequate California Environmental Quality Act coverage for all actions and approvals associated with the proposed project. These actions include approval of the proposed Sphere of Influence Update and Municipal Service Review for the City and certification of this Initial Study and Mitigated Negative Declaration. LAFCO has prepared this Initial Study to determine if the project would have a significant effect on the environment. The purposes of the initial study include:

- Providing the lead agency with information to use in deciding whether to prepare an Environmental Impact Report.
- Enabling the lead agency to modify the project to mitigate adverse impacts before an EIR is prepared, enabling the project to qualify as a mitigated negative declaration.
- Documenting the factual basis for the finding, in a mitigated negative declaration, that a project will not have a significant impact on the environment.

This Initial Study/Mitigated Negative Declaration begins with Section 1. Introduction and Purpose provides an introductory discussion of the purpose and scope of the document. Section 2. Summary/Mitigation Monitoring Program summarizes the potential impacts and proposed mitigation measures. This section also contains the State-mandated Mitigation Monitoring Program (pursuant to AB3180). Section 3. Project Description describes the proposed Sphere of Influence Update and Municipal Service Review for the City. Section 4. Environmental Setting provides an overview description of existing environmental conditions within and in the vicinity of the project areas. Section 5. Environmental Evaluation contains the environmental checklist required by Section 15063(d)(3) of the State CEQA Guidelines. This checklist is intended to determine the nature and extent of various environmental effects of the proposed project followed by an explanation to justify the determination. In many instances, project impacts are identified as “no impact” or “less than significant impact.” The summary

discussion following the checklist item provides the basis for this determination. Checklist items identified as “potentially significant unless mitigation is incorporated” or “significant impact” are discussed in greater detail below. Section 6. Environmental Determination makes the final determination as to whether a Negative Declaration, Mitigated Negative Declaration or Environmental Impact Report is appropriate.

Section 15150 of State CEQA Guidelines permits an environmental document to incorporate by reference other documents that provide relevant data to the proposal currently being considered. The following documents are hereby incorporated by reference:

- Draft MOA between the City of Paso Robles and County of San Luis Obispo, 2011,
- City of Paso Robles Housing Element, 2011
- City of Paso Robles Urban Water Management Plan, 2011
- City of Paso Robles Circulation Element, 2011
- City of Paso Robles Circulation Element Environmental Impact Report, 2011
- San Luis Obispo Council of Governments Regional Transportation Planning Agency, Regional Transportation Plan, 2010.
- City of Paso Robles Budget FY 2009/10 to 2010/11
- Paso Robles Groundwater Basin Water Balance and Review Update (March 2010)
- Paso Robles Groundwater Basin Resource Capacity Study (August 2010)
- Wastewater Treatment Plant Upgrade Mitigated Negative Declaration, 2010
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- Evaluation of Paso Robles Groundwater Basin Pumping *Water Year 2006*, May 2009
- Paso Robles Purple Belt Action Plan, 2009
- SLO County Resource Management System Annual Report, 2009
- County of San Luis Obispo Salinas River Inland Area Plan, revised 2009
- County of San Luis Obispo El-Pomar/Estrella Planning Area, revised 2009
- SLOCOG Regional Housing Needs Allocation, 2008
- San Luis Obispo Local Agency Formation Commission, Sphere of Influence Study, 2004.
- City of Paso Robles General Plan 2003, November 2003.
- City of Paso Robles General Plan 2003 Environmental Impact Report and Technical Appendices, November 2003

Pertinent material from these documents is summarized throughout the Initial Study/Mitigated Negative Declaration where information from these documents is relevant to the analysis of potential project impacts. All documents incorporated by reference are available for review at the San Luis Obispo Local Agency Formation Commission.

This Initial Study/Mitigated Negative Declaration provides an objective discussion of the potential environmental impacts of the proposed Sphere of Influence Update for the City. In preparing this document, the San Luis Obispo Local Agency Formation Commission decision-makers, staff and members of the public will be fully informed as to the potential impacts and required mitigation measures associated with the proposed project. In accordance with Section 15021 of the State CEQA Guidelines, this document is intended to enable the San Luis Obispo Local Agency Formation Commission, as Lead Agency, to evaluate these environmental impacts and mitigation measures in its consideration of the proposed project. The Lead Agency has an obligation to balance possible adverse effects of the project against a variety of public objectives, including economic, environmental and social factors, in determining whether the project is acceptable and approved for development.

This Initial Study/Mitigated Negative Declaration assesses the potential environmental impacts associated with the proposed Sphere of Influence Update. Pursuant to California Public Resources Code 21082.1, the San Luis Obispo Local Agency Formation Commission has independently reviewed and analyzed the information contained in this Initial Study/Mitigated Negative Declaration prior to its consideration and certification. The conclusions and discussions contained herein reflect the independent judgment of the San Luis Obispo Local Agency Formation Commission to those issues at the time of publication.

II. SUMMARY

A. PROJECT SUMMARY

The Sphere of Influence (SOI) Update prepared for the City of Paso Robles is an important planning tool used in implementing the Cortese/Knox/Hertzberg Act. An SOI is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality..." The SOI represents an area adjacent to the service area of a jurisdiction where development might reasonably be expected to occur in the next 20 years. *The SOI does not define or identify specific development projects, change or modify zoning, or grant land use entitlements. It is important to note that the Sphere of Influence does not represent a change in land use category, nor does it give a property owner any more entitlements than already exist with a particular property.*

The SOI anticipates that a particular area would likely be served by a jurisdiction over the next 20 years. In order for a property to be annexed into the City, the property is required to be inside the Sphere of Influence. The proposed Sphere of Influence Update and Municipal Services Review would extend the City of Paso Robles Sphere of Influence to include five properties: 1) The Public Facility site, a 149-acre site located adjacent to and existing City landfill. The area is made up of three vacant parcels designated as agriculture by the County 2) The Mill Road area covers 175± acre area adjacent to Paso Robles eastern boundary just south of Hunter Ranch. This area is designated "Agriculture" by the County. 3) Vina Robles - AG Cluster covers 851± acre adjacent to Paso's eastern boundary. The area is designated "Agriculture" and the County approved a Tract Map and Conditional Use Permit in 2005 that would allow 42 single family residences and 7 farm worker housing units while preserving 95% of the site for agriculture/open space. The site is under Williamson Act Contract. The City does not intend to intensify the County approved AG Cluster but rather provide urban services to the development through an Outside User Agreement. This would allow the development to be served by the City in exchange for limiting groundwater pumping and a potential source for recycled water use. 4) The Ernst property is a smaller parcel about 1.4 acres designated "Rural Residential" by the County that is split by the City limit line. The City currently provides City water services, however the infrastructure to provide sewer services will not be available until Tract 2271 is completed. The property uses an onsite septic system for wastewater. 5) The Collins Vineyard is an 80 acre vineyard designated "Agriculture" by the County that is considered prime farmland under CKH. About 52 of the 80 acres in the Collins Vineyard property are planted with grapes. The property is not under Williamson Act Contracts; however LAFCO Policies call for prime farmland properties to be protected from urban style developments. The City does not currently provide water services, or have infrastructure in the area to provide sewer services. The property has a single family residence that uses an onsite septic system for wastewater and a private well for water service. The property owner has expressed interest in transferring their Hotel development already approved within the City Limits nearby to Study Area 7. The Hotel site would consist of approximately 3 acres with the intent of preserving the remaining vineyard and open space areas. Along with the exchange the property currently within the City limits would also be preserved as open space.

Future development of these properties is not the subject of any existing development applications and is not the subject of this environmental document. The existing Sphere of Influence properties would remain unchanged. This SOI was determined in 2004 by LAFCO and included approximately 465 acres beyond the City limits and included twelve general areas. These SOI areas were evaluated by an Environmental Impact Report completed in 2004.

The CKH 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 CKH Act requires LAFCO to update the Spheres of Influence for all applicable jurisdictions in the County every five years or as necessary. The MSR is a study of the City's service capabilities and addresses seven factors described in Section 56430 of the Cortese/Knox/Hertzberg Act.

The Sphere Update is based upon the Municipal Service Review completed for the City by the Local Agency Formation Commission. The Service Review analyzes the jurisdiction's capability to provide public services to existing and future residents. The SOI Update and Municipal Service Review were prepared to meet the requirements of the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000. In order to evaluate the areas that might be included in the SOI, seven study areas were identified based on discussions with City and County Planning Staff. LAFCO's Staff Recommendation is to include the existing SOI properties as unchanged and add five out of the seven Study Areas studied. Study Area two (Golden Oak), and five (Furlotti Family Ranch Company), are not recommended for inclusion in the Sphere of Influence. If the Specific Plan, General Plan Amendment and EIR being considered by the City moves forward, more information will be available and the area could be reconsidered. The City and County Memorandum of Agreement (MOA) provides for a process to guide development in the area that would encourage the protection of agriculture and open space lands in this area. The future Specific Plan and Environmental Impact Report should address the circulation system and development pattern that could reduce impacts on environmental resources.

The Act also allows for the preparation of an agreement between the City and County that addresses the boundaries, development standards, and zoning requirements within the SOI. The Commission is required by law to give the agreement "great weight" to this agreement in considering the SOI.

The City and County staff have agreed to a Memorandum of Agreement that identifies planning referral boundaries, identifies how development will be processed, and describes how the City and County will cooperate in reviewing development projects within the City's Planning Impact Area. As part of the MOA, the Sphere of Influence boundary would be agreed to by the City and County. The five areas described above have been proposed to be included in addition to retaining the existing SOI properties in the Sphere and the County has agreed with this request.

B. IMPACT/MITIGATION SUMMARY AND MITIGATION MONITORING PROGRAM

Provided below is a summary listing of all potentially significant environmental impacts and mitigation measures associated with the proposed project. Following each mitigation measure is an indication of the action involved with enforcement or implementation of the mitigation measure (i.e. "Specific Action"), the timing of implementation (i.e. "Mitigation Milestone") and the Responsible Monitoring Party. This Mitigation Monitoring Program is intended to reflect the requirements of AB 3180 (Cortese) which requires a monitoring program to insure the implementation of these mitigation measures.

C. DETERMINATION

It has been determined that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described in this document have been added to the project.

IMPACT/MITIGATION SUMMARY AND MITIGATION MONITORING PROGRAM

Impact	Mitigation Measure	Mitigation Milestone	Schedule	Responsibility
<p>Agricultural Resources The proposed project may eventually lead to an annexation that would convert agricultural land to another use.</p>	<p>a) The acquisition and dedication of farmland, development rights, agricultural conservation easements, or other measures consistent with LAFCO Policies to permanently protect agricultural lands.</p>	<p>Provision of adequate documentation demonstrating preservation of agricultural lands.</p>	<p>Prior to final completion of the annexation.</p>	<p>San Luis Obispo Local Agency Formation Commission and the City of Paso Robles.</p>
<p>Water Supply The proposed project could represent the first step in the development of the SOI Properties which would result in increased water demand beyond the estimated future water supply estimates without additional allocation of Nacimiento water.</p>	<p>a) The City shall document that it has acquired an entitlement that is adequate, reliable, and sustainable source of water before an annexation is considered by LAFCO.</p>	<p>Provision of adequate documentation demonstrating the availability of water supplies to serve future development.</p>	<p>Prior to consideration of the annexation.</p>	<p>San Luis Obispo Local Agency Formation Commission and the City of Paso Robles.</p>
<p>Wastewater The proposed project could result in an annexation that needs wastewater services.</p>	<p>a) The City shall document the progress of the currently-planned upgrade to the wastewater treatment plant in compliance with a NPDES permit.</p>	<p>Provision of adequate documentation demonstrating the treatment plant operates within the approved NPDES permit.</p>	<p>Prior to consideration of the annexation.</p>	<p>San Luis Obispo Local Agency Formation Commission and the City of Paso Robles.</p>
<p>Open Space If an annexation proposes to zone areas as open space the proposed project may eventually lead to the conversion of open space resources.</p>	<p>a) The acquisition and/or dedication of open space and recordation of conservation easements to permanently protect all designated open space and agricultural lands within the SOI.</p>	<p>Provision of adequate documentation (including conservation easements) preserving open space lands.</p>	<p>Prior to final completion of the annexation.</p>	<p>San Luis Obispo Local Agency Formation Commission and the City of Paso Robles.</p>

III. PROJECT DESCRIPTION

A. PROJECT LOCATION

The City of Paso Robles is located in northern San Luis Obispo County, which is approximately midway between the metropolitan areas of San Francisco and Los Angeles. The City is located at the intersection of U.S. Highway 101 and State Highway 46 and about 27 miles north of the City of San Luis Obispo. The City has the unincorporated communities of Templeton to the south, San Miguel to the north and City of Atascadero further south.

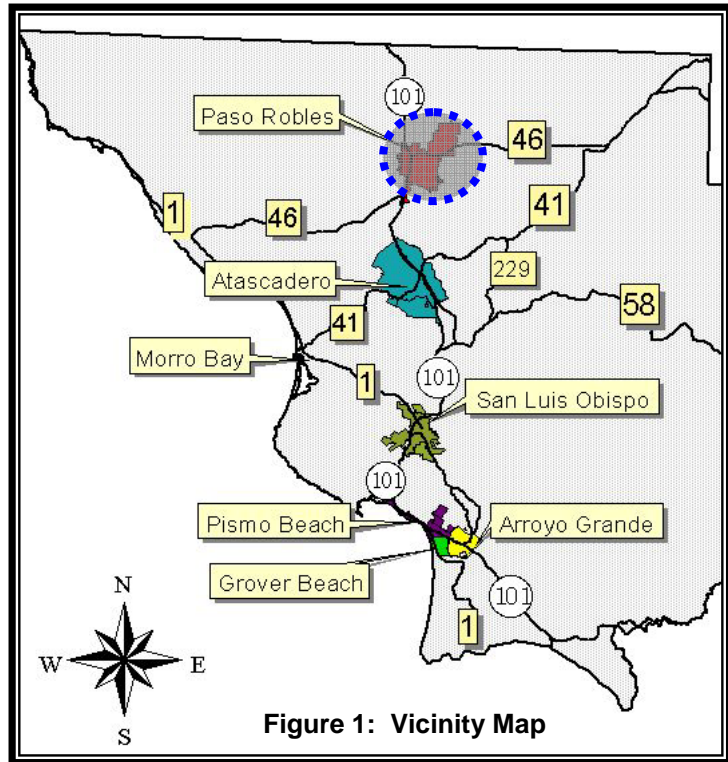


Figure 1: Vicinity Map

B. PROJECT DESCRIPTION

The Cortese/Knox/Hertzberg Act requires the Local Agency Formation Commission to update the Spheres of Influence for all applicable jurisdictions in the County. 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 as determined by the Local Agency Formation Commission.” The Sphere of Influence usually represents an area adjacent to a jurisdiction where within the next 20 years development may be reasonably expected to occur. The Sphere of Influence for the City does not identify or define specific development projects or land uses for an area. In this case, the SOI represents the area the City may provide services to over the next 20 years. Extension of the Sphere of Influence may enable the City to extend various services to these areas in the future. As such, inclusion of an area within a Sphere of Influence of a utility provider could represent the initial step in the future extension of services to the area and subsequent development of areas within the Sphere of Influence.

The Local Agency Formation Commission is required to update the Spheres of Influence for jurisdictions every five years or as necessary. The Act further requires that a Municipal Service Review be conducted prior to or concurrent with the update of a Sphere of Influence. The Municipal Service Review provides the means of evaluating public services provided by the jurisdictions and the possible changes to its Spheres of Influence.

Paso Robles is a full-service City, organized under the council/administrative officer form of government. Paso Robles provides police, fire, water, sewer, streets, transit, airport, planning, building, public works, and parks & recreation services to the community.

Study Areas

For study purposes, the City of Paso Robles and LAFCO staff prepared a map that included seven Study Areas 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. The proposed Sphere of Influence Update and Municipal Services Review would extend the City of Paso Robles Sphere of Influence to include five properties: Study Area 1) The Public Facility site, a 149-acre site located adjacent to and existing City landfill. The area is made up of three vacant parcels designated as agriculture by the County. Study Area 2) Golden Oak area not recommended for inclusion covers a 12 acre area currently in agricultural production (vineyard) that is adjacent to Paso Robles eastern boundary and north of Hunter Ranch. The site is characterized as prime farmland area and is designated "Agriculture" by the County. Agricultural lands to the east are under Williamson Act Contracts. Study Area 3) The Mill Road area covers 175± acre area adjacent to Paso Robles eastern boundary just south of Hunter Ranch. This area is designated "Agriculture" by the County. Study Area 4) Vina Robles - AG Cluster covers 851± acre adjacent to Paso's eastern boundary. The area is designated "Agriculture" and the County approved a Tract Map and Conditional Use Permit in 2005 that would allow 42 single family residences and seven farm worker housing units while preserving 95% of the site for agriculture/open space. The City does not intend to intensify the County approved AG Cluster but rather provide urban services to the development through an Outside User Agreement. This would allow the development to be served by the City in exchange for limiting groundwater pumping and a potential source for recycled water use. Study Area 6) The Ernst property is a smaller parcel about 1.4 acres designated "Rural Residential" by the County that is split by the City limit line. The City currently provides City water services, however the infrastructure to provide sewer services will not be available until Tract 2271 is completed. The property uses an onsite septic system for wastewater. Study Area 7) Collins Ranch is an 80 acre vineyard with an existing single-family residence. The property is not in Williamson Act contracts but is surrounded by agricultural properties.

Due to resource, land use and/or infrastructure constraints, the following properties were not recommended for inclusion in the Sphere of Influence at this time: 1) Study Area Two Golden Oak covers a 12 acre area currently in agricultural production (vineyard) that is adjacent to Williamson Act lands 2) Study Area Five - Furlotti Family Ranch Company property covers 170 acres that are adjacent to the City boundary within the urban reserve line and designated "Residential Suburban" and 100± acres that is designated "Agriculture" by the County that could potential provide prime farmland that is further west from the City boundary; 3) River Oaks area is located north and surrounded by the City of Paso Robles. Many of these lots have been subdivided and developed with existing residences. The area consists of 298 acres with 54 existing parcels ranging from 1 acre to 15 acres. The area is located in the County and designated "Rural Residential" with the Airport Review Area and Urban Reserve Line designation; 4) Dry Creek area is located north of Highway 46E. The area consists of 42 acres with an existing single-family residence and winery facility. The area is located in the County and designated "Agriculture" within a Flood Hazard and Airport Review Area designation; 5) there are many antiquated subdivisions in the County. These are areas that were divided prior to 1935 when the County had not yet developed minimum lot size standards. The antiquated subdivision just east of the Paso Robles Airport is one such area. The area consists of 532 parcels within the "Residential Suburban" land use designation in the County. The antiquated

subdivision is approximately 1,000-acre in area. The study areas are summarized in the table below:

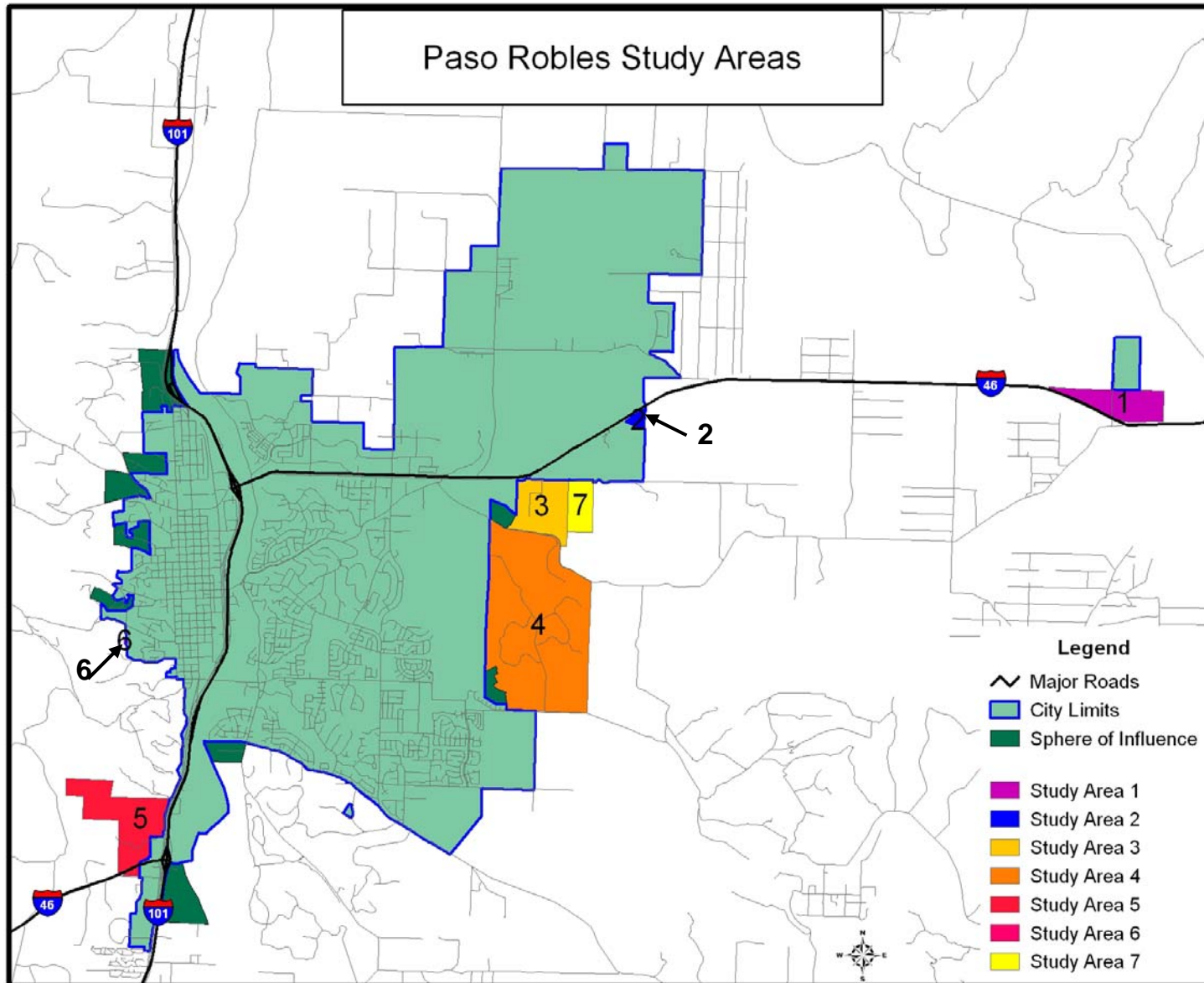
Table – 1: City of Paso Robles Study Areas

Study Area	Description	Acres	Existing Zoning	Prime AG Land ¹	Constraints
1	Public Facility	148	Agriculture	No	Unknown
2	Golden Oak	12	Agriculture	Yes (100%)	AG Land
3	Mill Road	175	Agriculture	Yes (35%)	AG Land, Fire Haz.
4	Vina Robles	851	Agriculture	Yes (67%)	AG Land
5	Furlotti Family Ranch Company	270	Residential Suburban & Agriculture	Yes (37%)	AG Land, Fire Haz.
6	Ernst	1.4	Rural Residential	No	None
7	Collins	80	Agriculture	Yes (100%)	AG Land
	Existing SOI Areas	465	Agriculture	Yes (18%)	Unknown
	Totals	2,002.4			

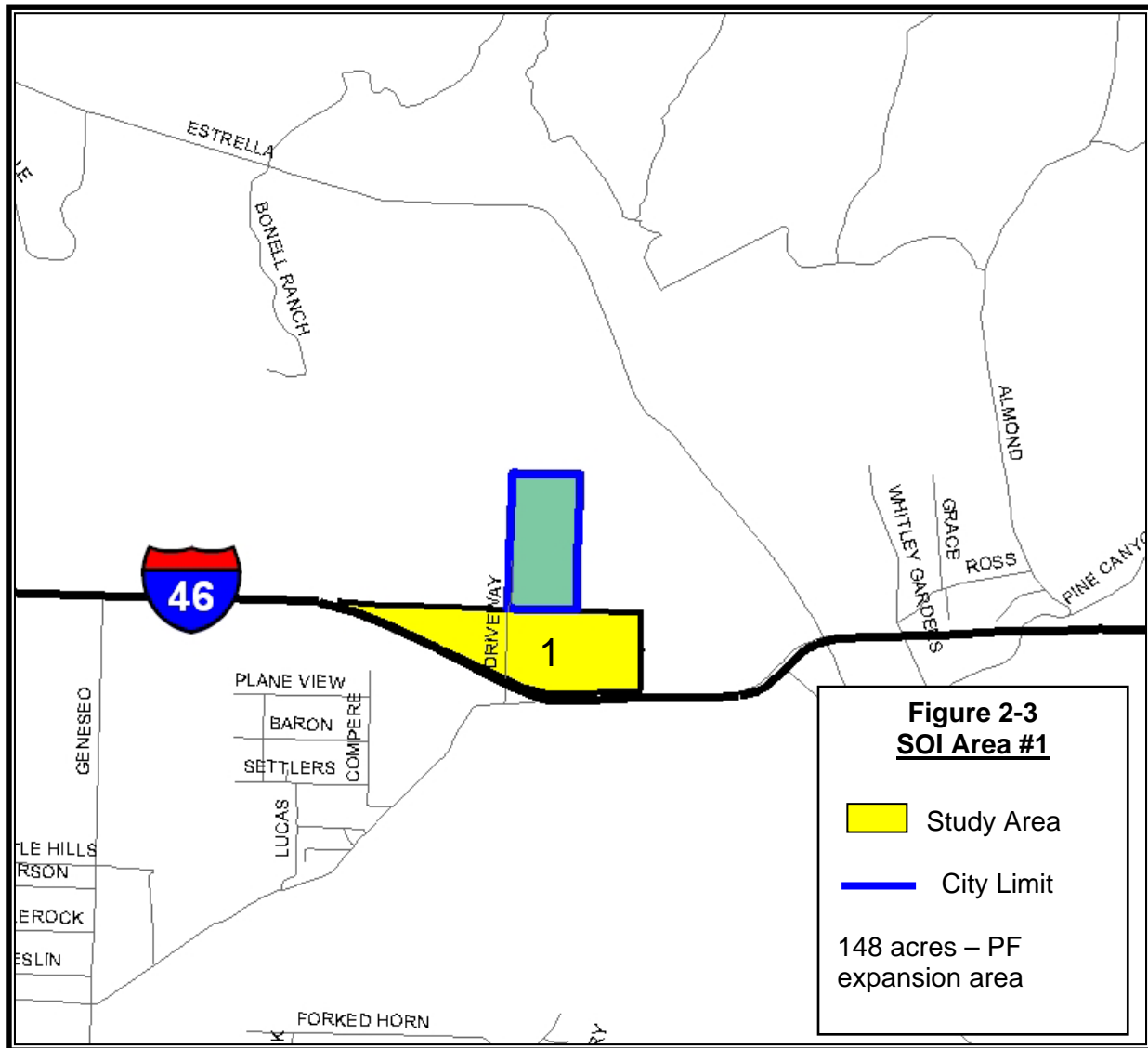
1) Indicates that a part of the area is prime farmland.

For study purposes, a map that included the seven Study Areas for the Sphere of Influence was prepared. Also, a more detailed map of each study area is included in the following pages. This initial study/mitigated negative declaration addresses the potential impacts of adding these Study Areas in the SOI; the staff recommendation is to add five of the seven Study Areas, excluding Study Area Two (Golden Oak), and Five (Furlotti Family Ranch Company) from the SOI. Other properties that are currently within the City’s Sphere of Influence were also considered in the Municipal Services Review and Sphere of Influence Update process. These properties would remain within the Sphere of Influence based upon the information in the Municipal Services Review.

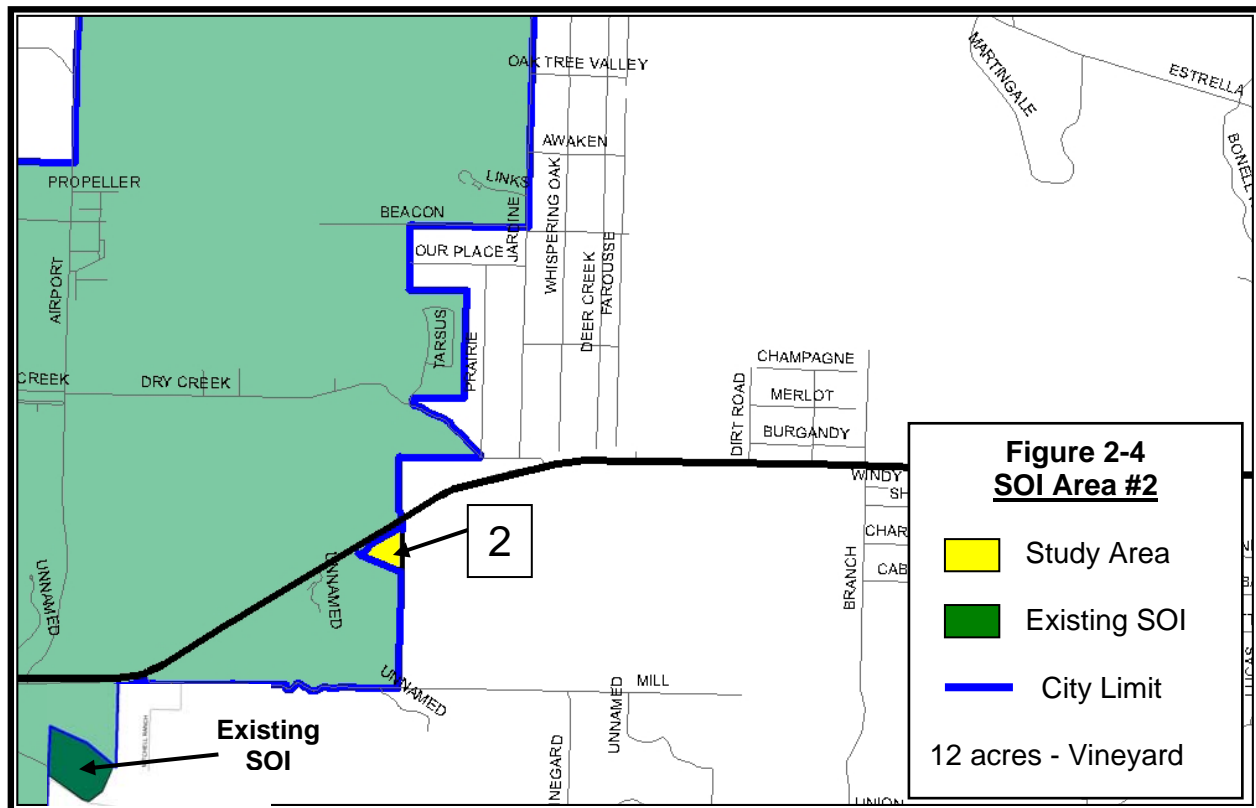
Figure – 2 – Study Areas



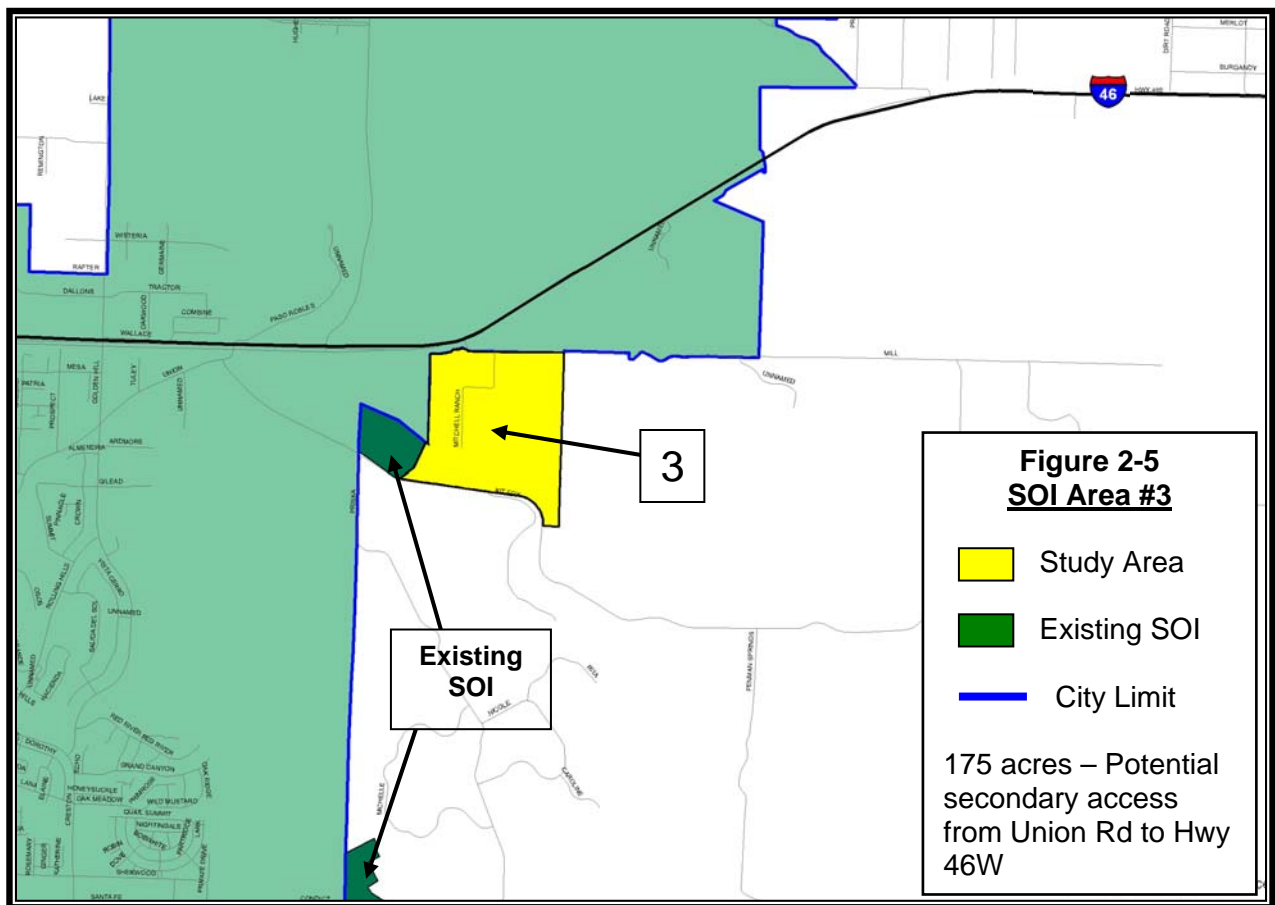
SOI Study Area #1 – Public Facility (Located in SLO County; Not within the SOI) These parcels are owned by the City of Paso Robles and are intended to be allow for a buffer to the landfill site and potential future recycling site. The area is located north of Highway 46E and adjacent to the landfill east of the City limits. The parcels consist of 148 acres in area and is designated "Agriculture" by the County. The area is vacant and is not actively used for agriculture.



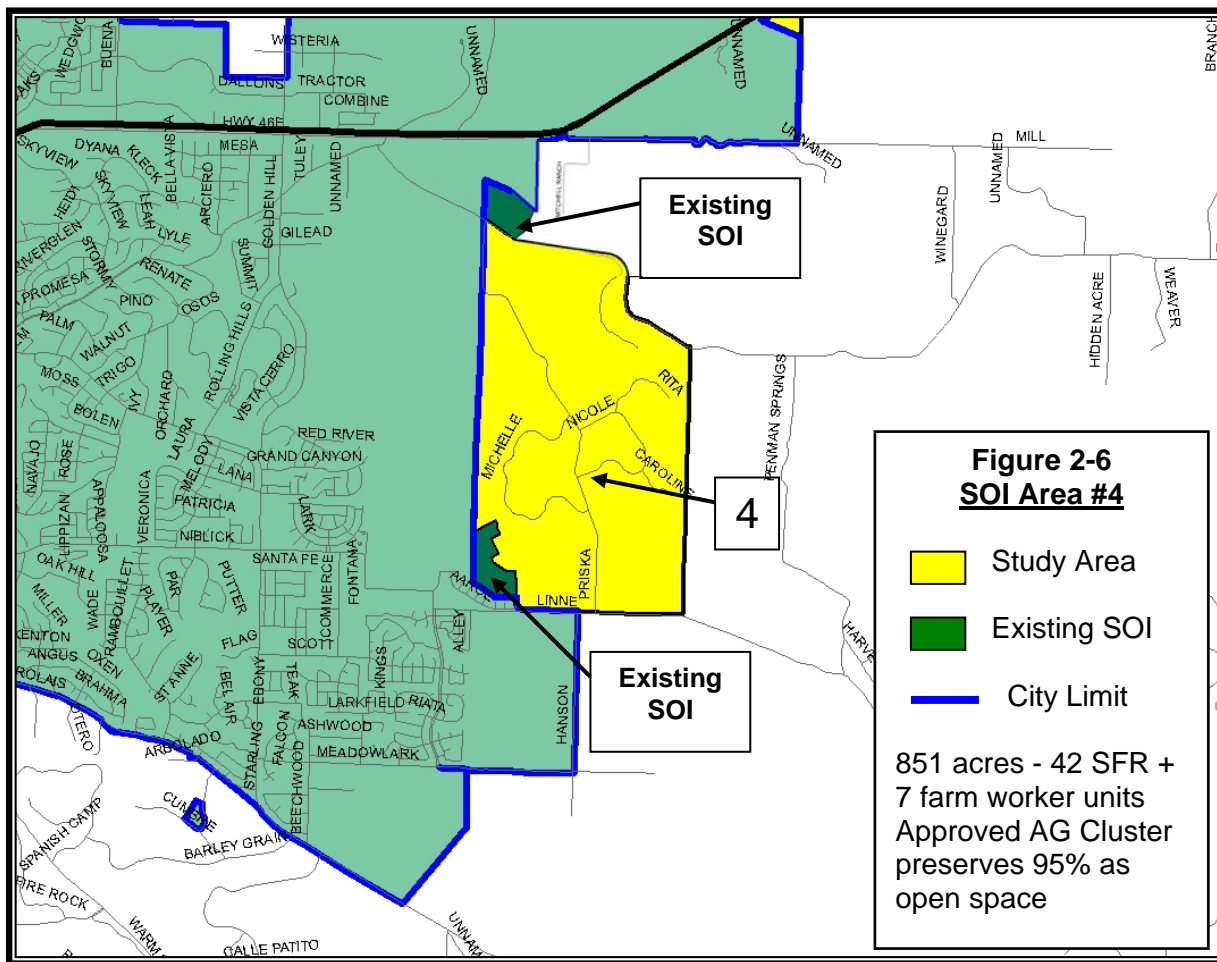
SOI Study Area #2 – Golden Oak area (Located in SLO County; Not within the SOI). The Golden Oak area covers a 12 acre area currently in agricultural production (vineyard) that is adjacent to Paso Robles eastern boundary and north of Hunter Ranch. The site is characterized as prime farmland area and is designated "Agriculture" by the County. Agricultural lands to the east are under Williamson Act Contracts. The area is nearly surrounded by the City. This area is presently in agricultural production connected to the larger agricultural area and surrounded by the golf course to the west. Currently there is no intent to provide urban services.



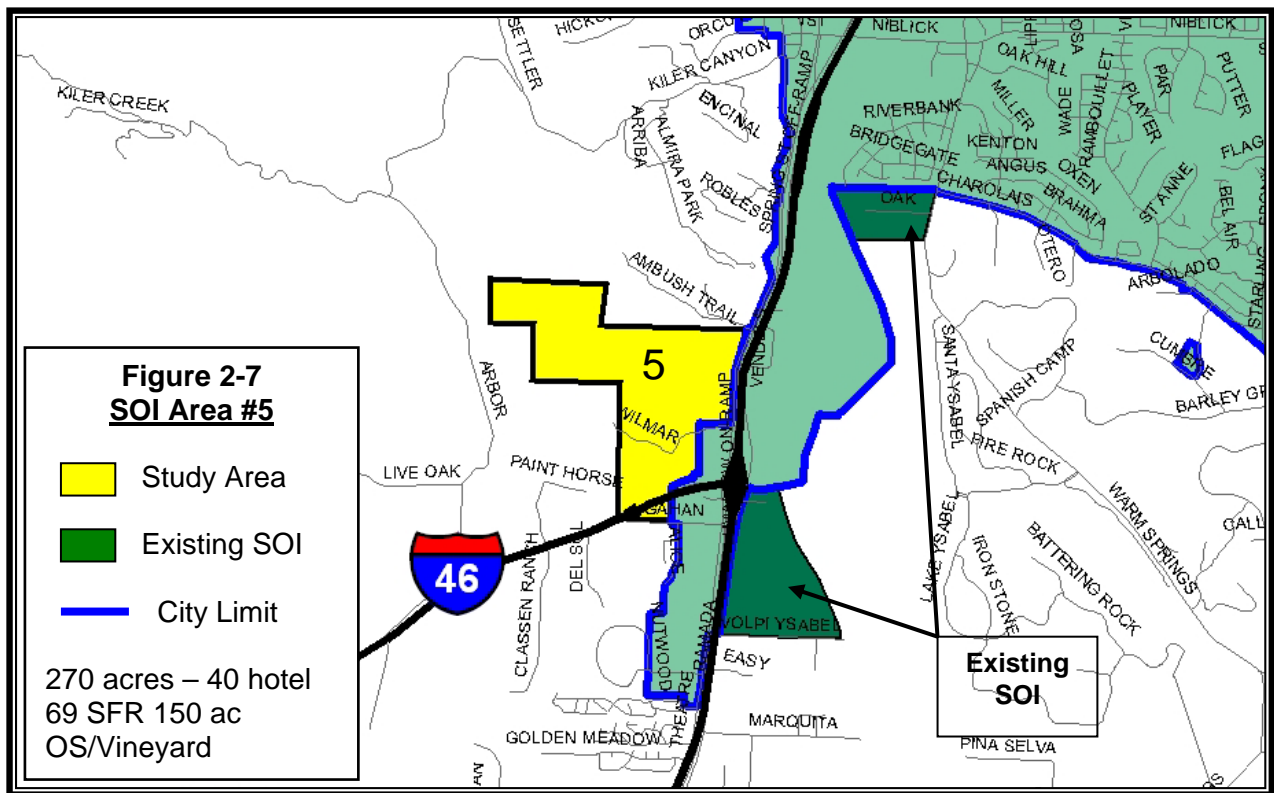
SOI Study Area #3 – Mill Road area (Located in SLO County; Not within the SOI). The Mill Road area covers 175± acre area adjacent to Paso Robles eastern boundary just south of Hunter Ranch. This area is designated "Agriculture" by the County and could potentially provide a secondary access road from Union to Highway 46E. This area includes vineyards, apple orchards, winery/events center and lots of area capable of supporting a variety of crops. This area includes vineyards, apple orchards, winery/events center and lots of area capable of supporting a variety of crops. The area is presently developed with Robert Hall Winery, a vineyard and several homes on larger parcels. This type of development at the outer edges of the City boundary is consistent with Paso Robles' Purple Belt Program in that it acts as a transition area to the more rural area. The intent is for the area between the potential road to remain in agriculture and rural residential use consistent with the Purple Belt Program.



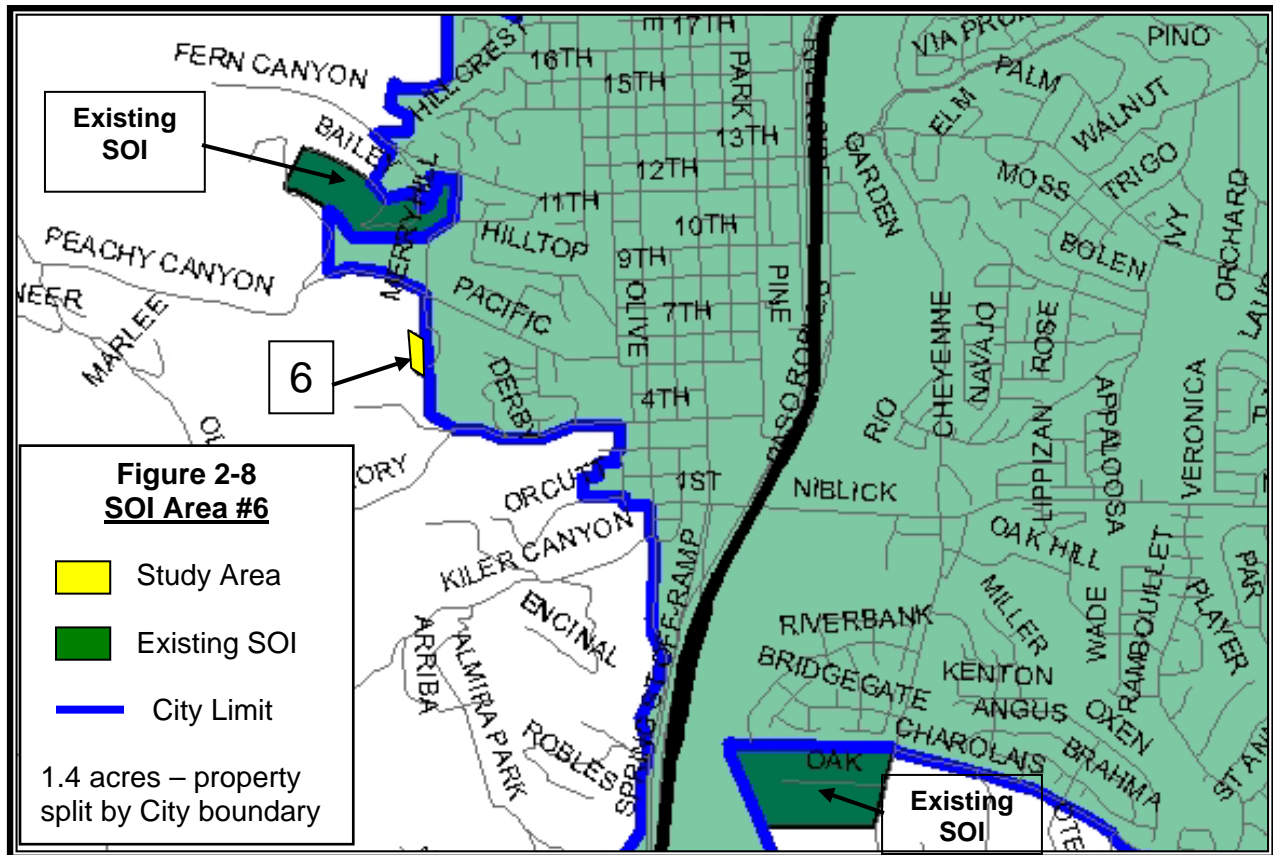
SOI Study Area #4 – Vina Robles area (Located in SLO County; Not within the SOI). The AG Cluster covers 851± acre adjacent to Paso’s eastern boundary. The area is designated "Agriculture" and the County approved a Tract Map and Conditional Use Permit in 2005 that would allow 42 single family residences and 7 farm worker housing units while preserving 95% of the site for agriculture/open space. The site is under Williamson Act Contract. The City’s Purple-Belt plans calls for this type of pattern on the outer edges of the City boundary that would act as a transition area to the more rural area. The City does not intend to intensify the County approved AG Cluster but rather provide urban services to the development through an Outside User Agreement. This would allow the development to be served by the City in exchange for limiting groundwater pumping and a potential user of recycled water use in the future.



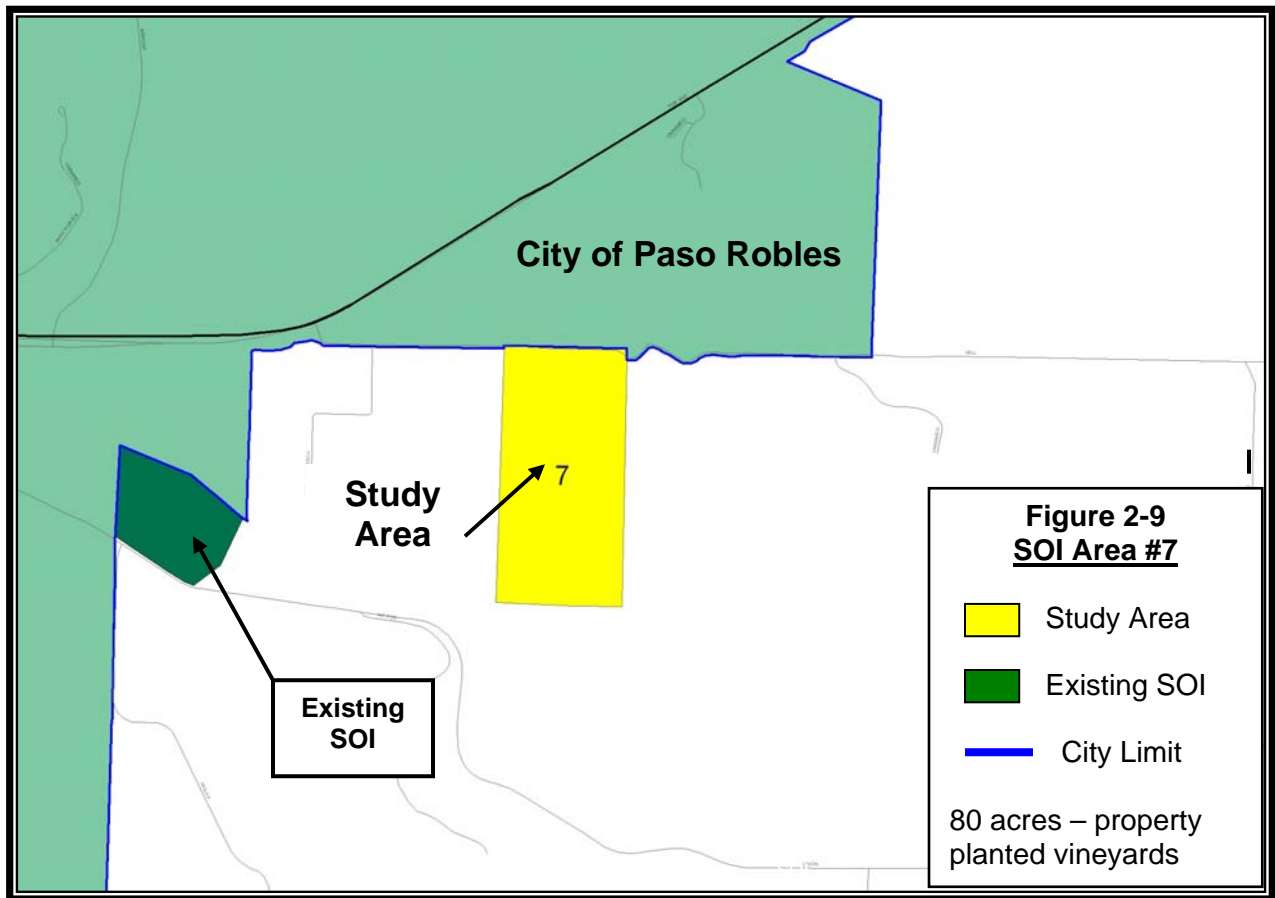
SOI Study Area #5 – Furlotti Family Ranch Company area (Located in SLO County; Not within the SOI). The Furlotti Family Ranch Company properties covers 170 acres that are adjacent to the City boundary within the urban reserve line and designated “Residential Suburban” and 100± acres that is designated “Agriculture” by the County that could potential provide prime farmland that is further west from the City boundary. The City intends to prepare a Specific Plan that would provide a clustered development pattern that would preserve a large portion of the site as open space to be utilized for agricultural activities and conservation. The area is general called the Gateway project and has the opportunity to improve the circulation system at the intersection of South Vine Street and Highway 46. The property is not within a Williamson Act contract. The site is characterized by rolling oak covered hills with a steep drainage area that bisects the properties. The surrounding area consists of larger lots in active agriculture production.



SOI Study Area #6 – Ernst property (Located in SLO County; Not within the SOI). The Ernst property is a smaller parcel about 1.4 acres designated “Rural Residential” by the County that is split by the City limit line. The City currently provides City water services, however the infrastructure to provide sewer services will not be available until Tract 2271 is completed. The property uses an onsite septic system for wastewater.



SOI Study Area #7 – Collins Vineyard (Located in SLO County; Not within the SOI). The Collins Vineyard is an 80 acre vineyard designated “Agriculture” by the County’s General Plan that is considered prime farmland under the CKH Act definition. About 52 of the 80 acres in the Collins Vineyard property are planted with grapes. The property is not under Williamson Act Contract; however LAFCO Policies call for prime farmland properties to be protected from urban style developments. The City does not currently provide water services, or have infrastructure in the area to provide sewer services. The property has a single family residence that uses an onsite septic system for wastewater and a private well for water service. The property owner also owns the parcel across the street. This parcel is already in the City and the development of a hotel has been approved. The property owner has expressed interest in transferring their Hotel development already approved within the City Limits nearby to Study Area 7. The Hotel site would consist of approximately 3 acres with the intent of preserving the remaining vineyard and open space areas. Along with the exchange the property currently within the City limits would also be preserved as open space.



Memorandum of Agreement

The City Council is scheduled to consider the Memorandum of Agreement (MOA) between the City of Paso Robles and the County of San Luis Obispo in October 2011. The Board of Supervisors is scheduled to consider the MOA in December 2011. The MOA is included with this report in 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:

Water Supply. The City shall document an adequate, reliable, and sustainable water supply prior to completing an annexation. Water resources will be evaluated and documented consistent with LAFCO policies, the City’s Urban Water Management Plan, and State Laws such as SB 610 when applicable. An adequate, reliable and sustainable water supply should address the issues raised by the Resource Capacity Study of the Paso Robles Groundwater Basin and its current status.

Guiding Principles for Future Development. The City and County agree that the following principles should help guide development that is proposed within the City’s Sphere of Influence:

- *Encourage compact urban development in incorporated areas close to infrastructure, while preserving rural character by maintaining distinct urban boundaries next to rural areas. The City and County will collaborate to carry out this principle through strategies including, but not limited to the following:*

(1.) Implement the City’s Purple Belt Program and its Principles, including:

- (a.) Maintaining the City’s community character and way of life, while also recognizing the need to accommodate additional urban development.
- (b.) Supporting the continuation of agriculture and ranching.
- (c.) Landowners of areas to be annexed will be required to participate in the Purple Belt Program.
- (d.) Provide additional options to landowners interested in maintaining their land in agriculture in perpetuity, including opportunities to sell, donate, or transfer their development rights in exchange for cash, tax credits, and/or other benefits.
- (e.) Exploration of funding mechanisms to help support the Purple Belt Program.

(2.) Incorporate the City’s Gateway Plan Standards into future development within the Sphere of Influence.

Future growth should incorporate the Gateway Plan’s “Town and Country” Gateway standards for setbacks, grading, rural-style drainage facilities, tree planting, fencing, rural architecture and site planning. Areas annexed into the City will be required to incorporate these standards.

(3.) Implement the policies and strategies in the County Framework for Planning and Conservation and Open Space Element, in particular, the following regarding

Community Separators as defined and shown in the County's Conservation and Open Space Element on Figure VR-2:

- (a.) Avoid suburban or low-density sprawl at the edges of communities
- (b.) Discourage new frontage roads along highways and roadways within Community Separators with the exception of a possible future connection between Villa Lots and Stockdale Roads
- (c.) Work with land owners, advisory councils and non-profit organizations to propose voluntary scenic, agricultural, or conservation easements and/or greenbelt programs that support private landownership while retaining the visual resources within Community Separators

- *Create a land use pattern that promotes and improves connections to other parts of the City*

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.

- *Take advantage of good planning and design principles*

The proposed development should be designed to encourage improved transportation system and connectivity to existing city infrastructure within the areas proposed for development. The goals are to 1) develop neighborhoods and businesses that are well-designed, fit into the character of the area, and are a logical part of the City's future growth and 2) promote a land use pattern that encourages the efficient use of resources.

A. PROJECT OBJECTIVES

The primary objective of the proposed Sphere of Influence Update and Municipal Services Review is to permit the San Luis Obispo Local Agency Formation Commission to implement the requirements of the Cortese/Knox/Hertzberg Act consistent with local conditions and circumstances. The major goals of LAFCO as established by this legislation include:

- To encourage orderly growth and development which is essential to the social, fiscal and economic well being of the state;
- To promote orderly development by encouraging the logical formation and determination of boundaries and working to provide housing for families of all incomes;
- To discourage urban sprawl;
- To preserve open-space and prime agricultural lands by guiding development in a manner that minimizes resource loss;
- To exercise its authority to ensure that affected populations receive efficient governmental services;

- To promote 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;
- To make studies and obtain and furnish information which will contribute to the logical and reasonable development of local agencies and to shape its development so as to advantageously provide for the present and future needs of each county and its communities;
- To establish priorities by assessing and balancing total community services needs with financial resources available to secure and provide community services and to encourage government structures that reflect local circumstances, conditions and financial resources;
- To determine 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;
- To update Spheres of Influence every five years or as necessary; and
- Conduct a review of all municipal services by county, jurisdiction, region, sub-region or other geographic area prior to, or in conjunction with, SOI updates or the creation of new SOIs.

B. PROJECT APPROVALS

The proposed Sphere of Influence Update and Municipal Services Review involve the following approvals from the San Luis Obispo Local Agency Formation Commission.

1. Certification of the Initial Study and Mitigated Negative Declaration for the proposed Sphere of Influence Update and Municipal Services Review.
2. Approval of the Sphere of Influence Update
3. Approval of the Municipal Services Review
4. Consideration of the Memorandum of Agreement between the City and County

IV. EXISTING CONDITIONS/SETTING

Existing Sphere of Influence

The existing Sphere of Influence for the City includes approximately 465 acres. The City of Paso Robles Sphere of Influence was most recently updated in 2004, and included expansion areas of Beechwood and Olsen properties (both Beechwood and Olsen were annexed into the City in 2004). Twelve (12) general boundaries comprise the present day Paso Robles SOI. The map on the next page shows the existing Sphere of Influence for the City.

The Municipal Service Review provides a means of identifying and evaluating the public services provided by the City of Paso Robles and possible changes to the City's Sphere of Influence and levels of City services. This services review analyzes the City's existing and future municipal services. The Municipal Services Review concludes that the Paso Robles Sphere of Influence should be amended by LAFCO to include five of the seven Study Areas (excluding Study Area Two (Golden Oak), and Five - Furlotti Family Ranch Company) in order "to provide orderly planning and expansion of the community." If the City were to continue to growth at their approved growth rate projection of 2.4 percent, slightly more than 335 new units per year would reach build-out by year 2025. If the two Specific Plan areas of Chandler, and Olsen Ranch/Beechwood were allowed to build-out outside of the projected rate then, the City would have approximately ten years before it reached build-out. These additions to the City would provide an additional ten years of additional growth depending upon the rate of actual growth experienced in the City.

According to the Municipal Services Review, the City has the ability to obtain a water supply to meet the demands of the proposed Sphere of Influence areas. However, the most recent "Resource Capacity Study" (RCS) recommended a Level of Severity III for the main Paso Robles basin. A Level of Severity III designation means that groundwater is being used at its upper dependable limit and/or groundwater depletion may occur before new supplies are developed. The City and County, with other groundwater users, are preparing a Groundwater Management Plan (GMP) which identifies objectives to stabilize groundwater levels. The GMP also identifies actions to achieve the objectives including improved monitoring, increased conservation, use of surface water, and growth management, among others. Paso Robles is likely to rely on groundwater as its primary source of water supply until a water treatment plant is constructed to treat its Nacimiento surface water allocation. Nacimiento water is intended to be used as a supplemental source, it would permit some reduction of local groundwater pumping, allowing groundwater levels to recover. Additional Nacimiento water supply is available from the County beyond the agreed-upon 4,000 AFY; if or when new development occurs, the City anticipates that the new development would purchase or contract the additional Nacimiento supplies. Paso Robles Urban Water Management Plan estimates an additional 1,400 AFY could be contracted for in the future.

The 465-acre existing Sphere of Influence was established in 2004 by LAFCO and is considered to be the baseline, or the starting point, for this CEQA analysis. This existing Sphere of Influence is consistent with the Cortese/Knox/Hertzberg Act of 2000.

The Sphere of Influence Update/MSR evaluates seven Study Areas (1,457 acres) for possible inclusion to the City's Sphere of Influence. Prime agricultural land was found in Study Areas Two thru Seven with the exception of area 6. The Recommended Sphere of Influence is reflected in Figure 11.

Figure 10

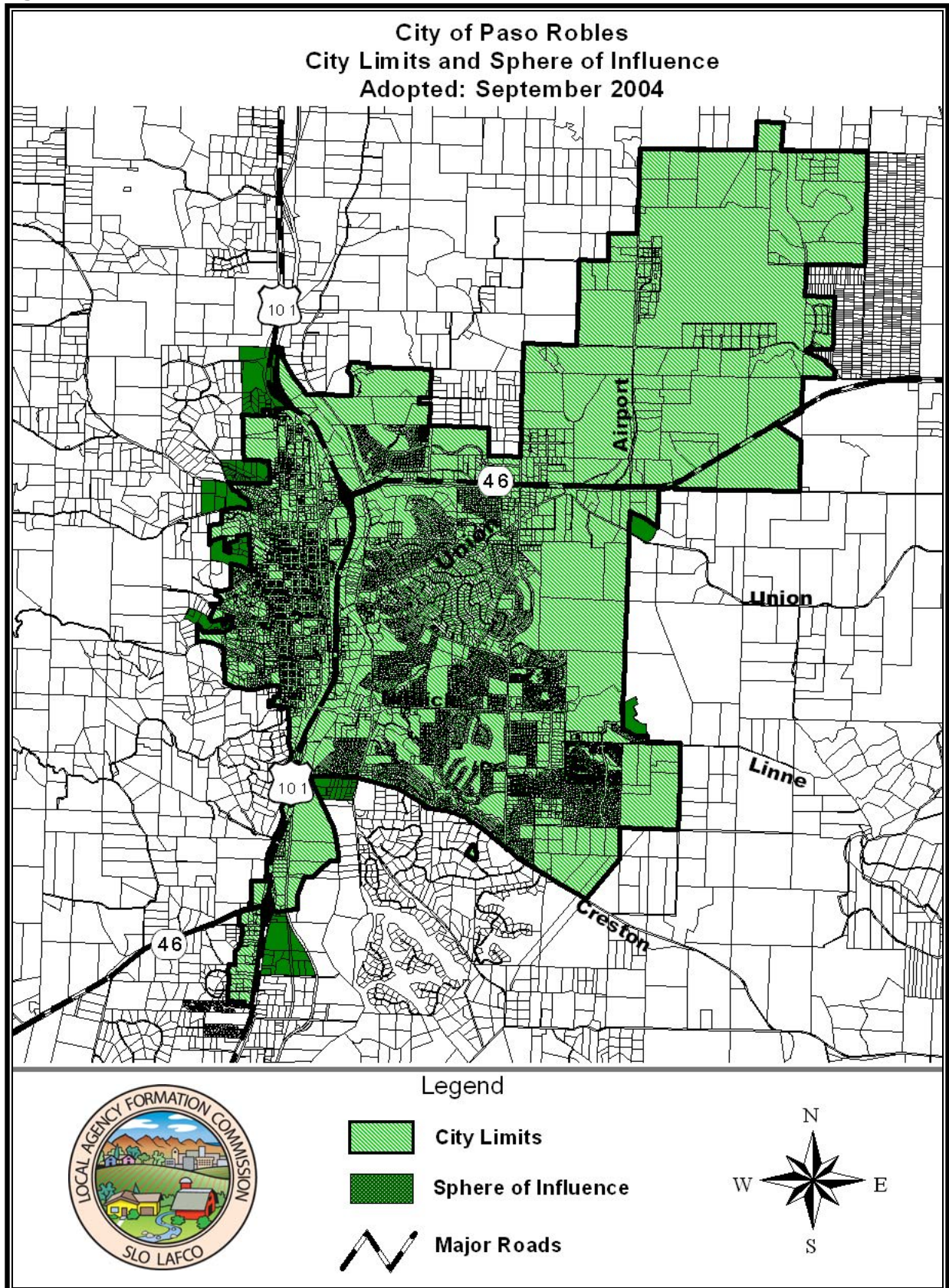
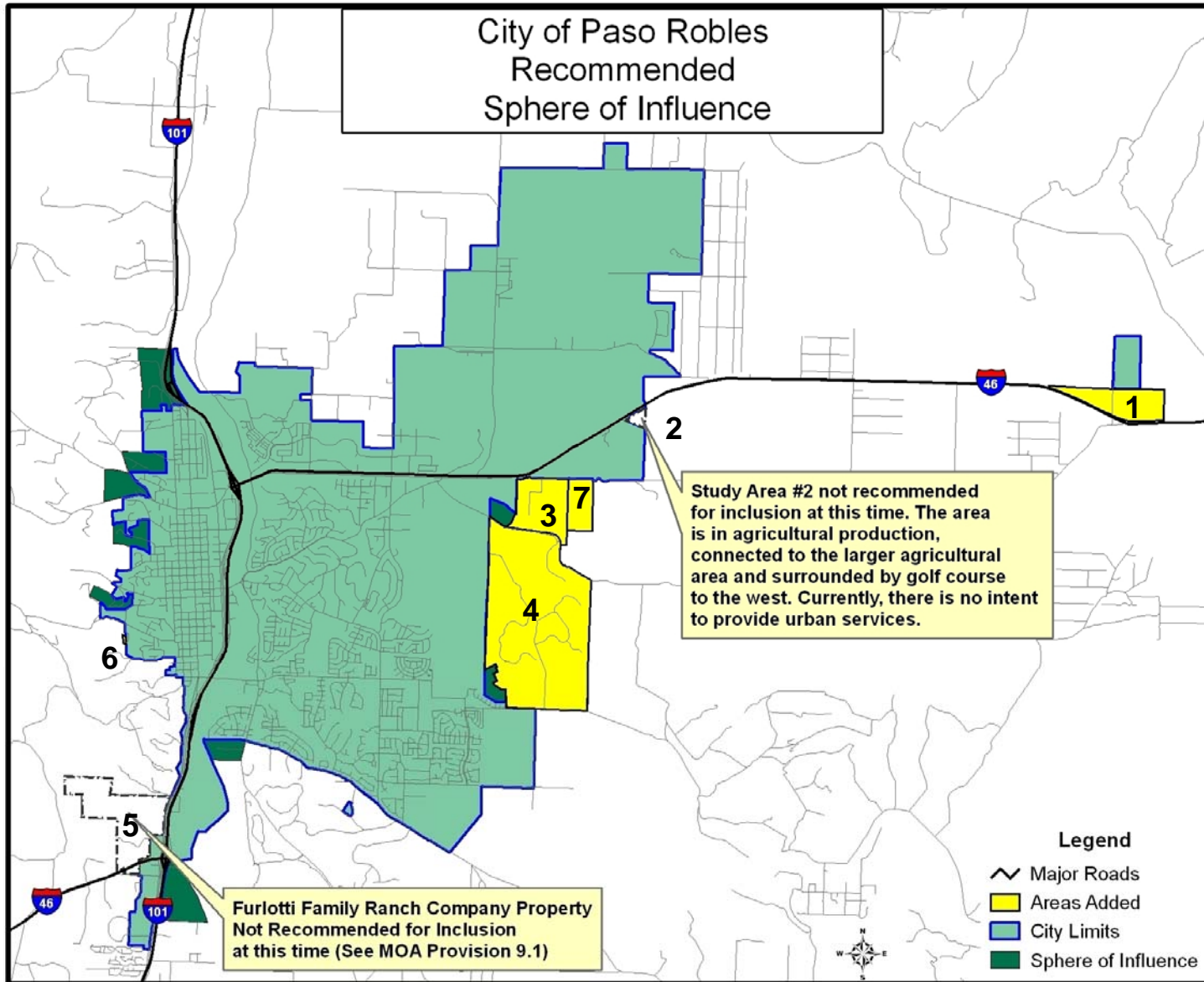


Figure 11



V. ENVIRONMENTAL EVALUATION

The following pages contain a checklist based on the format presented in Appendix G of the State CEQA Guidelines. The checklist was used to identify physical changes in the environment, which may result from implementation of the proposed project. Impact assessments result in the determination of either “No Impact,” “Less-Than-Significant Impact,” “Potentially Significant Unless Mitigation Incorporated” or “Potentially Significant Impact.”

The determination of “No Impact” applies where the impact is not applicable to the project under consideration. For example, if the project site is not located proximate to areas of volcanic activity then the item asking whether the project would result in or expose people to potential impacts involving volcanic hazards should be marked as “no impact.”

The determination of “Less-Than-Significant Impact” applies where the impact would occur, but the magnitude of the impact is considered insignificant or negligible. For example, a development which would only slightly increase the amount of surface water runoff generated at a project site would be considered to have a less-than-significant impact on surface water runoff.

“Potentially Significant Unless Mitigation Incorporated” applies where the incorporation of mitigation measures has reduced an effect from “Potentially Significant Impact” to a “Less-Than-Significant Impact.” Incorporated mitigation measures are noted within the summary discussion immediately following the checklist item with a detailed discussion of the mitigation measure and how it reduces the impact to a less-than-significant level provided in Section VI, Impacts and Mitigation Measures of this Initial Study. This designation is appropriate for a Mitigated Negative Declaration, where potentially significant issues have been analyzed and mitigation measures have been recommended.

The determination of “Potentially Significant Impact” applies where the project impact has the potential to cause a significant environmental impact and there are not sufficient mitigations available to reduce these impacts to a less than significant level. If there are one or more items remaining as “Potentially Significant Impact,” on the checklist, an EIR is required.

In many cases, potential project impacts are identified as “no impact” or “less-than-significant impact.” The summary discussion following the checklist item provides the basis for this determination. Checklist items identified as “potentially significant unless mitigation is incorporated” or “potentially significant impact” are discussed in greater detail in the subsequent discussion titled “Substantiation” as well as in Section VI, Impacts and Mitigation Measures of this Initial Study/Mitigated Negative Declaration.

ENVIRONMENTAL CHECKLIST

AESTHETICS. Would the proposal:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Have a substantial adverse effect on a scenic vista?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Substantiation:

a), c), d) Less Than Significant Impact. The project area is generally characterized by rolling rural and agricultural lands with moderate topography, and adjacent to the existing City limits. The views include agricultural/open space landscapes. Highway 46 is not a State designated scenic highway, but is eligible for such a designation between SR 1 and Cholame. The proposed project would result in the addition of land to the City's Sphere of Influence (SOI), with a net increase of 1,175 acres (Study Areas One thru Seven, excluding Study Area Two (Golden Oak), and Five – Furlotti Family Ranch Company). Inclusion of an area in the City's SOI could enable its future annexation into the City's limits and facilitate the provision of city services such as water supply, wastewater treatment, law enforcement, and fire protection. However, the proposed project would not directly result in the annexation of this area into the City's limits, the changing of the area's General Plan land use designations, or the rezoning or development of any parcels within the area. Additionally, no infrastructure or City services would be extended to the project area as part of the proposed project. Therefore, the proposed project would not directly result in the degradation of the existing visual character, create a new source of substantial light or glare, or otherwise directly impact the aesthetics or visual resources of the area. Study Area Four has been approved by the County for an Ag Cluster development that went through CEQA review. If the City provided services to this area via annexation or outside user agreement no changes would occur from the approved County land uses. Any proposed project in the future would be required to study aesthetic impacts as part of a CEQA review.

The City of Paso Robles General Plan, Purple Belt, and Gateway Design standards have goals, policies, and actions that address visual character and its protection. Implementation of these policies would be analyzed under a future proposal and CEQA review.

b. No Impact. There are no state scenic highways located within the proposed SOI. There is no impact.

Study Areas. The Sphere of Influence Update evaluates seven Study Areas (1,537 acres) for possible inclusion into the City's Sphere of Influence. The staff recommendation is to add Study Areas One thru Seven, excluding Study Area Two (Golden Oak), and Five – Furlotti Family Ranch Company to the existing SOI; about 1,175 acres. The proposed project could, however, represent the first step in the future urbanization of undeveloped areas within the City's SOI and could result in indirect impacts to aesthetics and visual resources in the project area. The

precise nature and extent of future development in the area cannot be determined at this time. While the eventual development of the project area would cause visual changes that may result in aesthetic impacts, the assumption of annexation or future development resulting in significant impacts to aesthetic resources is considered speculative. Furthermore, annexation or development of this area would require additional project-level CEQA review and documentation which would include an evaluation of potential impacts to aesthetics and visual resources prior to City approval of such development.

AGRICULTURAL AND FORESTRY RESOURCES. Would the proposal:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Result in the loss of forest land or conversion of forest land to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Substantiation

a), e) Potentially Significant Unless Mitigation Incorporated. Portions of the project area have been classified as Prime Farmland and Farmland of Statewide Importance. In addition, a portion of the project area could be designated by the City’s General Plan for agricultural use. Several lands within the project area are currently in agricultural production; Study Area 4 is currently under a Williamson Act Contract. Study Areas 2 & 7 are planted in vineyards and meet the CKH definition of prime farmland.

The proposed project would result in the addition of land from the City’s Sphere of Influence (SOI), with a net increase of 1,175 acres. Inclusion of an area in the City’s SOI could enable its future annexation into the City’s limits and facilitate the provision of city services such as water supply, wastewater treatment, law enforcement, and fire protection.

The proposed project would not directly result in the annexation of this area into the City’s limits, the changing of the area’s General Plan land use designations, the rezoning or development of any parcels within the area and no infrastructure or City services would be extended to the project area as part of the proposed project.

The proposed project could, however, represent the first step in the future development of undeveloped areas within the City's SOI and could therefore result in indirect impacts to agricultural resources. Although the precise nature and extent of future development can not be determined at this time, the establishment of the SOI may lead to the eventual annexation and development of the project area.

San Luis Obispo LAFCO maintains policies for agricultural lands which must be adhered to for the annexation of prime agricultural land. Based on these policies the following mitigation measures are applied to the proposed project:

MM AG – 1

- a) Annexation of prime agricultural lands shall not be approved unless the City has complied with the LAFCO Policies regarding prime agricultural land.**

Policy 12. The Commission shall approve annexations of prime agricultural land only if mitigation that equates to a substitution ratio of at least 1:1 for the prime land annexed is agreed to by the proponent and the jurisdiction with land use authority. The 1:1 substitution ratio may be met by implementing various measures:

- a. Acquisition and dedication of farmland, development rights, and/or agricultural conservation easements to permanently protect farmlands with similar characteristics within the County Planning Area.**
- b. Payment of in-lieu fees to an established, qualified, mitigation/conservation program or organization sufficient to fully fund the acquisition and dedication activities stated above in 12a.**
- c. Other measures agreed to by the proponent and the land use jurisdiction that meet the intent of replacing prime agricultural land at a 1:1 ratio.**

Implementation of the above mitigation measures would reduce impacts to agricultural resources to a less-than-significant level.

b), c) Less Than Significant Impact. The proposed project would not directly result in any changes in land use for the involved properties. The proposed project could, however, represent the first step in development of any undeveloped property in the SOI. The precise nature and extent of future development within the SOI is subject to speculation and cannot be determined at this time. Several approvals would be needed prior to a project being completed including, but not limited to, a General Plan Amendment, a Specific Plan, a Development Plan/Conditional Use Permit, and an Environmental Determination pursuant to CEQA. To be annexed to the City a proposal would also have to be processed and approved by LAFCO. It is unknown what type of land use changes might be proposed by a property owner within the proposed Sphere of Influence or Study Area. Study Area 4 is under Williamson Act Contract.

d) No Impact. The existing Sphere of Influence and proposed additions do not contain forest lands.

Study Areas. The Sphere of Influence Update evaluates seven Study Areas (1,537 acres) for possible inclusion into the City's Sphere of Influence. The staff recommendation is to add Study

Areas One thru Seven, excluding Study Area Two Golden Oak, and Five – Furlotti Family Ranch Company to the existing SOI; about 1,175 acres. Future development of the SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to agricultural lands. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact any agricultural resources, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact agricultural resources in these areas. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to agricultural resources. Study Area Four has been approved by the County for an Ag Cluster development that went through CEQA review. If the City provided services to this area via annexation or outside user agreement no changes would occur from the approved County permits. Study Area 7 is recommended for inclusion however, LAFCO policies and SOI Conditions of Approval would mitigate potential impacts to agricultural lands if approved. The MOA also encourages agricultural easements and buffers to lands requested for future annexation.

AIR QUALITY. Would the proposal:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Conflict with or obstruct implementation of the applicable air quality plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Expose sensitive receptors to substantial pollutant concentrations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Create objectionable odors affecting a substantial number of people?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Substantiation:

a b, c, d & e) Less Than Significant Impact. The San Luis Obispo County Air Pollution Control District (APCD) is the local air district in charge of monitoring and regulating air quality for the project area. The APCD is responsible for creating a Clean Air Plan (CAP) for the County as required by the California Clean Air Act (CCAA). The CCAA provides APCD with authority to oversee transportation activities as indirect sources and regulate stationary source emissions. The 2001 San Luis Obispo County CAP is used by the APCD to address attainment of national and State standards. San Luis Obispo County is currently designated as non-attainment for state PM10 standards.

The proposed Sphere of Influence Update and Municipal Services Review will not directly generate any air pollutants and will, therefore, not violate any air quality standards or contribute to an existing or projected air quality violation. It would be speculative to attempt to estimate the levels of pollutants caused by expanding the SOI. Proposed development projects would be required to identify impacts to air quality and mitigate any potentially significant impacts. Future approvals needed may include a General Plan Amendment, a Conditional Use Permit, a Specific Plan, or an Annexation. All of these actions are subject to CEQA and would require air quality impact analysis.

Although the proposed Sphere of Influence Update and Municipal Services Review does not directly impact air quality, the proposed project could represent the first step in the development of the SOI Properties. Future development of these properties could adversely impact air quality in these areas. Future discretionary approvals would require the preparation and certification of additional environmental documentation to address these potential air quality impacts.

The Air Pollution Control District (APCD) has developed Transportation and Land Use Management Strategies that are intended to guide development patterns in ways that reduce automobile dependency. The CAP requires implementation of stationary source control measure R-21 regarding fugitive emissions. The project does not entail any other activity that could conflict with or obstruct the Clean Air Plan.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to air quality. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact any air quality resources, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact air quality in the area. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to air quality.

BIOLOGICAL RESOURCES. Would the proposal result in:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or US Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- | | | | | |
|--|--------------------------|--------------------------|-------------------------------------|-------------------------------------|
| c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Substantiation:

a b, c, & d) Less Than Significant Impact. The proposed Sphere of Influence Update will not directly result in impacts to any endangered, threatened or rare species or their habitats. The proposed project would result in the addition of land from the City’s Sphere of Influence (SOI), with a net increase of 1,175 acres. Inclusion of an area in the City’s SOI could enable its future annexation into the City limits and facilitate the provision of city services such as water supply, wastewater treatment, law enforcement, and fire protection. However, the proposed project would not directly result in the annexation of this area into the City limits, the changing of the area’s General Plan land use designations, the rezoning or development of any parcels within the area. Additionally, no infrastructure or City services would be extended to the project area as part of the proposed project. Therefore, the proposed project would not directly affect any special status species or otherwise impact biological resources.

The City must comply with the Federal Endangered Species Act, the Migratory Bird Treaty Act, the Clean Water Act, the California Endangered Species Act, the California Fish and Game Code, and the California Native Plant Protection Act. The City’s Development Code contains several provisions that address riparian habitat and wetlands.

e) No Impact. The proposed project would not result in conflicts with local policies or ordinances. The proposed project is limited to the establishment of the SOI for the City of Paso Robles and would not directly result in development that would conflict with local policies or ordinances protecting biological species. The City of Paso Robles has established a local ordinance specifying the preservation of oak trees. There is no impact.

f) No Impact. There are no adopted habitat conservation plans, natural community conservation plans, or other conservation plans in the project area. Implementation of the proposed project would have no impact.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to habitats of endangered, rare or threatened species. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be

proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact any biological resources, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact biological resources in these areas. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to biological resources.

CULTURAL RESOURCES. Would the proposal:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Cause a substantial adverse change in the significance of a historical resource as defined in § 15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to § 15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Disturb any human remains, including those interred outside of formal cemeteries?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Substantiation:

a, b, c, & d) Less Than Significant Impact. The proposed project would result in the addition of land from the City’s Sphere of Influence (SOI), with a net increase of 1,175 acres (Study Areas One thru Seven, excluding Study Area Two Golden Oak, and Five – Furlotti Family Ranch Company,. Inclusion of an area in the City’s SOI could enable its future annexation into the City limits and facilitate the provision of city services such as water supply, wastewater treatment, law enforcement, and fire protection. However, the proposed project would not directly result in the annexation of this area into the City limits, the changing of the area’s General Plan land use designations, the rezoning or development of any parcels within the area. Additionally, no infrastructure or City services would be extended to the project area as part of the proposed project. Therefore, the proposed project would not directly affect any historical, archeological, or paleontological resources or otherwise directly impact cultural resources.

The proposed project could, however, represent the first step in development of any undeveloped property in the SOI. The precise nature and extent of future development within the SOI is subject to speculation and cannot be determined at this time. Several approvals would be needed prior to a project being completed including, but not limited to, a General Plan Amendment, a Specific Plan, a Development Plan/Conditional Use Permit, and an Environmental Determination pursuant to CEQA. To be annexed to the City a proposal would also have to be processed and approved by LAFCO. It is unknown what type of land use changes might be proposed by a property owner within the proposed Sphere of Influence or Study Area.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future

development of these Study Areas could result in impacts to cultural resources. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact any cultural resources, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact cultural resources in these areas. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to cultural resources.

GEOLOGY Would the proposal result in or expose people to potential impacts involving:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Fault rupture?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Seismic ground shaking?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Seismic ground failure, including liquefaction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Seiche, tsunami, or volcanic hazard?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Landslides or mudflows?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Erosion, changes in topography or unstable soil conditions from excavation, grading, or fill?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Subsidence of the land?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Expansive soils?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i) Unique geologic or physical features?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Substantiation:

a-i) No Impact. Although the proposed Sphere of Influence Update and Municipal Services Review does not directly impact any geological resources, the proposed project could represent the first step in the development of the SOI properties. Future development of these properties could adversely impact geological resources in these areas. Future discretionary approvals will require the preparation and certification of additional environmental documentation to address these potential geologic impacts. Discretionary approvals such as Specific Plans, General Plan Amendments, Conditional Use Permits, and Annexations, etc. would require the preparation and certification of additional environmental documentation to address these potential geological impacts on a site-specific basis. The SOI is a planning boundary used for the purpose of envisioning where a jurisdiction might provide services over the next 20 years. The SOI does not convey any development entitlements or rights to receive services from a jurisdiction. These entitlements are granted by the City or the County, depending on which agency is processing the permits for a particular project. Environmental Review would need to be completed pursuant to CEQA before any approvals were granted.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to geological resources. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact any geologic resources, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact geological resources in these areas. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to geological resources.

GREENHOUSE GAS EMISSIONS. Would the proposal:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Substantiation:

a) Less Than Significant Impact. Although the proposed Sphere of Influence Update and Municipal Services Review does not directly or indirectly impact greenhouse gas emissions, the proposed project could represent the first step in the development of the SOI properties. Future development of these properties could adversely impact greenhouse gas emissions in these areas. Future discretionary approvals will require the preparation and certification of additional environmental documentation to address these potential greenhouse gas emission impacts. Policies provided within the City’s General Plan that would minimize potential impact that future development may have related to air quality would remain in effect. The City updated its Circulation Element in 2011 that identified measures and policies to address GHG emissions. The City of Paso Robles has also established the baseline (2005) for future comparison. The proposed project itself would not expand or intensify existing uses nor introduce any new uses or new sources of greenhouse gases, and all future development proposed within the project area would be subject to a separate project specific CEQA analysis. Sources of mobile and stationary pollutants, including greenhouse gases, would remain unchanged following a future annexation of the area into Paso Robles City limits. Discretionary approvals such as Specific Plans, General Plan Amendments, Conditional Use Permits, and Annexations, etc. would require the preparation and certification of additional environmental documentation to address these potential greenhouse gas emission impacts on a site-specific basis. The SOI is a planning boundary used for the purpose of envisioning where a jurisdiction might provide services over the next 20 years. The SOI does not convey any development entitlements or rights to receive services from a jurisdiction. These entitlements are granted by the City or the County, depending on which agency is processing the permits for a particular project.

Environmental Review would need to be completed pursuant to CEQA before any approvals were granted.

b) Less Than Significant Impact. In 2006, California passed the California Global Warming Solutions Act of 2006 (Assembly Bill No. 32; California Health and Safety Code Division 25.5, Sections 38500, et seq., or AB 32), which requires the California Air Resources Board (CARB) to design and implement emission limits, regulations, and other measures, such that feasible and cost-effective statewide greenhouse gas (GHG) emissions are reduced to 1990 levels by 2020 (representing an approximate 25 percent reduction in emissions). There is currently no adopted threshold. The SLOAPCD has proposed no thresholds for construction emissions. No new non-construction traffic would be generated. The APCD District implements several programs focused on conventional pollutants that also provide supplemental benefits in reducing greenhouse gas emissions. The District has implemented the following to specifically address climate change at the local level:

1. **Prepare a countywide inventory of greenhouse gas emissions.** An inventory of all permitted and unpermitted sources in the District would provide a better understanding of the primary GHG sources in our area and enhance our ability to develop programs targeted at reducing those emissions. The District currently develops an inventory of criteria pollutant emissions each year for all sources in the county. Adding CO₂ and select other GHGs to this existing effort would require developing calculation methods for some sources, modifying our current survey forms and databases slightly to accommodate the additional information, and entering and tracking the data in our database.
2. **Target a percentage of mitigation grant funds for greenhouse gas emission reductions.** The District administers a number of emission reduction grant programs. While those funded by the State are restricted in their use, mitigation fees from local projects are not subject to those restrictions. The Board could direct that a set percentage of mitigation funds be targeted for GHG emission reduction projects or other outreach activities aimed at climate protection. Staff would develop project evaluation criteria for Board adoption to guide funding recommendations.
3. **Evaluate and quantify the GHG reduction benefits from existing district programs.** As described in the preceding section, the District currently implements a variety of programs that provide ancillary benefits in addressing climate change; however, those benefits have not been quantified. It would be useful to quantify the GHG emission reductions achieved by each program to determine current benefits and how programs could be modified to improve those benefits.
4. **Develop public education and outreach campaigns on climate change.** Staff could add climate protection, energy efficiency, and ways to reduce greenhouse gas emissions at home and in the workplace to ongoing outreach efforts on existing programs. A basic primer on causes and potential impacts of climate change could be added to our website with links to other informative sites and resources on the topic. A brochure could also be developed on climate change and what individuals can do to make a difference.

5. **Encourage and provide support for local governments to join the Cities for Climate Protection program.** Encouraging local government entities to join and participate in this international program would significantly increase the amount of GHG emission reductions that could be achieved locally. The District could provide support in helping local entities calculate emission inventories and develop harmonized strategies for addressing climate protection through development of model ordinances and guidelines that each jurisdiction could tailor to their individual goals. Staff could also provide technical assistance to local stakeholders and create an information clearinghouse to assist local initiatives.

6. **Develop partnership with Cal Poly for addressing climate change:** Form a strategic partnership with Cal Poly to develop a program, curriculum or other approach for engaging students in Environmental Engineering, City and Regional Planning, Natural Resource Management and other applicable disciplines to help assess local GHG emissions and impacts, help develop assessment and evaluation tools to aid local stakeholders in their efforts, and/or become involved in District outreach programs on climate change. Students involved in this endeavor could receive school credits and/or potentially intern with the District.

7. **Join the California Climate Registry and encourage local industry participation.** By becoming a Registry participant the District will have a unique opportunity to influence future statewide policies addressing GHG issues, gain important information for managing emissions in a more cost effective manner and set an example for other companies, agencies and municipalities in the area. Membership requires calculation, certification and reporting of all GHGs generated by the member entity through an internet software tool provided to members.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to greenhouse gas emissions. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact greenhouse gas emissions, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact greenhouse gas emissions. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to greenhouse gas emissions.

HAZARDS. Would the proposal involve:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

- | | | | | |
|--|--------------------------|--------------------------|-------------------------------------|-------------------------------------|
| b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Substantiation:

a, b, c, d, e, f, & g) No Impact. The proposed project would result in the addition of land from the City’s Sphere of Influence (SOI), with a net increase of 1,175 acres. Inclusion of an area in the City’s SOI could enable its future annexation into the City limits and facilitate the provision of city services such as water supply, wastewater treatment, law enforcement, and fire protection. However, the proposed project would not directly result in the annexation of this area into the City limits, the changing of the area’s General Plan land use designations, the rezoning or development of any parcels within the area. Additionally, no infrastructure or City services would be extended to the project area as part of the proposed project. Therefore, the proposed project would have no direct impacts related to hazards or hazardous materials.

The proposed project could, however, represent the first step in the future urbanization of undeveloped areas within the City’s SOI and could therefore result in indirect impacts related to hazards and hazardous materials. The precise nature and extent of future development in these areas cannot be determined at this time. While the eventual annexation and development of the project area could result in actions that may result in impacts related to hazards and hazardous materials, the assumption that annexation or future development would result significant impacts related to hazards and hazardous materials is considered speculative. All existing rules and regulations pertaining to the exposure of people or property to hazards or hazardous materials would apply to any future developments within the project area. Furthermore, annexation or development of the project area would require additional project-level CEQA review and documentation which would include an evaluation of potential impacts related to hazards and hazardous materials. Implementation of the proposed project would have no impact related to hazards and hazardous materials.

h) Less Than Significant Impact. The City of Paso Robles Department of Emergency Services (PRDES) provides fire suppression, emergency medical care, hazardous materials emergency intervention and control, water rescue, entrapment extrication, fire Safety inspections of businesses, public fire safety education, fire investigation, disaster management and planning, and weed abatement services for the City, as well as, acts as first responders for mutual aid for areas surrounding the City limits. CALFIRE is responsible for the areas within the unincorporated County. According to CALFIRE, the Study Areas and the surrounding area around the City limits is considered a high fire-hazard severity zone. The City's General Plan identifies goals and policies, which are aimed at minimizing loss of life and property from wildfires, which would reduce potential impacts to less than significant.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to hazards and hazardous materials. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact hazards and hazardous materials, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact or be impacted by hazards and hazardous materials. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to hazards and hazardous materials.

HYDROLOGY/WATER. in:	Would the proposal result	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than- Significant Impact	No Impact
a) Violate any water quality standards or waste discharge requirements?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Create or contribute runoff water which would		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?
- | | | | | |
|--|--------------------------|--------------------------|--------------------------|-------------------------------------|
| f) Otherwise substantially degrade water quality? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| h) Place within a 100-year flood hazard area structures which would impede or redirect flood flows? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| j) Inundation by seiche, tsunami, or mudflow? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Substantiation:

a & b) Potentially Significant Unless Mitigation Incorporated. The City of Paso Robles would be the agency responsible for the provision of water and wastewater to the properties into which the City's Sphere of Influence is proposed to be extended. The City of Paso Robles would also be responsible for the maintenance of the water and wastewater distribution/collection systems to serve the properties into which the City's Sphere of Influence is proposed to be extended. The City currently receives water supplies from one source: groundwater from the Paso Robles Groundwater Formation-basin. The City currently has a total annual allocation of 8,600 acre-feet from groundwater. The City has subscribed to an additional 4,000 acre-feet of Nacimiento water. On April 5, 2011, the Paso Robles City Council successfully adopted a commodity-based, uniform water rate structure. The new rates go into effect January 1, 2012. Customers will pay only for the water they use, with no fixed monthly base charge. The rates cover the 2010-2016 period. The rates will fund system operating costs and needed water system improvements, including a new water treatment plant to enable use of the City's Lake Nacimiento water allocation. The City also anticipates an additional 1,400 acre-feet of Nacimiento water could be obtained for future new development.

MM W – 1

Prior to the annexation of lands within the SOI the following mitigation measures shall be implemented:

- a) The City shall document that it has acquired an entitlement that is adequate, reliable, and sustainable source of water before an annexation is considered by LAFCO.**

The City's Wastewater Treatment Plant operates in accordance with the City's National Pollutant Discharge Elimination System (NPDES) permit No. CA0047953, which allow a maximum treatment capacity of 4.9 million gallons per day (MGD) and a maximum peak wet weather flow of 10 MGD. In 2010, the average daily flow was 3 MGD. The existing wastewater treatment plant is overloaded with pollutants, exceeds permit limits, and requires an upgrade. The City of Paso Robles is currently in the process of upgrading its WWTP to improve Salinas River health and meet state required discharge requirements and prepare for future production

of recycled water. The treatment plant will be upgraded to an advanced secondary treatment plant.

MM W – 2

Prior to the annexation of lands within the SOI the following mitigation measures shall be implemented:

- a) The City shall document the progress of the currently-planned upgrade to the wastewater treatment plant in compliance with the NPDES permit.**

c, d, & e) Less Than Significant Impact. The proposed project could represent the first step in the future urbanization of undeveloped areas within the City's SOI and could therefore result in indirect impacts to hydrology and water quality. The precise nature and extent of future development in these areas cannot be determined at this time. While the eventual development of the project area could result in changes to the water quality of hydrology and water quality in the project area, the assumption that annexation or future development would result in significant impacts to hydrology or water quality is considered speculative. Furthermore, annexation or development of the project area would require additional project-level CEQA review and documentation which would include an evaluation of potential impacts related to hydrology and water quality. This impact is less than significant.

f, g, h, I & j) No Impact. Portions of the proposed project currently lie in the 100-year floodplain (Study Area 3) however, since there is no development proposed with this project, there is no impact. Specific policies have been put in place to protect the public and environment against impacts associated with water quality, adequacy of groundwater supply, drainage patterns, and/or stormwater runoff issues within the City of Paso Robles. All adopted policies, ordinances and regulations regarding hydrology, water quality and flood control would remain in place. All future development proposed within the project area would be subject to subsequent environmental review and no mitigation would be necessary at this time, as no impacts or changes to existing built conditions would occur.

Flooding could occur in Estrella Creek. The area is protected from catastrophic flooding by regional flood control and storage projects upstream. The proposed project would result in the addition of land subject to potential flooding into the City's Sphere of Influence (SOI), with a net increase of 175 acres (Study Area Three – Mill Road). The other Study Areas are not subject to potential flooding conditions. Inclusion of an area in the City's SOI could enable its future annexation into the City limits and facilitate the provision of city services such as water supply, wastewater treatment, law enforcement, and fire protection. However, the proposed project would not directly result in the annexation of this area into the City limits, the changing of the area's General Plan land use designations, the rezoning or development of any parcels within the area. Additionally, no infrastructure or City services would be extended to the project area as part of the proposed project. Therefore, the proposed project would not directly result in water quality degradation, alteration of a drainage course, or an increase in runoff. The proposed project would not place structures or housing within a flood hazard zone or within the inundation area of any dam or levee system. Additionally, the project area is not located within the vicinity of a large body of water capable of seiche or tsunami. There is no impact.

Study Areas. Although continued inclusion of the SOI and addition of identified Study Areas do not directly impact any water resources, this could represent the first step in the development of areas that remain in the SOI. Future development of these areas could adversely impact water

resources in these areas. Future discretionary approvals (Specific Plan, Development Plan, Annexation, etc.) would require the preparation and certification of additional environmental documentation to address these potential impacts to water resources. However, the precise nature and extent of future development in those areas within the SOI cannot be determined at this time. The SOI will not directly cause a change in zoning or an increase in density. An increase in density would first require a zoning change in the form of a General Plan Amendment. A General Plan Amendment would study a variety of land use and environmental issues before being approved or denied including; community character and compatibility, existing Land Use policies, traffic and circulation impacts, the provision of public services (water), etc.

LAND USE AND PLANNING. Would the proposal:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Physically divide an established community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Substantiation:

a) No Impact. The proposed project will not divide or disrupt any established community. The Furlotti Family Ranch Company property covers 170 acres that are adjacent to the City boundary and north of the community of Templeton within the urban reserve line and designated “Residential Suburban” and 100± acres that is designated “Agriculture” by the County that could potential provide prime farmland that is further west from the City boundary. The City and Furlotti Family Ranch Company, in consultation with the County, anticipate that a land use plan and EIR will be prepared in the near future. This plan and EIR will study the possible expansion of the Sphere of Influence and Annexation in a concurrent manner. This process would allow that proposed project and EIR to be fully reviewed by the public, the City, and other agencies prior to LAFCO considering the proposal. The guiding principles found in the MOA section number eight are to be incorporated into the Development Plan for this property and a process for the project to follow that includes the City and County. The City intends to prepare a Specific Plan that would provide a clustered development pattern that would preserve a large portion of the site as open space to be utilized for agricultural activities and conservation. The area is general called the Gateway project and has the opportunity to improve the circulation system at the intersection of South Vine Street and Highway 46. The property is not within a Williamson Act contract. The site is characterized by rolling oak covered hills with a steep drainage area that bisects the properties. The surrounding area consists of larger lots in active agriculture production.

b) Potentially Significant Unless Mitigation Incorporated. The proposed Sphere of Influence Update and Municipal Services Review does not involve any required amendments to the City of Paso Robles’s General Plan or to the County of San Luis Obispo’s General Plan and does not require any changes to existing zoning. The proposed project could, however,

represent the first step in the ultimate development of the SOI properties. Since each property would retain its County General Plan designation after approval of the proposed Sphere of Influence Update and Municipal Services Review, any future development of these properties would require a General Plan Amendment and/or Zone Change from the City of Paso Robles prior to any future development. The precise nature and extent of future development within the SOI is subject to speculation and cannot be determined at this time. Several approvals would be needed prior to a project being completed including, but not limited to, a General Plan Amendment by the County or the City, a Specific Plan, a Development Plan/Conditional Use Permit, and an Environmental Determination pursuant to CEQA. To be annexed to the City a proposal would also have to be processed and approved by LAFCO. It is unknown what type of land use changes might be proposed by a property owner within the proposed Sphere of Influence or Study Areas.

The City has the opportunity to preserve a substantial amount of open space if lands within the recommended SOI are annexed. The City Purple Belt program intends for a large amount of open space to be protected, however the specific location and amount of land is speculative at this time and no easements or agreements have been established. The policies outlined in the City of Paso Robles's General Plan and Purple Belt calls for protection of open space. Therefore, in order to protect these lands mitigation is necessary to ensure permanent protection is established prior to completion of annexation.

MM LU – 1

Prior to filing of the final annexation with the State Board of Equalization the following mitigation measure shall be implemented:

- a) The acquisition and/or dedication of open space and recordation of conservation easements to permanently protect all designated open space and agricultural lands within the SOI.**

c) *No Impact.* The proposed project would not conflict with any environmental plans or policies adopted by agencies with jurisdiction over the project area. Environmental plans which apply to the project area include the County General Plan or other long-range planning documents. The proposed project does not conflict with any Habitat Conservation Plan.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to land use. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact land use, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact land use. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to land uses.

ENERGY AND MINERAL RESOURCES.		Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
Would the proposal:					
a)	Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Substantiation:

a) No Impact. The proposed project will not require the use of or directly impact any available non-renewable resources. There are no known mineral resources within the project area. The proposed project will have no direct impacts on the availability of known mineral resources that would be of future value to the region and the residents of the State.

b) No Impact. The proposed Sphere of Influence Update and Municipal Services Review would not result in the loss of important resource recovery sites or conflict with adopted energy conservation programs.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to energy resources. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact energy resources, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact energy resources. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to energy resources.

NOISE. Would the proposal result in:		Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a)	Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b)	Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c)	A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?
- e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?
- f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?

Substantiation:

a, b, c, d, e, & f) Less Than Significant Impact. The proposed project contains vacant and undeveloped land, rural residential land, and agricultural lands. Portions of the proposed project are bordered by existing urban/suburban uses. The proposed project would result in the addition of land from the City’s Sphere of Influence (SOI), with a net increase of 1,175 acres. Inclusion of an area in the City’s SOI could enable its future annexation into the City limits and facilitate the provision of city services such as water supply, wastewater treatment, law enforcement, and fire protection.

The approval of the proposed SOI by itself will not result in any significant impacts that are due to noise. Development occurring in the proposed SOI could result in noise levels at adjacent land uses that would be potentially significant. The City of Paso Robles and County of San Luis Obispo have adopted noise standards of 60 CNEL for exterior land uses and an interior noise standard of 45 CNEL. This impact would be mitigated by Policies in the Noise Element of the General Plan, which requires incorporating a series of noise control measures in construction projects. These policies would reduce noise impacts to less than significant. The Sphere of Influence areas are within an airport land use plan area for the Paso Robles Municipal Airport. Land uses must conform to the Airport Land Use Plan (ALUP) policies regarding easement dedication, noise level attenuation, and any other policies that may be applicable.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to noise resources. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact noise resources, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact noise resources. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to noise resources.

POPULATION AND HOUSING. Would the proposal:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Substantiation:

a) No Impact. The County has identified certain areas within the proposed SOI for planned development. Those designations would be exceeded if annexed into the City and developed under the City's General Plan. It is anticipated there will be approximately 125 new units in the SOI, which would account for less than 1 percent of the total new units expected in the buildout of the City's General Plan. The 125 new units represent 1 percent of the estimated 11,755 housing units in the City in 2010.

The proposed Sphere of Influence Update and Municipal Service Review for the City would not directly generate any new population or housing thereby not exceeding any regional or local population projections. The proposed project would not directly induce any significant population or housing growth in the area. The proposed project could, however, represent the first step in development of undeveloped areas within the SOI. Future development of these properties could result in the generation of additional population and requests for zone changes that increase the number of houses constructed in a given area. The precise nature and extent of future development in those areas within the SOI would be speculative, however would exceed growth expected under County designations potentially creating an imbalance in affordable housing. The SOI will not directly cause a change in zoning, or an increase in density. An increase in density would require a zoning change in the form of a General Plan Amendment. A General Plan Amendment would study a variety of land use and environmental issues before being approved or denied by the City Council or the County, including: jobs housing balance and affordability, existing Land Use policies, traffic and circulation impacts, the provision of public services, etc.

b & c) No Impact. The project may result in indirect growth within the proposed SOI area. The areas included within the SOI are primarily open space and agricultural in current land use, and eventual annexation and development of these properties would result in additional housing. The project will not displace substantial numbers of people or homes. There is no impact.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to housing resources. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly

cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact housing resources, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact housing resources. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to housing resources.

PUBLIC SERVICES. Would the proposal have an effect upon or result in a need for new or altered government services in any of the following areas:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Police Protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Maintenance of public facilities, including parks, roads?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Other governmental services?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Substantiation:

a, b, c, d, & e) Less than Significant Impact. The City of Paso Robles is responsible for fire protection and law enforcement services and is staffed by 25 and 29 firefighters and sworn officers, respectively who provide services to the City’s 29,793 permanent residents. The ratio of officers per thousand is 0.96. The proposed SOI area is served by the Paso Robles Joint Unified School District. The District has more than 6,875 students who attend Paso Robles six elementary schools, two middle schools, three high schools, and six alternative schools. Any new development would be required to pay impact fees that together with the additional parcel taxes would be sufficient to mitigate impacts of new development.

The proposed project would result in the addition of land from the City’s Sphere of Influence (SOI), with a net increase of 1,175 acres. Inclusion of an area in the City’s SOI could enable its future annexation into the City limits and facilitate the provision of city services such as water supply, wastewater treatment, law enforcement, and fire protection. However, the proposed project would not directly result in the annexation of this area into the City limits, the changing of the area’s General Plan land use designations, the rezoning or development of any parcels within the area. Additionally, no infrastructure or City services would be extended to the project area as part of the proposed project. Therefore, the addition of the SOI alone would not impact police or fire services; however, additional development may require additional police officers or fire fighters. Those impacts would be addressed at the project level through the City’s environmental review procedures. The addition of the SOI would result in less than significant impacts.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to public services. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly

cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact public services, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact public services. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to public services.

RECREATION. Would the proposal:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Substantiation:

a & b) No Impact. The 1975 Quimby Act, California Government Code Section 66477, ensures that local governments set aside parkland and open space for recreational purposes as part of development agreements. All future projects within the recommended SOI will be required to comply with the Quimby Act. The SOI does not include any recreational facilities, nor does the SOI require additional facilities. The City of Paso Robles will be the agency responsible for the provision of park and recreation services to the properties into which the City’s Sphere of Influence is proposed to be extended upon annexation. The proposed Sphere of Influence Update and Municipal Services Review will not directly generate any new population or housing thereby not creating any demand for parks or other recreational facilities. Expansion or construction of recreational facilities would be addressed in the project-level analysis. Therefore, no significant impacts on parks and recreation are anticipated.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to recreational resources. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact recreational resources, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact recreational resources. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to recreational resources.

TRANSPORTATION/CIRCULATION. Would the proposal result in:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less- Than- Significant Impact	No Impact
a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Result in inadequate emergency access?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Substantiation:

a, b, c, d, e, & f) Less than Significant Impact. The proposed project would result in the addition of land from the City's Sphere of Influence (SOI), with a net increase of 1,175 acres. Inclusion of an area in the City's SOI could enable its future annexation into the City limits and facilitate the provision of city services such as water supply, wastewater treatment, law enforcement, and fire protection. However, the proposed project would not directly result in the annexation of this area into the City limits, the changing of the area's General Plan land use designations, the rezoning or development of any parcels within the area. Additionally, no infrastructure or City services would be extended to the project area as part of the proposed project. Therefore, the addition of the SOI alone would not directly result in increased traffic, the exceedance of an existing level of service, a change in air traffic pattern, or otherwise directly impact transportation or traffic. The addition of the SOI would result in less than significant impacts.

The City of Paso Robles updated their Circulation Element in February 2011 for which an EIR was certified. The Element contains goals, policies and implementation standards and programs to guide the future development of the City's circulation system. The 2011 Circulation Element Update Map is generally consistent with the 2003 Circulation Element Map, but it removes a number of infrastructure recommendations due to revised traffic projections and changes to the City's Circulation Element Goals, Policies, and Action Items. The SOI sites could provide an important link to meeting the City's goals of improving bicycle, pedestrian, and transit

systems and by increasing the efficiency of the vehicle network, not necessarily by roadway widening.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to transportation resources. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact transportation resources, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact transportation resources. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to transportation resources.

UTILITIES AND SERVICE SYSTEMS. Would the proposal result in a need for new systems or supplies or substantial alternations to the following utilities:	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
g) Comply with federal, state, and local statutes and regulations related to solid waste?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Substantiation:

a, b, & d) Potentially Significant Unless Mitigation Incorporated. The City of Paso Robles would be the agency responsible for the provision of water and wastewater to the properties into which the City's Sphere of Influence is proposed to be extended. The City of Paso Robles would also be responsible for the maintenance of the water and wastewater distribution/collection systems to serve the properties into which the City's Sphere of Influence is proposed to be

extended. The City currently receives water supplies from one source: groundwater from the Paso Robles Groundwater Formation-basin. The City currently has a total annual allocation of 8,600 acre-feet from groundwater. The City has subscribed to an additional 4,000 acre-feet of Nacimiento water. On April 5, 2011, the Paso Robles City Council successfully adopted a commodity-based, uniform water rate structure. The new rates go into effect January 1, 2012. Customers will pay only for the water they use, with no fixed monthly base charge. The rates cover the 2010-2016 period. The rates will fund system operating costs and needed water system improvements, including a new water treatment plant to enable use of the City's Lake Nacimiento water allocation. The City also anticipates an additional 1,400 acre-feet of Nacimiento water could be obtained for future new development.

MM U – 1

Prior to the annexation of lands within the SOI the following mitigation measures shall be implemented:

- a) The City shall document that it has acquired an entitlement that is adequate, reliable, and sustainable source of water before an annexation is considered by LAFCO.**

The City's Wastewater Treatment Plant operates in accordance with the City's National Pollutant Discharge Elimination System (NPDES) permit No. CA0047953, which allow a maximum treatment capacity of 4.9 million gallons per day (MGD) and a maximum peak wet weather flow of 10 MGD. In 2010, the average daily flow was 3 MGD. The existing wastewater treatment plant is overloaded with pollutants, exceeds permit limits, and requires an upgrade. The City of Paso Robles is currently in the process of upgrading its WWTP to improve Salinas River health and meet state required discharge requirements and prepare for future production of recycled water. The treatment plant will be upgraded to an advanced secondary treatment plant. The City adopted a mitigated negative declaration for the wastewater treatment plant upgrade project.

MM U – 2

Prior to the annexation of lands within the SOI the following mitigation measures shall be implemented:

- a) The City shall document the progress of the currently-planned upgrade to the wastewater treatment plant in compliance with the NPDES permit.**

c) *Less than Significant Impact.* The City of Paso Robles will be the agency responsible for provision of storm water drainage services to the properties upon annexation. The City would also be responsible for the maintenance of the water distribution system to serve the properties proposed for inclusion in the Sphere of Influence upon annexation. The City's treatment and distribution facilities would be upgraded as the need for increased capacity arises. Upgrading these facilities are often considered at the time a development proposal is being evaluated by the City.

e) *Less Than Significant Impact.* Although the proposed Sphere of Influence Update does not directly impact any utilities, sewer and service systems, the proposed project could represent the first step in the development for areas in the SOI. Future development of these areas could adversely impact utilities and service systems in these areas. Future discretionary

approvals will require the preparation and certification of additional environmental documentation to address potential utilities, sewer and service systems impacts.

f) Less Than Significant Impact. The solid waste hauler to the properties into which the City's Sphere of Influence is proposed to be extended would remain unchanged. The proposed project will not directly generate solid waste. Solid waste haulers typically adjust their services based on fees and charges to new customers.

g) Less Than Significant Impact. All solid waste services for the City are provided by contract with a private firm (Paso Robles Waste Disposal) who is the sole franchise collection company; and Pacific Waste Services operates the city-owned landfill. Paso Robles Waste Disposal would remain the solid waste hauler to the properties into which the City's Sphere of Influence is proposed to be extended. The proposed project will not directly generate solid waste.

Study Areas. The SOI can increase the likelihood of development in an area by enabling a property or properties to receive public services upon annexation to the City. Future development of these Study Areas could result in impacts to utilities and service systems. However, the precise nature, density and extent of future development and the associated impacts in those areas within the SOI cannot be determined at this time. It would be speculative to evaluate impacts associated with projects that may or may not be proposed. The SOI will not directly cause a project to be constructed, a change in zoning or an increase in density. Although the proposed Sphere of Influence Update and Municipal Service Review does not directly impact utilities and service systems, the proposed project could represent the first step in the development of the properties in the Sphere of Influence. Future development of these areas could adversely impact utilities and service systems. Future discretionary approvals (Specific Plan, Conditional Use Permit, Annexation, etc.) will require the preparation and certification of additional environmental documentation to address these potential impacts to utilities and service systems.

MANDATORY FINDINGS OF SIGNIFICANCE	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less-Than-Significant Impact	No Impact
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project have impacts that are individually limited but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects and the effects of probable future projects.)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- c) Does the project have environmental effects, which will cause substantial adverse effects on human beings either directly or indirectly?

Substantiation:

a) No Impact. The proposed project will not have an impact on biological or cultural resources.

b) Less-Than-Significant Impact. The proposed project will not directly result in any changes in land use for the SOI properties. The proposed project could, however, represent the first step in the ultimate development of the SOI properties. The precise nature and extent of future development of these areas within the City of Paso Robles cannot be determined at this time. These properties would retain their County General Plan designation of “Agricultural, and Rural Residential” after approval of the proposed Sphere of Influence Update and Municipal Services Review. Any future development of these properties will require approval of an Annexation Agreement, General Plan Amendment, Zone Change and detailed Development Plans. These future discretionary approvals will require the preparation and certification of additional environmental documentation to address future cumulative growth impacts.

c) Less-Than-Significant Impact. The proposed project is not expected to directly cause substantial adverse effects on human beings. A draft Memorandum of Agreement is anticipated for adoption by the City and County that identified provision for how the SOI properties would be addressed along with guiding principals. The implementation of local, state, and federal standards, ordinances, and code requirements as reviewed in this initial study/ mitigated negative declaration would reduce possible impacts to less than significant levels.

VI. ENVIRONMENTAL DETERMINATION

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the preceding pages.

- | | | |
|---|---|---|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Agriculture and Forestry Resources | <input type="checkbox"/> Air Quality |
| <input type="checkbox"/> Biological Resources | <input type="checkbox"/> Cultural Resources | <input type="checkbox"/> Geology /Soils |
| <input type="checkbox"/> Greenhouse Gas Emissions | <input type="checkbox"/> Hazards & Hazardous Materials | <input type="checkbox"/> Hydrology / Water Quality |
| <input type="checkbox"/> Land Use / Planning | <input type="checkbox"/> Mineral Resources | <input type="checkbox"/> Noise |
| <input type="checkbox"/> Population / Housing | <input type="checkbox"/> Public Services | <input type="checkbox"/> Recreation |
| <input type="checkbox"/> Transportation/Traffic | <input type="checkbox"/> Utilities / Service Systems | <input type="checkbox"/> Mandatory Findings of Significance |

DETERMINATION:

On the basis of this initial evaluation:

I find that the proposed project COULD NOT have a significant effect on the environment and a NEGATIVE DECLARATION will be prepared.	<input type="checkbox"/>
I find that although the project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described in this document have been added to the project. A MITIGATED NEGATIVE DECLARATION will be prepared.	<input checked="" type="checkbox"/>
I find that the project MAY have a significant effect on the environment and an ENVIRONMENTAL IMPACT REPORT is required.	<input type="checkbox"/>
I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.	<input type="checkbox"/>
I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.	<input type="checkbox"/>

Within the Initial Study/Mitigated Negative Declaration, several environmental issues were identified as “potentially significant impacts.” The determination of “potentially significant impact” applies where the project impact has the potential to cause a significant environmental impact and there are not sufficient mitigations available to reduce these impacts to a less than significant level. If there are one of more items remaining as “Potentially Significant Impact,” on the checklist, an EIR is required.

San Luis Obispo Local Agency Formation Commission:

Signature: _____

Date: _____

Printed Name: David Church, AICP, Executive Officer

VII. CERTIFICATION

I hereby affirm to the best of my knowledge, based on available information provided to me through specialists’ technical reports, public documents and original research, analysis and assessments, the statements and information contained within this environmental document are true and correct to the degree of accuracy necessary for public disclosure purposes in accordance with Public Resources Code Section 21003, 21061 and 21100.

David Church
Executive Officer
San Luis Obispo Local Agency Formation Commission

A. REFERENCES

- Draft MOA between City of Paso Robles and County of San Luis Obispo, 2012
- San Luis Obispo Local Agency Formation Commission, Sphere of Influence Study, 2013.
- City of Paso Robles Housing Element, 2011
- City of Paso Robles Urban Water Management Plan, 2011
- City of Paso Robles Circulation Element, 2011
- Paso Robles Groundwater Basin Water Balance and Review Update (March 2010)
- Paso Robles Groundwater Basin Resource Capacity Study (August 2010)
- Wastewater Treatment Plant Upgrade Mitigated Negative Declaration, 2010
- City of Paso Robles Sewer System Master Plan 2009.
- Evaluation of Paso Robles Groundwater Basin Pumping *Water Year 2006*, May 2009
- Paso Robles Purple Belt Action Plan, 2009
- Paso Robles Groundwater Basin Water Banking Feasibility Study, June 2007
- Todd Engineers Paso Robles Groundwater Basin Study, December 2007
- City of Paso Robles Water Master Plan 2006.
- City of Paso Robles General Plan 2003, November 2003.
- City of Paso Robles, Official Website, www.prcity.com.
- County of San Luis Obispo, Official Website, www.slocounty.ca.gov.

Exhibit B:

Memorandum of Agreement
Between the City of Paso Robles and
County of San Luis Obispo

RESOLUTION NO. 12-174

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
REQUESTING THE SAN LUIS OBISPO LOCAL AGENCY FORMATION COMMISSION TO
INITIATE PROCEEDINGS OF ITS SPHERE OF INFLUENCE AND SERVICE UPDATE AND
APPROVING A MEMORANDUM OF UNDERSTANDING WITH THE COUNTY OF SAN LUIS
OBISPO REGARDING THE CITY'S 2012/2013 SPHERE OF INFLUENCE UPDATE

WHEREAS, the Cortese/Knox/Hertzberg Act of 2000 requires Local Agency Formation Commissions (LAFCO) to update communities' Spheres of Influence (SOI) every five years; an SOI is a boundary extending beyond the City limits that represents "an agency's probable future physical boundary and service area"; and

WHEREAS, the San Luis Obispo LAFCO will complete its determination of the updated SOI pursuant to Government Code Section 56425 as part of its periodic review of Sphere of Influence for every City and Special District in the County of San Luis Obispo.

WHEREAS, part of the process for updating the SOI is the execution of a Memorandum of Agreement (MOA) between the City of Paso Robles ("City") and the County of San Luis Obispo ("County"), which will set forth each jurisdiction's policies and expectations for development within the SOI; and

WHEREAS, the City and County executed an MOA in 2004 shortly after adoption of the City's 2003 General Plan Update; and

WHEREAS, at its meeting of June 7, 2011, the City Council approved a set of six study areas to be studied by LAFCO for inclusion in the SOI Update; and

WHEREAS, at its meeting of October 4, 2011, the City Council adopted Resolution 11-130 Requesting the San Luis Obispo Local Agency Formation Commission to Initiate Proceedings of Its Sphere of Influence and Service Update and Approving a Memorandum of Understanding with the County of San Luis Obispo Regarding the City's 2011 Sphere of Influence Update; and

WHEREAS, in February 2012, the City received a request from Vina Robles to add an 80 acre parcel on the south side of Mill Road to the SOI and a request from the County of San Luis Obispo to drop "Subarea #2", a triangularly-shaped parcel on the south side of Highway 46 East, as it is planted with grapes and is part of a larger vineyard area; and

WHEREAS, because the requested 80 acre parcel includes prime agricultural land, the County of San Luis Obispo has requested an amendment to the MOA as approved by the City Council via Resolution 11-130 to provide for preservation of the agricultural resource; and

WHEREAS, the City's General Plan contains several policies that would apply to the consideration of areas beyond City Limits for study for possible future annexation; such policies would include, but not be limited to the following:

- Land Use Element Policy LU-2E regarding the establishment of a Purple Belt (LU-2E);
- Land Use Element Policy LU-2F regarding the Planning Impact Area;
- Land Use Element Policy LU-4A regarding establishing service levels;
- Circulation Element Policy CE-1A regarding having new development mitigate impacts to circulation system;
- Conservation Element Policy C-1A regarding water source, supply, and distribution;
- Conservation Element Policy C-5A regarding adoption and administration of a Gateway Plan;

WHEREAS, the City's Economic Strategy contains several policies that would apply to the consideration of areas beyond City Limits for study for possible future annexation; such policies would include, but not be limited to the following:

- Minimize economic, social, and environmental costs and efficiently use resources and infrastructure; new development should take place in existing urbanized areas before using more agricultural land or open space;
- Establish cohesive, compact and livable community for individuals and families;
- Support agriculture as a viable industry and visitor attraction by featuring it as the distinguishing community environment;
- Develop, fund and implement the "purple belt" plan;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED, by the City Council of the City of El Paso de Robles as follows:

Section 1: To apply to the San Luis Obispo Local Agency Formation to initiate proceedings for the Sphere of Influence Update as authorized and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Section 2: To approve the Memorandum of Agreement with the County of San Luis Obispo attached to this resolution as Exhibit "A", which shall supersede the Memorandum of Agreement executed in 2004.


PASSED AND ADOPTED THIS 20th day of November, 2012 by the following Roll Call Vote:

AYES: Hamon, Gilman, Steinbeck, Picanco
NOES: Strong
ABSENT:
ABSTAIN:



Duane Picanco, Mayor

ATTEST:



Caryn Jackson, Deputy City Clerk

Exhibit A

**MEMORANDUM OF AGREEMENT
BETWEEN THE CITY OF PASO ROBLES AND
THE COUNTY OF SAN LUIS OBISPO
REGARDING THE CITY'S 2012 SPHERE OF INFLUENCE UPDATE**

This Agreement between the City of Paso Robles (hereafter "City") and the County San Luis Obispo County (hereafter "County") is entered into by the City on this _____ day of _____, 2012, and by the County on this _____ day of _____, 2012.

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; 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 Paso Robles as shown in Exhibit B; 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 Paso Robles and changes to the City's Sphere of Influence; and

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

WHEREAS, the City's General Plan and future amendments provide a policy basis for growth and development in the Sphere of Influence areas and defines policies and programs that would ensure the permanent preservation of important agricultural land and open space surrounding Paso Robles; and

WHEREAS, the County's General Plan goals call for Community Separators (as defined in the County's General Plan) 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 with special attention given to those locations designated as Specific Referral Areas; 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 proposed Sphere of Influence boundary contained in Exhibit B provides for the orderly and logical growth for the City of Paso Robles and represents a potential 20-year growth boundary based on available information.
2. The provisions contained in Exhibit A offer a framework for completing updates to the General Plans of both the City and the County for the areas in the proposed Sphere of Influence.
3. The provisions contained in Exhibit A are intended to give the City and the County the basis for developing specific land use policies and standards for the areas in the City of Paso Robles' proposed Sphere of Influence and do not supersede or limit the planning or environmental review process or the discretionary decision making process of either jurisdiction.
4. The City's and County's General Plan policies shall be used to help guide the logical and orderly development of these Sphere Areas while permanently preserving agricultural and open space lands.

Mayor, City of Paso Robles

APPROVED AS TO FORM AND LEGAL EFFECT:

City Attorney

Dated: _____

ATTEST:

City Clerk

Dated: _____

Chairman, Board of Supervisors
County of San Luis Obispo

APPROVED AS TO FORM AND LEGAL EFFECT:

County Counsel

Dated:_____

ATTEST:

County Clerk

Dated:_____

EXHIBIT A
PROVISIONS

The following provisions are agreed to and shall be used by the City of Paso Robles and the County of San Luis Obispo to establish a cooperative working relationship in formulating land use plans for future development within the proposed Sphere of Influence as shown in Exhibit B and to update their respective General Plans as needed.

1. **Intent.** It is the intent of the County and the City to work cooperatively to respect the agreed-upon Sphere of Influence (as shown in Exhibit B) and guide development and any future annexation(s) 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 proposed development, the agency considering approval (City or County) should rely solely on its own capability 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 development projects approved by either jurisdiction in the Referral Area (Exhibit C) shall be collected and distributed in a fair and equitable manner. Payment of these fees should be made 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, should be incorporated into the conditions of approval for projects. Documentation should be provided that identifies the project's impacts to both the City and the County and shall be considered as part of the development review process. The documentation may be used to prepare conditions of approval and to allocate impact fees where allowable and as appropriate.

3. **Interagency Cooperation.** The City and the County shall work cooperatively to plan for future land uses, public services and facilities needed 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 (GPA's) within one agency's jurisdiction shall be referred to the other for review and comment as early as possible in the land use process. The County shall seek the City's comments regarding these projects or GPA's in the Referral Area as shown in Exhibit C. The City shall seek the County's comments regarding projects or GPA's that affect the unincorporated portion of the Referral Area shown in Exhibit C. All such referrals shall be sent to the following contact person(s) for early review and comment:

Director of Planning and Building
County of San Luis Obispo
Department of Planning and Building
County Government Center
San Luis Obispo, CA 93408

Community Development Director
City of Paso Robles
Community Development Dept.
1000 Spring Street
Paso Robles, CA 93446

Projects and activities that affect agricultural lands and resources shall be referred to the County Agricultural Commissioner's office at the following address:

Agricultural Commissioner
San Luis Obispo County Department of Agriculture
2156 Sierra Way, Suite A
San Luis Obispo, CA 93401

The provisions mentioned above shall not supersede other methods of commenting or providing feedback regarding a proposal or project.

Development Review Coordination. Projects or GPA's proposed within the Referral Area shown in Exhibit C, and subject to an Initial Study under CEQA, may cause 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 proposal and to identify any key issues that may need special attention during the CEQA process.

4. **Sphere of Influence.** The County shall, to the extent feasible, limit development within the City's Sphere of Influence (SOI) to those uses currently allowed by the County General Plan. The County shall give the great weight to the City's General Plan policies, Purple Belt Program principles, and City Gateway Plan Design Standards when reviewing development on land in the unincorporated areas that are

located within the City's Sphere of Influence. 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's position regarding possible future 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.

5. **Agriculture and Open Space.** The City and the County will work together to permanently preserve agricultural and open space resources in the SOI area using the County's Agriculture Element policies, Strategic Growth principles, and the Conservation and Open Space Element (COSE) policies. The City's Purple Belt Program policies and Gateway Plan standards shall be considered and evaluated in the development and review process. The criteria contained in the COSE and Agriculture Element, and the pertinent policies in the City's General Plan and its implementing Purple Belt and Gateway Plans, shall be used in developing the preservation policies and programs. **Also to be considered are agricultural buffers identified by the Agricultural Commissioners Office and local right to farm standards.**
 - a. **Conservation Easements or other appropriate mitigation measures as listed in LAFCO's Agricultural Policy 12 shall be used to preserve agricultural and open space lands consistent with City and County policies. The intent is to provide for development of a property and preservation of the agricultural use and/or rural character consistent with the City's Purple Belt policies and County's Conservation Element.**
6. **Water Supply.** The City shall document an adequate, reliable, and sustainable water supply prior to completing an annexation. Water resources will be evaluated and documented consistent with LAFCO policies, the City's Urban Water Management Plan, and State Laws such as SB 610 when applicable. **An analysis of the water supply should also include information from the County's Resource Capacity Study of the Paso Robles Groundwater Basin and the basin's current status.**
7. **General Plan and Zoning Code Amendments.** The City intends to complete environmental review, pre-zoning, pre-annexation, specific plans and any necessary

general plan amendment activities prior to an annexation proposal being considered by LAFCO. The County intends to complete any necessary amendments to its General Plan to reflect the annexation of territory to the City of Paso Robles.

8. **Guiding Principles for Future Development.** The City and County agree that the following principles should guide development that is proposed within the City's Sphere of Influence:

a. *Encourage compact urban development in incorporated areas close to infrastructure, while preserving rural character by maintaining distinct urban boundaries next to rural areas. The City and County will collaborate to carry out this principle through strategies including, but not limited to the following:*

- 1) Implement the City's Purple Belt Program and its Principles, including:
 - (a.) Maintaining the City's community character and way of life, while also recognizing the need to accommodate additional urban development.
 - (b.) Supporting the continuation of agriculture and ranching.
 - (c.) Landowners of areas to be annexed will be required to participate in the Purple Belt Program.
 - (d.) Provide additional options to landowners interested in maintaining their land in agriculture in perpetuity, including opportunities to sell, donate, or transfer their development rights in exchange for cash, tax credits, and/or other benefits.
 - (e.) Exploration of funding mechanisms to help support the Purple Belt Program.

- b. Incorporate the City's Gateway Plan Standards into future development within the Sphere of Influence.

Future growth should incorporate the Gateway Plan's "Town and Country" Gateway standards for setbacks, grading, rural-style drainage facilities, tree planting, fencing, rural architecture and site planning. Areas annexed into the City will be required to incorporate these standards.

- c. Implement the policies and strategies in the County Framework for Planning and Conservation and Open Space Element, in particular, the following regarding Community Separators as defined and shown in the County's Conservation and Open Space Element on Figure VR-2:

- (a.) Avoid suburban or low-density sprawl at the edges of communities.
- (b.) Discourage new frontage roads along highways and roadways within Community Separators, but consider exceptions for necessary circulation connections where visual and environmental resources are protected.
- (c.) Work with land owners, advisory councils and non-profit organizations to propose voluntary scenic, agricultural, or conservation easements and/or greenbelt programs that support private landownership while retaining the visual resources within Community Separators.
- (d.) Retain a rural character within Community Separators using setbacks from roadways, building design (i.e. height, massing, color), signage, and lighting standards to effectively retain visual resources.

b. Create a land use pattern that promotes and improves connections to other parts of the City

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.

c. Take advantage of good planning and design principles

The proposed development should be designed to encourage improved transportation system and connectivity to existing city infrastructure within the areas proposed for development. The goals are to 1) develop neighborhoods and businesses that are well-designed, fit into the character of the area, and are a logical part of the City's future growth and 2) promote a land use pattern that encourages the efficient use of resources.

9. **Special Areas of Interest.** The City and County agree to the following processes and procedures for specific areas discussed:

- 1. **The 270 acre Furlotti Family Ranch Company Properties** are located on the northwest quadrant of Highways 101 and 46 and are owned by Furlotti family, or related entities. This area is within County jurisdiction, outside of the Paso Robles

Sphere of Influence. The property is not included in this proposed update to the Sphere of Influence and therefore is not subject to this MOA. However, the City and property owners, in consultation with the County, anticipate that a land use plan and EIR will be prepared in the near future. The land use plan and EIR will study the possible expansion of the Sphere of Influence and Annexation concurrently. This process would allow a proposed project and EIR to be fully reviewed by the public, the City, and other agencies prior to LAFCO considering the proposal.

2. **Vina Robles Area** is approximately 997 acres located on the eastern boundary of the City, south of Union Road, north of Linne Road and generally west of Huerhuero Creek. The area is recommended for inclusion in the Sphere of Influence with the understanding that the existing land use would not be changed. About 535 acres comprises an agricultural cluster development approved by the County with an agricultural easement on the vineyards. If placed in the SOI, the City could provide both water services for indoor domestic use and future recycled water for agriculture and landscaping use that will help to better manage the groundwater resources in the area by reducing the number of wells that are pumping in the area. This could be considered through an annexation to the City or an outside user agreement which limits the services the City would provide to the area. An analysis of the groundwater resources and the benefits of having the City provide services should be provided as part of any application.
3. **The Mill Road Properties** total 175 acres, are located on the eastern boundary of the City just south of Hunter Ranch and are recommended for inclusion in the Sphere of Influence with the understanding that the area could provide a secondary access road from Union to Highway 46. The City's General Plan should address the future land use of the area as well as how its Purple Belt policies for preserving agricultural lands would apply. **The area is presently developed as the Robert Hall Winery, a vineyard, and several homes on larger parcels. This type of development at the outer edges of the City boundary is consistent with Paso Robles' Purple Belt Program because it acts as a transition area to the more rural area. It is the City's intent for the area between the potential road to remain in agriculture and rural residential use consistent with the Purple Belt Program and the existing land use of the property.**

EXHIBIT B

SPHERE OF INFLUENCE

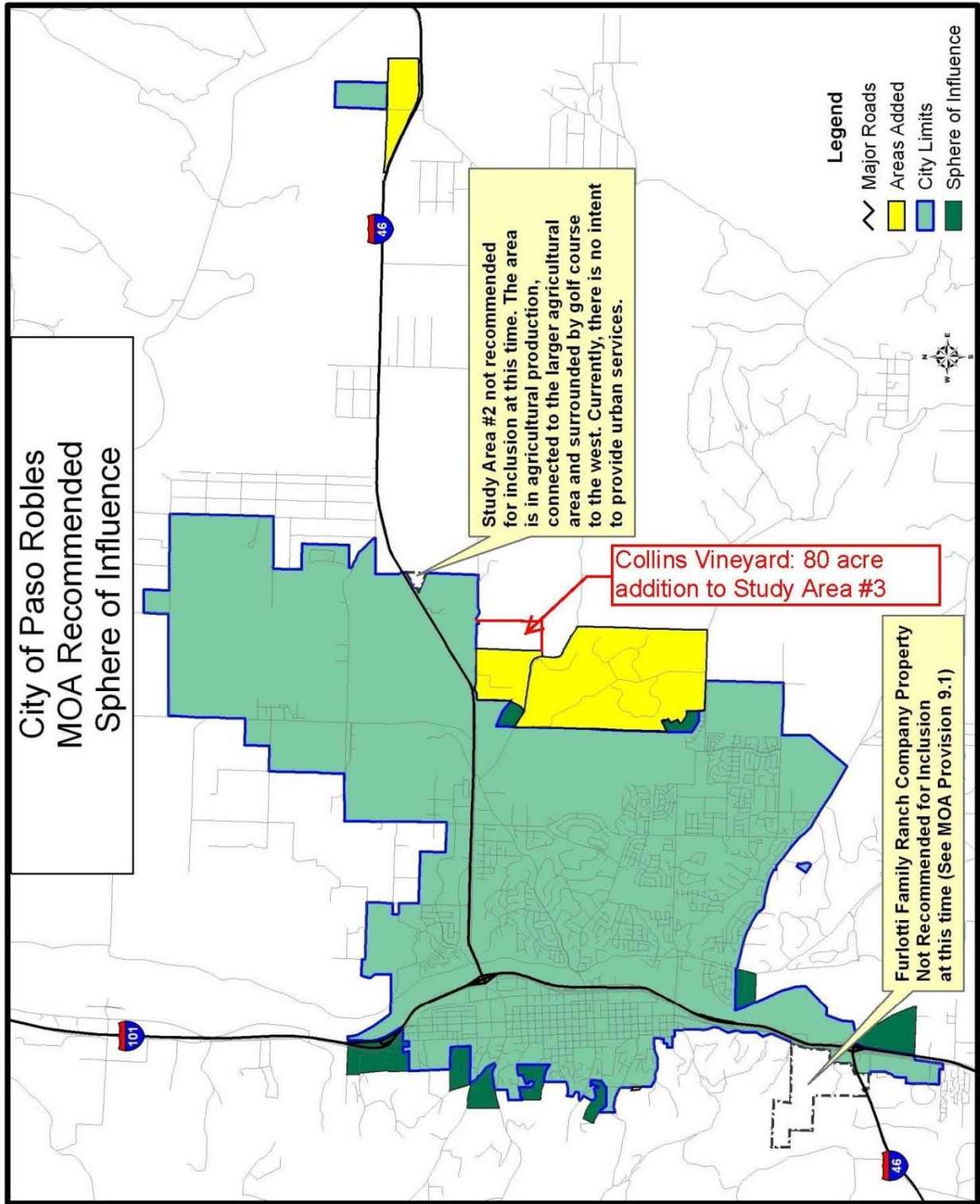


EXHIBIT C PROJECT REFERRAL MAP

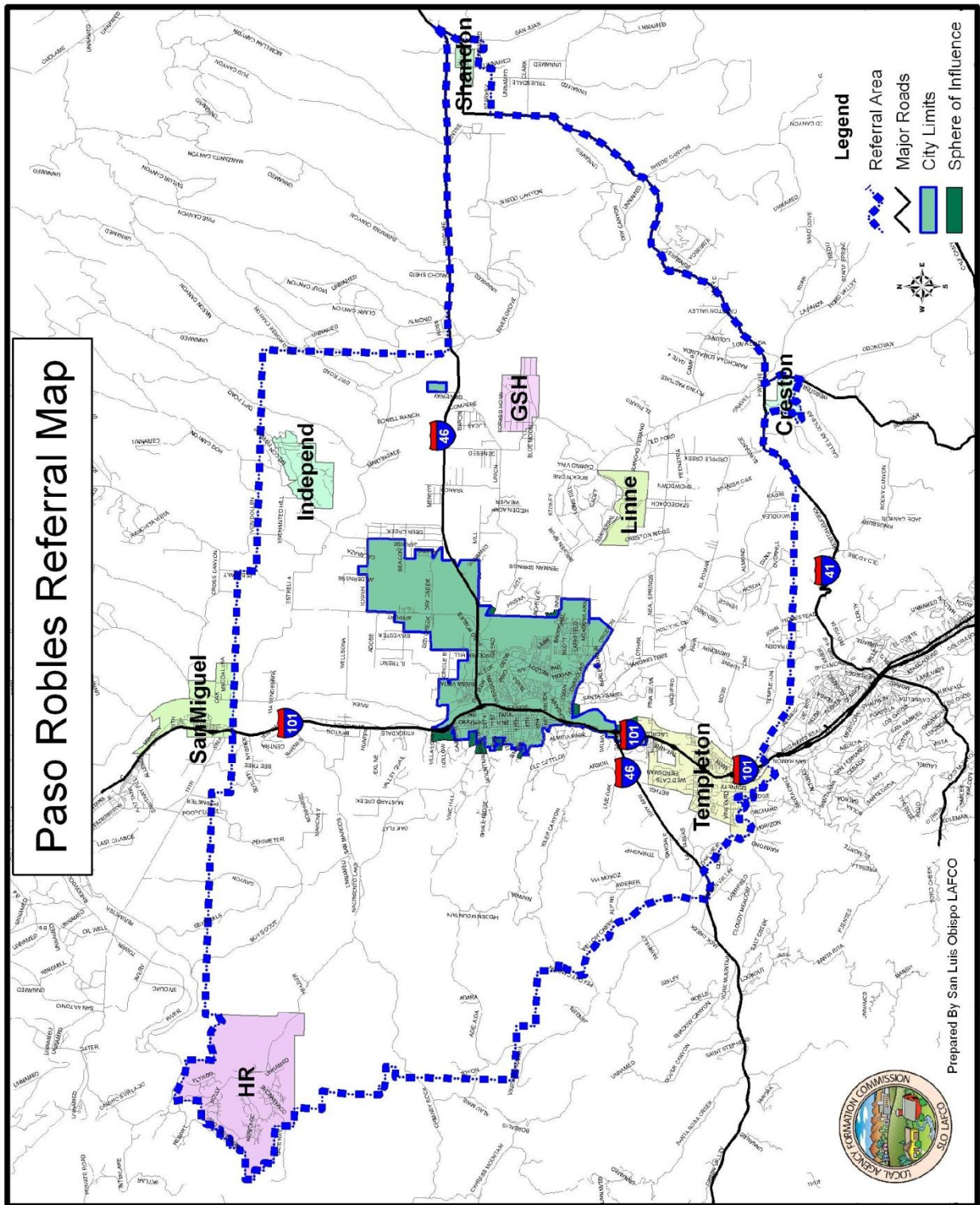


Exhibit D:
Level 2 Water Shortage
Mandatory Water Conservation Requirements



Level 2 Water Shortage Mandatory Water Conservation Requirements Now in Effect

In response to a projected water supply shortfall of up to 20 percent, on June 2, 2009 the Paso Robles City Council enacted Water Conservation and Water Shortage Contingency Plan Ordinance No.956 N.S. On June 4, 2009, the City declared a Level 2 Water Shortage condition, enacting all Level 2 shortage condition water use restrictions, in addition to all permanent water use restrictions and Level 1 restrictions. The following water use restrictions and prohibitions are now in effect:

Mandatory Minimum Water Conservation Requirements in Effect at All Times – Prohibition Against Water Waste

The following water conservation requirements shall be in effect at all times and are permanent. Violations will be considered waste and an unreasonable use of water and are subject to penalties.

A. **No Excessive Water Flow or Runoff:** Watering or irrigating of any lawn, landscape or other vegetated area in a manner that causes or allows excessive water flow or runoff onto an adjoining sidewalk, driveway, street, alley, gutter or ditch is prohibited.

B. **No Overfilling of Swimming Pools and Spas:** Overfilling of a swimming pools and spas such that overflow water is discharged onto an adjoining sidewalk, driveway, street, alley, gutter or ditch is prohibited.

C. **No Washing Down Hard or Paved Surfaces:** Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, is prohibited except under the following conditions:

1. To alleviate safety or sanitary hazards, and then only by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off device.
2. When a low-volume-high-pressure cleaning machine or a low-volume-high-pressure water broom is used.
3. All wash-down activities must comply with all state or local regulations pertaining to discharges to the City's storm drain system.

D. **Obligation to Fix Leaks, Breaks or Malfunctions:** Excessive use, loss or escape of water through breaks, leaks or other malfunctions in the customers' plumbing or distribution system for any period of time after such escape of water should have reasonably been discovered and corrected and in no event more than seven days after written notification by the City of El Paso de Robles, is prohibited.

E. **Re-circulating Water Required for Water Fountains and Decorative Water Features:** Operating a water fountain or other decorative water feature that does not use re-circulated water is prohibited.

F. **Limits on Washing Vehicles:** Using water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not is prohibited, except by use of a hand-held bucket or similar container or a hand-held hose equipped with a positive self-closing water shut-off nozzle or device. This subsection does not apply to any commercial car washing facility.

(Over)

G. Commercial Lodging Establishments Must Provide Guests Option to Decline Daily Linen Services: Hotels, motels and other commercial lodging establishments must provide customers the option of not having towels and linen laundered daily. Commercial lodging establishments must prominently display notice of this option in each bathroom using clear and easily understood language.

H. No Installation of Single Pass Cooling Systems: Installation of single pass cooling systems is prohibited in buildings requesting new water service.

I. No Installation of Non-Recirculating Systems in Commercial Car Wash and Laundry Systems: Installation of non-recirculating water systems is prohibited in new commercial conveyor car wash and new commercial laundry systems.

J. New or Remodeled Restaurants Required to Use Water Conserving Dish Wash Spray Valves: All new or remodeled food preparation establishments, such as restaurants or cafes, are prohibited from using non-water conserving dish wash spray valves.

K. Water Served Only Upon Request: Restaurants and other food establishments will only serve water upon request.

Additional Level 1 and Level 2 Water Use Restrictions Now In Effect

1. Irrigation of residential and commercial landscapes, parks, school grounds and recreation fields, before 9 a.m. and after 7 p.m. except for renovation or repair of the irrigation system with an operator present.
2. Repair or prevention of all water leaks upon discovery or within five days of notification by the City of El Paso de Robles.
3. All landscape irrigation shall be limited to no more than three assigned days per week and on an every other day schedule established and posted by the City.

Note: Compliance with the above landscape irrigation restrictions is mandatory during the peak summer water demand period May 1 through September 30. Compliance with restrictions is voluntary during the non-peak period from October 1 through April 30.

Violations and Penalties

It is unlawful for any *customer* to violate the mandatory provisions of this Ordinance. Violations are subject to criminal, civil, and administrative penalties and remedies as provided in Chapter 1 of the City Code. In addition, service of water may be discontinued or appropriately limited through the installation of flow-restricting devices to any *customer* who willfully uses water in violation of this Ordinance. As specified in Chapter 1.02 Penalties, Section 1.02.010, following the issuance of two warnings, a fine not exceeding one hundred dollars shall be assessed for a first violation, a fine not exceeding two hundred dollars shall be assessed for a second violation of this ordinance within one year, and a fine not exceeding five hundred dollars shall be assessed for a third violation of this ordinance within one year.

RESOLUTION NO. 12-174

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
REQUESTING THE SAN LUIS OBISPO LOCAL AGENCY FORMATION COMMISSION TO
INITIATE PROCEEDINGS OF ITS SPHERE OF INFLUENCE AND SERVICE UPDATE AND
APPROVING A MEMORANDUM OF UNDERSTANDING WITH THE COUNTY OF SAN LUIS
OBISPO REGARDING THE CITY'S 2012/2013 SPHERE OF INFLUENCE UPDATE

WHEREAS, the Cortese/Knox/Hertzberg Act of 2000 requires Local Agency Formation Commissions (LAFCO) to update communities' Spheres of Influence (SOI) every five years; an SOI is a boundary extending beyond the City limits that represents "an agency's probable future physical boundary and service area"; and

WHEREAS, the San Luis Obispo LAFCO will complete its determination of the updated SOI pursuant to Government Code Section 56425 as part of its periodic review of Sphere of Influence for every City and Special District in the County of San Luis Obispo.

WHEREAS, part of the process for updating the SOI is the execution of a Memorandum of Agreement (MOA) between the City of Paso Robles ("City") and the County of San Luis Obispo ("County"), which will set forth each jurisdiction's policies and expectations for development within the SOI; and

WHEREAS, the City and County executed an MOA in 2004 shortly after adoption of the City's 2003 General Plan Update; and

WHEREAS, at its meeting of June 7, 2011, the City Council approved a set of six study areas to be studied by LAFCO for inclusion in the SOI Update; and

WHEREAS, at its meeting of October 4, 2011, the City Council adopted Resolution 11-130 Requesting the San Luis Obispo Local Agency Formation Commission to Initiate Proceedings of Its Sphere of Influence and Service Update and Approving a Memorandum of Understanding with the County of San Luis Obispo Regarding the City's 2011 Sphere of Influence Update; and

WHEREAS, in February 2012, the City received a request from Vina Robles to add an 80 acre parcel on the south side of Mill Road to the SOI and a request from the County of San Luis Obispo to drop "Subarea #2", a triangularly-shaped parcel on the south side of Highway 46 East, as it is planted with grapes and is part of a larger vineyard area; and

WHEREAS, because the requested 80 acre parcel includes prime agricultural land, the County of San Luis Obispo has requested an amendment to the MOA as approved by the City Council via Resolution 11-130 to provide for preservation of the agricultural resource; and

WHEREAS, the City's General Plan contains several policies that would apply to the consideration of areas beyond City Limits for study for possible future annexation; such policies would include, but not be limited to the following:

- Land Use Element Policy LU-2E regarding the establishment of a Purple Belt (LU-2E);
- Land Use Element Policy LU-2F regarding the Planning Impact Area;
- Land Use Element Policy LU-4A regarding establishing service levels;
- Circulation Element Policy CE-1A regarding having new development mitigate impacts to circulation system;
- Conservation Element Policy C-1A regarding water source, supply, and distribution;
- Conservation Element Policy C-5A regarding adoption and administration of a Gateway Plan;

WHEREAS, the City's Economic Strategy contains several policies that would apply to the consideration of areas beyond City Limits for study for possible future annexation; such policies would include, but not be limited to the following:

- Minimize economic, social, and environmental costs and efficiently use resources and infrastructure; new development should take place in existing urbanized areas before using more agricultural land or open space;
- Establish cohesive, compact and livable community for individuals and families;
- Support agriculture as a viable industry and visitor attraction by featuring it as the distinguishing community environment;
- Develop, fund and implement the "purple belt" plan;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED, by the City Council of the City of El Paso de Robles as follows:

Section 1: To apply to the San Luis Obispo Local Agency Formation to initiate proceedings for the Sphere of Influence Update as authorized and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Section 2: To approve the Memorandum of Agreement with the County of San Luis Obispo attached to this resolution as Exhibit "A", which shall supersede the Memorandum of Agreement executed in 2004.


PASSED AND ADOPTED THIS 20th day of November, 2012 by the following Roll Call Vote:

AYES: Hamon, Gilman, Steinbeck, Picanco
NOES: Strong
ABSENT:
ABSTAIN:



Duane Picanco, Mayor

ATTEST:



Caryn Jackson, Deputy City Clerk

Exhibit A

**MEMORANDUM OF AGREEMENT
BETWEEN THE CITY OF PASO ROBLES AND
THE COUNTY OF SAN LUIS OBISPO
REGARDING THE CITY'S 2012 SPHERE OF INFLUENCE UPDATE**

This Agreement between the City of Paso Robles (hereafter "City") and the County San Luis Obispo County (hereafter "County") is entered into by the City on this _____ day of _____, 2012, and by the County on this _____ day of _____, 2012.

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; 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 Paso Robles as shown in Exhibit B; 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 Paso Robles and changes to the City's Sphere of Influence; and

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

WHEREAS, the City's General Plan and future amendments provide a policy basis for growth and development in the Sphere of Influence areas and defines policies and programs that would ensure the permanent preservation of important agricultural land and open space surrounding Paso Robles; and

WHEREAS, the County's General Plan goals call for Community Separators (as defined in the County's General Plan) 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 with special attention given to those locations designated as Specific Referral Areas; 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 proposed Sphere of Influence boundary contained in Exhibit B provides for the orderly and logical growth for the City of Paso Robles and represents a potential 20-year growth boundary based on available information.
2. The provisions contained in Exhibit A offer a framework for completing updates to the General Plans of both the City and the County for the areas in the proposed Sphere of Influence.
3. The provisions contained in Exhibit A are intended to give the City and the County the basis for developing specific land use policies and standards for the areas in the City of Paso Robles' proposed Sphere of Influence and do not supersede or limit the planning or environmental review process or the discretionary decision making process of either jurisdiction.
4. The City's and County's General Plan policies shall be used to help guide the logical and orderly development of these Sphere Areas while permanently preserving agricultural and open space lands.

Mayor, City of Paso Robles

APPROVED AS TO FORM AND LEGAL EFFECT:

City Attorney

Dated: _____

ATTEST:

City Clerk

Dated: _____

Chairman, Board of Supervisors
County of San Luis Obispo

APPROVED AS TO FORM AND LEGAL EFFECT:

County Counsel

Dated:_____

ATTEST:

County Clerk

Dated:_____

EXHIBIT A
PROVISIONS

The following provisions are agreed to and shall be used by the City of Paso Robles and the County of San Luis Obispo to establish a cooperative working relationship in formulating land use plans for future development within the proposed Sphere of Influence as shown in Exhibit B and to update their respective General Plans as needed.

1. **Intent.** It is the intent of the County and the City to work cooperatively to respect the agreed-upon Sphere of Influence (as shown in Exhibit B) and guide development and any future annexation(s) 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 proposed development, the agency considering approval (City or County) should rely solely on its own capability 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 development projects approved by either jurisdiction in the Referral Area (Exhibit C) shall be collected and distributed in a fair and equitable manner. Payment of these fees should be made 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, should be incorporated into the conditions of approval for projects. Documentation should be provided that identifies the project's impacts to both the City and the County and shall be considered as part of the development review process. The documentation may be used to prepare conditions of approval and to allocate impact fees where allowable and as appropriate.

3. **Interagency Cooperation.** The City and the County shall work cooperatively to plan for future land uses, public services and facilities needed 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 (GPA's) within one agency's jurisdiction shall be referred to the other for review and comment as early as possible in the land use process. The County shall seek the City's comments regarding these projects or GPA's in the Referral Area as shown in Exhibit C. The City shall seek the County's comments regarding projects or GPA's that affect the unincorporated portion of the Referral Area shown in Exhibit C. All such referrals shall be sent to the following contact person(s) for early review and comment:

Director of Planning and Building
County of San Luis Obispo
Department of Planning and Building
County Government Center
San Luis Obispo, CA 93408

Community Development Director
City of Paso Robles
Community Development Dept.
1000 Spring Street
Paso Robles, CA 93446

Projects and activities that affect agricultural lands and resources shall be referred to the County Agricultural Commissioner's office at the following address:

Agricultural Commissioner
San Luis Obispo County Department of Agriculture
2156 Sierra Way, Suite A
San Luis Obispo, CA 93401

The provisions mentioned above shall not supersede other methods of commenting or providing feedback regarding a proposal or project.

Development Review Coordination. Projects or GPA's proposed within the Referral Area shown in Exhibit C, and subject to an Initial Study under CEQA, may cause 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 proposal and to identify any key issues that may need special attention during the CEQA process.

4. **Sphere of Influence.** The County shall, to the extent feasible, limit development within the City's Sphere of Influence (SOI) to those uses currently allowed by the County General Plan. The County shall give the great weight to the City's General Plan policies, Purple Belt Program principles, and City Gateway Plan Design Standards when reviewing development on land in the unincorporated areas that are

located within the City's Sphere of Influence. 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's position regarding possible future 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.

5. **Agriculture and Open Space.** The City and the County will work together to permanently preserve agricultural and open space resources in the SOI area using the County's Agriculture Element policies, Strategic Growth principles, and the Conservation and Open Space Element (COSE) policies. The City's Purple Belt Program policies and Gateway Plan standards shall be considered and evaluated in the development and review process. The criteria contained in the COSE and Agriculture Element, and the pertinent policies in the City's General Plan and its implementing Purple Belt and Gateway Plans, shall be used in developing the preservation policies and programs. **Also to be considered are agricultural buffers identified by the Agricultural Commissioners Office and local right to farm standards.**
 - a. **Conservation Easements or other appropriate mitigation measures as listed in LAFCO's Agricultural Policy 12 shall be used to preserve agricultural and open space lands consistent with City and County policies. The intent is to provide for development of a property and preservation of the agricultural use and/or rural character consistent with the City's Purple Belt policies and County's Conservation Element.**
6. **Water Supply.** The City shall document an adequate, reliable, and sustainable water supply prior to completing an annexation. Water resources will be evaluated and documented consistent with LAFCO policies, the City's Urban Water Management Plan, and State Laws such as SB 610 when applicable. **An analysis of the water supply should also include information from the County's Resource Capacity Study of the Paso Robles Groundwater Basin and the basin's current status.**
7. **General Plan and Zoning Code Amendments.** The City intends to complete environmental review, pre-zoning, pre-annexation, specific plans and any necessary

general plan amendment activities prior to an annexation proposal being considered by LAFCO. The County intends to complete any necessary amendments to its General Plan to reflect the annexation of territory to the City of Paso Robles.

8. **Guiding Principles for Future Development.** The City and County agree that the following principles should guide development that is proposed within the City's Sphere of Influence:

a. *Encourage compact urban development in incorporated areas close to infrastructure, while preserving rural character by maintaining distinct urban boundaries next to rural areas. The City and County will collaborate to carry out this principle through strategies including, but not limited to the following:*

- 1) Implement the City's Purple Belt Program and its Principles, including:
 - (a.) Maintaining the City's community character and way of life, while also recognizing the need to accommodate additional urban development.
 - (b.) Supporting the continuation of agriculture and ranching.
 - (c.) Landowners of areas to be annexed will be required to participate in the Purple Belt Program.
 - (d.) Provide additional options to landowners interested in maintaining their land in agriculture in perpetuity, including opportunities to sell, donate, or transfer their development rights in exchange for cash, tax credits, and/or other benefits.
 - (e.) Exploration of funding mechanisms to help support the Purple Belt Program.

- b. Incorporate the City's Gateway Plan Standards into future development within the Sphere of Influence.

Future growth should incorporate the Gateway Plan's "Town and Country" Gateway standards for setbacks, grading, rural-style drainage facilities, tree planting, fencing, rural architecture and site planning. Areas annexed into the City will be required to incorporate these standards.

- c. Implement the policies and strategies in the County Framework for Planning and Conservation and Open Space Element, in particular, the following regarding Community Separators as defined and shown in the County's Conservation and Open Space Element on Figure VR-2:

- (a.) Avoid suburban or low-density sprawl at the edges of communities.
- (b.) Discourage new frontage roads along highways and roadways within Community Separators, but consider exceptions for necessary circulation connections where visual and environmental resources are protected.
- (c.) Work with land owners, advisory councils and non-profit organizations to propose voluntary scenic, agricultural, or conservation easements and/or greenbelt programs that support private landownership while retaining the visual resources within Community Separators.
- (d.) Retain a rural character within Community Separators using setbacks from roadways, building design (i.e. height, massing, color), signage, and lighting standards to effectively retain visual resources.

b. Create a land use pattern that promotes and improves connections to other parts of the City

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.

c. Take advantage of good planning and design principles

The proposed development should be designed to encourage improved transportation system and connectivity to existing city infrastructure within the areas proposed for development. The goals are to 1) develop neighborhoods and businesses that are well-designed, fit into the character of the area, and are a logical part of the City's future growth and 2) promote a land use pattern that encourages the efficient use of resources.

9. **Special Areas of Interest.** The City and County agree to the following processes and procedures for specific areas discussed:

- 1. **The 270 acre Furlotti Family Ranch Company Properties** are located on the northwest quadrant of Highways 101 and 46 and are owned by Furlotti family, or related entities. This area is within County jurisdiction, outside of the Paso Robles

Sphere of Influence. The property is not included in this proposed update to the Sphere of Influence and therefore is not subject to this MOA. However, the City and property owners, in consultation with the County, anticipate that a land use plan and EIR will be prepared in the near future. The land use plan and EIR will study the possible expansion of the Sphere of Influence and Annexation concurrently. This process would allow a proposed project and EIR to be fully reviewed by the public, the City, and other agencies prior to LAFCO considering the proposal.

2. **Vina Robles Area** is approximately 997 acres located on the eastern boundary of the City, south of Union Road, north of Linne Road and generally west of Huerhuero Creek. The area is recommended for inclusion in the Sphere of Influence with the understanding that the existing land use would not be changed. About 535 acres comprises an agricultural cluster development approved by the County with an agricultural easement on the vineyards. If placed in the SOI, the City could provide both water services for indoor domestic use and future recycled water for agriculture and landscaping use that will help to better manage the groundwater resources in the area by reducing the number of wells that are pumping in the area. This could be considered through an annexation to the City or an outside user agreement which limits the services the City would provide to the area. An analysis of the groundwater resources and the benefits of having the City provide services should be provided as part of any application.
3. **The Mill Road Properties** total 175 acres, are located on the eastern boundary of the City just south of Hunter Ranch and are recommended for inclusion in the Sphere of Influence with the understanding that the area could provide a secondary access road from Union to Highway 46. The City's General Plan should address the future land use of the area as well as how its Purple Belt policies for preserving agricultural lands would apply. **The area is presently developed as the Robert Hall Winery, a vineyard, and several homes on larger parcels. This type of development at the outer edges of the City boundary is consistent with Paso Robles' Purple Belt Program because it acts as a transition area to the more rural area. It is the City's intent for the area between the potential road to remain in agriculture and rural residential use consistent with the Purple Belt Program and the existing land use of the property.**

EXHIBIT B

SPHERE OF INFLUENCE

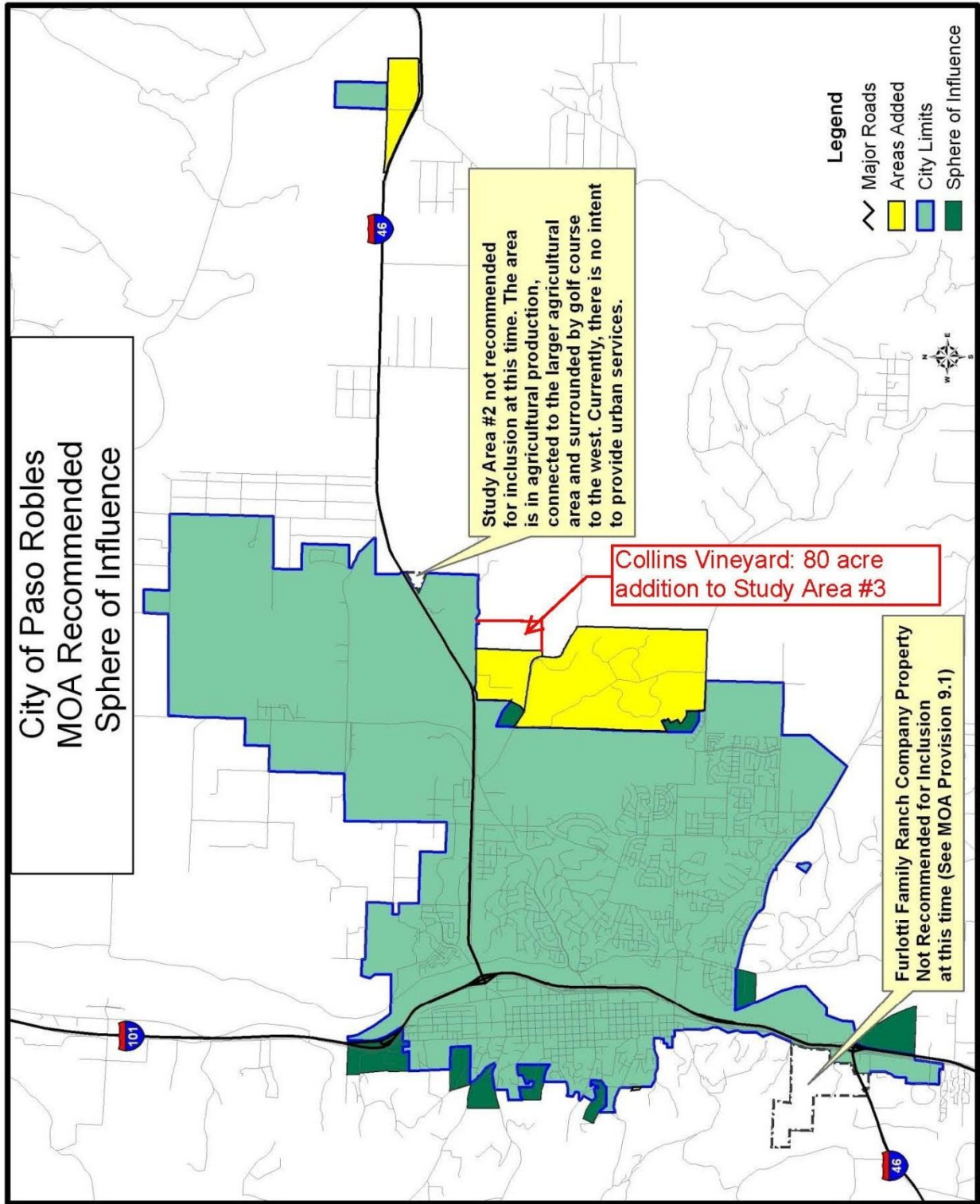
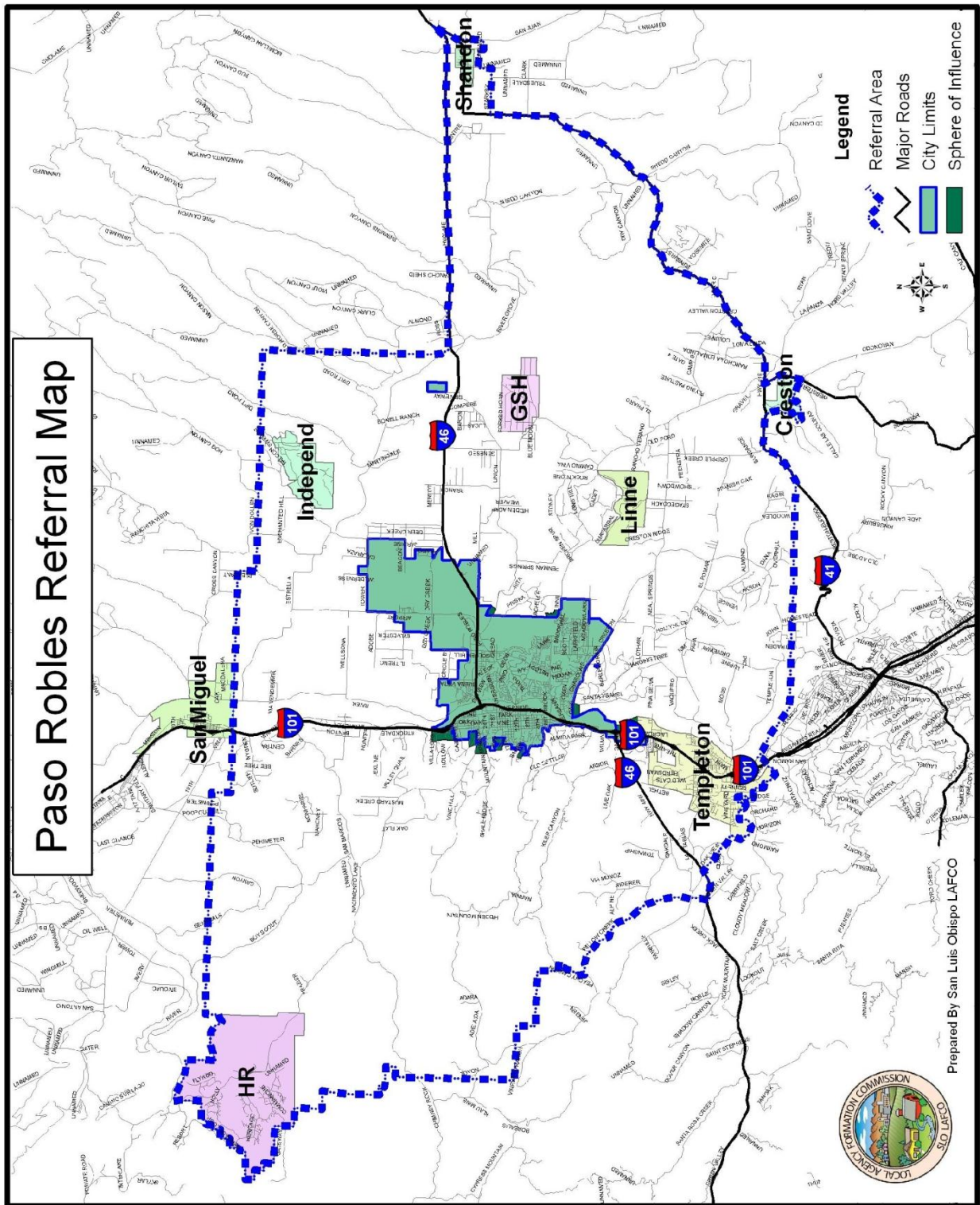


EXHIBIT C PROJECT REFERRAL MAP



Paso Robles Referral Map