

CITY OF ATASCADERO

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



**PREPARED BY:
SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
NOVEMBER 21, 2019**

SAN LUIS OBISPO LOCAL AGENCY FORMATION COMMISSION

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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..."

A Municipal Service Review (Chapter 3) has been prepared for the City of Atascadero 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 six legislative factors in order to update a Sphere of Influence.

Information that addresses each of the six 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 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 CKH Act calls for the Service Review to be completed either prior to or concurrent with the Sphere of Influence Update. The process for updating the City of Atascadero's Sphere of Influence includes several steps:

1. City and County consideration of a Memorandum of Agreement (MOA) regarding SOI boundaries, development standards, and zoning requirements for the areas of the Sphere to be updated.
2. Outreach to the City and County regarding the Sphere of Influence Update process.
3. Preparation of a Public Review Draft Sphere of Influence Update and Municipal Service Review and 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 Update for Atascadero was completed in 2011 which retained the Eagle Ranch area. 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 Atascadero (Chapter 3); and
3. Approve and adopt the City of Atascadero's existing Sphere of Influence (Chapter 2)

Environmental Determination

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

Furthermore, the SOI update qualify for a general exemption from environmental review based upon CEQA Regulation Section 15061(b)(3), which states: "The activity is covered by the common sense that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." There is no possibility that the MSR or SOI update would have a significant effect on the environment because there is no land use changes associated with the document.

EXECUTIVE SUMMARY

The following is a summary of the key information contained in this Service Review completed for the City of Atascadero. The six factors that are required to be addressed by the CKH Act are covered in this summary section.

1. Growth & Population

Atascadero has experienced considerable growth over the last few decades. From 1970 to 1980 population increased by 78%, from 1980 to 1990 population increased by 43% and from 1990 to 2000 population growth slowed to about 14%. The City's population grew by 8.8% from 2000 to 2010 and grew by 9.1% from 2010 to 2017. The Department of Finance (DOF) estimates Atascadero's current population as 30,900 and the total number of dwelling units as 12,106. The City's estimated build-out population within the current City limits is 36,030. The General Plan assumes for the City an annual growth rate of 1.25% over the next 20 years. Over the last 10 years, Atascadero's population has increased by approximately 2,412 people. This equates to less than 1% per year rate of population increase over the 10 year period. Atascadero's growth is likely to remain at a nominal level over the next few years. The following table shows the past census data and uses demographic information from the Atascadero Mutual Water Company's 2015 Urban Water Management Plan.

Table 1-1: Historical & Projected Population Growth

	2010	2015 ⁽¹⁾	2020 ⁽¹⁾	2025 ⁽¹⁾	2030 ⁽¹⁾	2035 ⁽¹⁾	2040 ⁽¹⁾
Population	28,512	29,870	32,372	33,521	34,711	35,943	37,219
10 Year Increase	--	1,358	2,502	1,149	1,190	1,232	1,276
10 year Avg. Increase	--	4.7%	8.3%	3.5%	3.5%	3.5%	3.5%
Average per Year	--	<1%	<1%	<1%	<1%	<1%	<1%

(1) Source: AMWC 2015 Urban Water Management Plan

Housing Units and Growth Projections. In the 2015 Urban Water Management Plan, the Atascadero Mutual Water Company estimates that 29,870 people lived in the City. In 2010, the U.S. Census stated the total number of dwelling units as 11,505 with an average household size of 2.62 persons and an occupancy rate of about 97%. The Urban Water Management Plan

projects the current City limit and Sphere of Influence boundaries to yield a population of 36,738 persons. This projection results in an approximate 22 percent increase in population over the 20-year period between 2005 and 2025. The 2016 General Plan assumes a growth rate of 1.25% per year to the 2025 build-out population of 36,030.

2. Location and Characteristics of any Disadvantaged Unincorporated Communities

LAFCO is required to identify the location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence. If a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to disadvantaged unincorporated communities within the sphere of influence or contiguous to the sphere of influence, it is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations are proposed by the agency or property owners. Government Code section 56033.5 further defines disadvantaged unincorporated communities as inhabited territory; an area with 12 or more registered voters, and an area with an income of 80 percent or less of the statewide median income. In the analysis completed by LAFCO staff, Atascadero's Sphere of Influence does not have any disadvantage unincorporated communities located within the proposed Sphere of Influence or in the areas contiguous to the Sphere of Influence.

3. Infrastructure Needs & Deficiencies

LAFCO is responsible for determining if 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. It is prudent for LAFCO to analyze present and long-term infrastructure demands and resource capabilities of the City of Atascadero. LAFCO accomplishes this by evaluating 1) the resources and services that are currently available, and 2) the ability of the City to expand such resources and services in line with increasing demands.

Water

The Atascadero Mutual Water Company (AMWC) provides water service to the City of Atascadero. AMWC's service boundary is the original colony boundary and other areas outside of the City limits. Within this service area boundary are the Atascadero City limits and some of the unincorporated areas of the county including portions of the Eagle Ranch Property, the West San Marcos Development, and

Source	Amount Available (AFY)
Groundwater (Basin Wells)	3,500
Groundwater (River Wells)	4,000
Nacimiento Water	3,244
Total Potentially Available	10,744 AFY
Total Estimated Demand	8,709 AFY

the area south of Santa Rosa Road known as the Eaglet area. AMWC primarily relies on groundwater for its water supply and has water rights to a specific quantity of water from the Salinas River Underflow unit (4,000 acre-feet per year from this resource.). AMWC is not limited to the amount of water that can be drawn from the deeper Paso Robles Formation (Atascadero Sub-Basin). AMWC has also subscribed to receive 3,244 acre-feet of water from the Nacimiento Water Project. The demand for development outside the City limits, but within the existing Sphere of Influence, has been contemplated and adjusted for in the future supply available to the City by AMWC.

AMWC completes water demand projections in order to know how much water might be needed to serve residents, businesses and other uses as growth and development occurs. AMWC's Urban Water Management Plan provides information and establishes policies for meeting the current water demand and for projecting future water demand. The water supply question in Atascadero is tied to the Status of the Paso Robles Formation and Atascadero Sub-Basin. Generally, AMWC appears to have available resources to meet current and future demands for areas within the City limits and SOI areas at the present time.

Table 1-3 – Current and Projected Demand

USER TYPE	2010	2015	2020	2025	2030	2035	2040
CONNECTIONS							
SFR	8,875	9,443	10,048	10,692	11,226	N/A	N/A
MULTI-FAMILY	366	389	414	441	463	N/A	N/A
COMMERCIAL	693	737	784	834	876	N/A	N/A
INDUSTRIAL	10	30	31	33	35	N/A	N/A
LANDSCAPE	175	186	198	210	221	N/A	N/A
OTHER	139	148	157	167	175	N/A	N/A
TOTAL CONNECTION	10,275	10,933	11,634	12,379	12,998	N/A	N/A
WATER USE²⁾							
TOTAL AFY IN SYSTEM	8,998	8,531	7,917	8,292	8,534	8,820	9,109
USER TYPE	2010	2015	2020	2025	2030	2035	2040
TOTAL AFY DELIVERED	7,026	5,138	7,517	7,892	8,134	8,420	8,709
SFR	5,354	3,549	6,163	6,485	6,692	6,935	7,185
MULTI-FAMILY	60	453	282	296	303	317	328
COMMERCIAL	58	396	474	499	514	532	553
INDUSTRIAL	7	3	17	17	17	17	21
LANDSCAPE	436	371	142	149	157	160	167
OTHER	56	0	135	142	146	153	157

¹⁾ AMWC 2006 Urban Water Management Plan ²⁾ AMWC 2015 Urban Water Management Plan

Wastewater

The City of Atascadero operates a wastewater treatment plant that treats wastewater to secondary levels. It treats wastewater from about half of the City of Atascadero properties within the Urban Services Line (USL). The estimated dry weather capacity of the WWTP is 2.39 million gallons per day (mgd) and the present dry weather flow is approximately 1.4 mgd. The City's WWTP is presently operating at about 60% of permitted capacity (1.4 mgd average daily flows against a permit limit of 2.39 mgd). Minor upgrades have been approved for the treatment plant facility, but expansions are planned to provide a safe and reliable wastewater system. The plant's capacity can serve the City's existing and future residents within its current City limits and SOI areas.

Roads

The Circulation Element was adopted in 2016 along with other elements in the General Plan, in particular the Land Use Element. This coordinated approach enabled the City to plan for transportation commensurate with the planned growth and development. The Circulation Element provides a policy base for the continued improvement of the City’s circulation system.

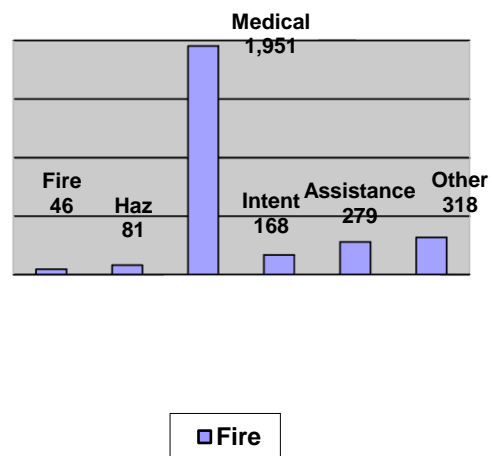
According to the San Luis Obispo Council of Government’s (SLOCOG) 2019 Regional Transportation Plan a significant increase in traffic volume on Highway 101 and Hwy 41 is projected from the 2010 number of 59,000 & 13,600 average daily trips to 71,000 & 15,700 average daily trips in 2035 respectively. The Level of Service in the Atascadero area on Highway 101 is expected to decrease from a LOS C to LOS D. On Hwy 41 Level of Service is expected to decrease from a LOS E to LOS F. SLOCOG 2019 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.

Fire

The Atascadero City Fire Department is an “all risk” Fire Department that responds to emergencies such as medical, structure fires, wildland fires, vehicle traffic collisions, hazardous materials incidents, technical rescues and public service assists. The Fire Department operates from 2 fire stations with 6 fire engines, 2 command vehicles, a ladder truck, a

4X4 ambulance and a technical rescue unit. The department operates with a total of 21 full-time shift personnel and 12 Reserve Firefighters. The full-time staff includes 1 Fire Chief, 1 Fire Marshal/Code Enforcement Officer and 1 Administrative Assistant. The City requires that all new development pay fees for additional equipment and fixed facilities as needed to service the new development. In SOI areas, the City would consider the need for additional fire stations, equipment and manpower. The City may require the formation of fire protection assessment districts to fund fire suppression and emergency medical services.

Fire Station Lewis & Front Incidents 2017



Police

The City of Atascadero provides law enforcement services for the residents of the City. The Police Station is located at the corner of El Camino Real and Rosario. The total budget for the Police Department for fiscal year 2015-16 was \$6,149,520 million and \$6,542,471 million in 2016-17. The proposed budget for fiscal year 2017-18 is \$7,251,450. The Department was formed in 1980 upon incorporation of the City and now has 41 authorized positions. There are currently thirty-one (31) authorized sworn officers and the remaining positions are civilian support staff. Atascadero had a property crime rate of 21.9 per 1,000 persons in 2010 and in 2016 the crime rate decreased to 16.3. 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

Atascadero, like most cities, requires new development projects, and in particular annexations, to “pay their own way”. At the time an annexation is considered for any of the SOI properties, the City requires an economic analysis to be prepared to identify a cost-benefit breakdown of the proposed land uses and projects. The 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 levies a series of development impact fees for new development to address many differing needs. All these fees are based on Government Code Section 66000 et seq., which requires the agency setting fees to (i) identify the purpose of the fee, (ii) identify the use to which the fees will be put, (iii) determine the reasonable relationship (or “nexus”) between the type of development charged the fee, the amount of the fee and its use, and (iv) determine the reasonable relationship between the need for the public facility or improvement and the project upon which the fee is imposed. Fees collected by the City include: parkland facilities fees, circulation fees, library expansion fees, law enforcement facilities fees, fire facilities, open space acquisition fees, public facilities fees, and general government facilities fees.

The City has adopted a Fiscal Policy which includes maintaining a General Fund Reserve of 20% of budgeted annual operating expenditures. The City has used reserves in the last few years to balance the budget. The City has planned for more difficult fiscal situations since experiencing negative general fund balances in the 1990's. The combination of conservative revenue projections and holding the line on expenditures has helped Atascadero maintain a reserve of upwards of \$8.7 million at the end of fiscal year 2017.

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 create shared facilities such as:

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

In the case of roadways and creek trails, the opportunity to coordinate connections between collector and arterial roadways would enhance regional traffic patterns, and aid in emergency response times. The recreational aspects of trail connections, tied into an open space and equestrian trails, offer opportunities for the City and County to join their recreational resources not only to the benefit of the City residents, but for the general public of the County as well.

Coordination of open space corridors that cross over the proposed City-County limit lines would enhance the viability of habitat in the area and preserve the important oak woodlands and related habitat 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 6:00 p.m. on the second and fourth Tuesdays of each month in the City Hall Council Chambers, at 6500 Palma Ave.

Atascadero 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.

7. Other Matters as Required by Commission Policy

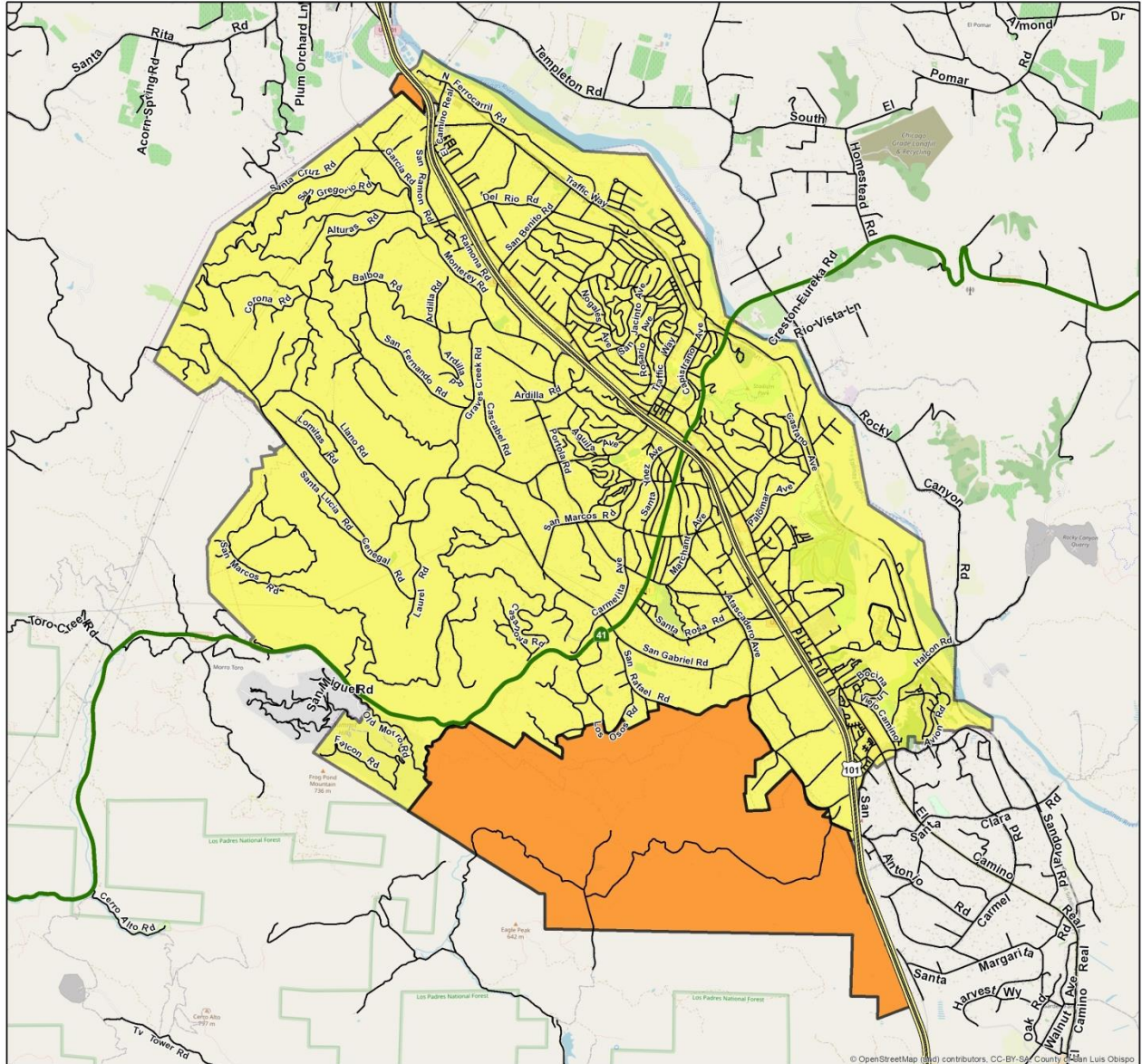
No other matters have been identified in LAFCO Policies that need to be addressed in this SOI/MSR Update.

RECOMMENDATION

Based upon the information contained in Chapters 2 and 3 of this document, and the environmental determination, it is recommended that the Atascadero Sphere of Influence remain unchanged and be re-adopted by LAFCO. Chapter 2, Sphere of Influence Update, provides more detailed information regarding the basis for this recommendation. The decision is consistent with the MOA (Appendix B) agreed to by the City and County.

Figure 1-1 – Recommended Sphere of Influence

City of Atascadero City Limits & Sphere of Influence Recommended: July 2019



Legend

	Service Area
	Sphere of Influence



Prepared By SLOLAFCO
Name: City of Atascadero_SOI Bndy
Date: 6/19/2019



CHAPTER 2

ATASCADERO – SPHERE OF INFLUENCE UPDATE

INTRODUCTION

This Sphere of Influence (SOI) Update chapter is prepared for the City of Atascadero 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;
- Exercising its authority to ensure that affected populations receive efficient governmental services;
- 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;
- Establishing priorities by assessing and balancing total community services needs with financial resources available to secure and provide community services and encouraging government structures that reflect local circumstances, conditions, and financial resources;
- 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 (effective January 2001); and
- Conducting 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.

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 facts and 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 Atascadero's Sphere of Influence, which is required to be updated every five years.

This Sphere of Influence Update chapter addresses the key factors called for in 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:

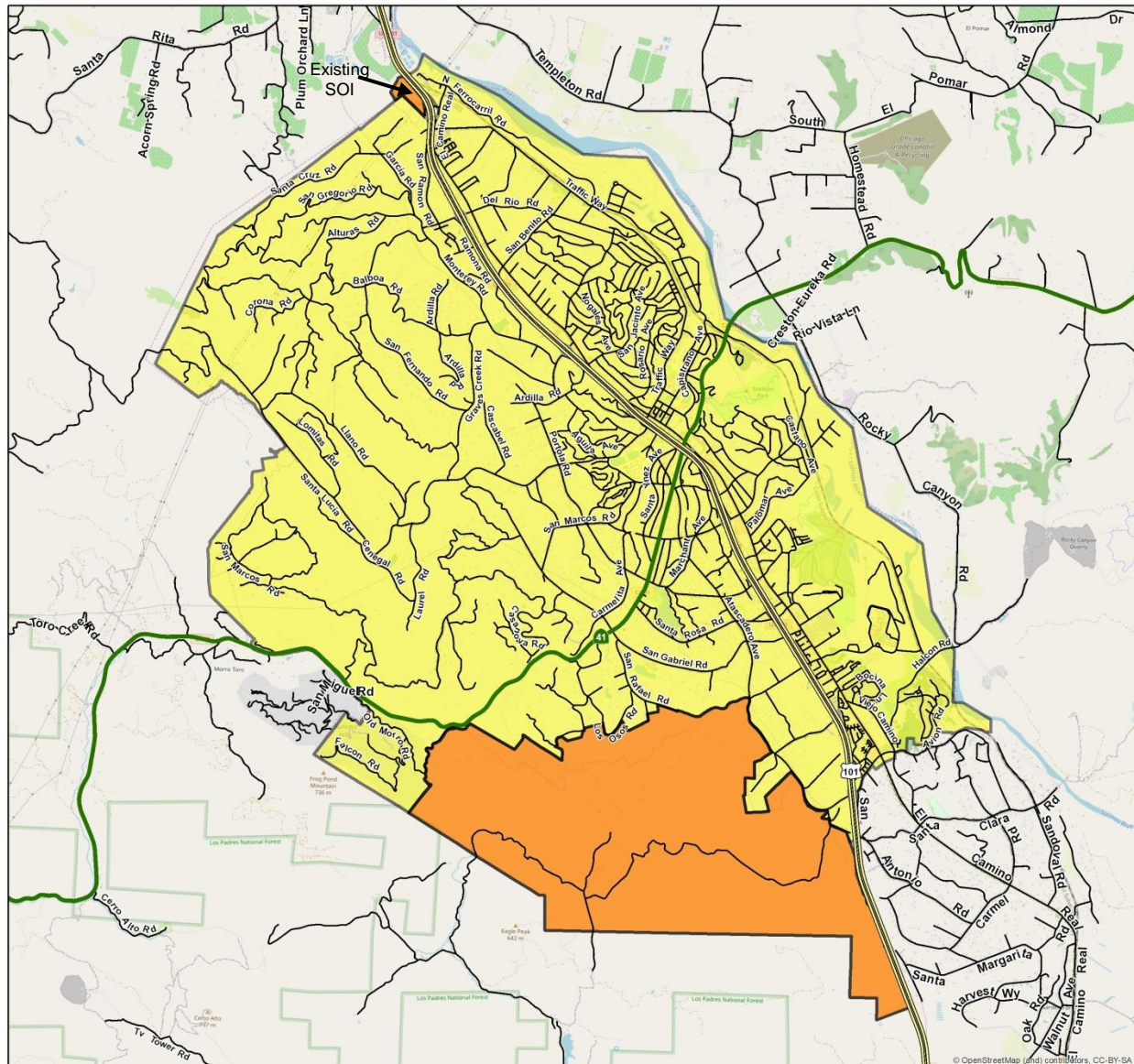
- Present and planned land uses in the area, including agriculture, and open space lands;
- Present and probable need for public facilities and services in the area;
- Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide; and
- Existence 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 3,500 acres beyond the City limits and includes two areas: Eagle Ranch 3,500 acres, and North San Ramon 5 acres. The map on the next page shows the existing Sphere of Influence of the City. Within the existing Sphere of Influence the Eagle Ranch Specific Plan has been placed on hold.

Figure 2-1 - Atascadero's SOI

City of Atascadero City Limits & Sphere of Influence Adopted: September 2011



Legend

<div style="background-color: yellow; width: 20px; height: 10px; display: inline-block;"></div>	Service Area
<div style="background-color: orange; width: 20px; height: 10px; display: inline-block;"></div>	Sphere of Influence



Prepared By SLOLAFCO
Name: City of Atascadero_SOI Bndy
Date: 5/16/2019



SPHERE OF INFLUENCE STUDY AREAS

For study purposes, the City of Atascadero and LAFCO staff prepared a map that included five 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 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 Atascadero Study Areas

Study Area	Description	Acres	Existing Zoning	Prime AG Land	Constraints
1	E. Salinas River/N. Hwy 41	3,826	Agriculture/Rural Res.	Yes	AG Land, Unknown
2	E. Salinas River/S. Hwy 41	1,124	Agriculture	Yes (some)	AG Land, Unknown
3	Eaglet/ S. Atascadero	2,082	Suburban Residential	No	Fire Haz.
4	Eagle Ranch	3,500	Agriculture	Yes (some)	AG Land, Fire Haz.
5	N. San Ramon	5	Agriculture	No	Unknown
	Totals	10,537			

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 recommended area to be included in the memorandum of agreement (MOA). The discussion addresses the size and location of the area, current zoning, possible City zoning for each area and other relevant information. Also included is a staff recommendation for each area based upon the information in Chapter 3, Municipal Service Review, information provided by the City and County.

SOI Study Area #1 – East Salinas River/North of HWY 41 (Located in SLO County; Not within SOI). This area includes 3,826 acres located just north and east of City limits. A total of 160 parcels exist of which 19 are vacant lots. The area is estimated at 88% buildout under existing zoning. A total of 724 people reside in the area, average lot size is 23.9 acres. The smallest lot is 0.17 acres and the largest is 242 acres. The average assessed property value is \$535,658. This area includes Rolling-A-Ranch equestrian facility, surface mining operations, and several wineries such as Wild Horse, Seven Angles Cellars, Bella Luna, and Clesi Wines. The City’s General Plan does not anticipate inclusion within the Sphere of Influence and/or annexation in the future. These parcels are designated "Agriculture" by the County with a few designated as Rural Residential.

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

LAFCO Staff Recommendation. The SOI should exclude Study Area One. The area is largely built-out with existing agricultural uses. The larger lot pattern does not lend itself to needing urban level services from the City. The County’s General Plan calls for the area to remain in agriculture. This area will not need City services in the foreseeable future. The figure on the next page shows prime farmland, existing agricultural contracts, and other constraints that would create difficulties to develop and annex for urban services in the future. The area is not considered a disadvantaged unincorporated community.

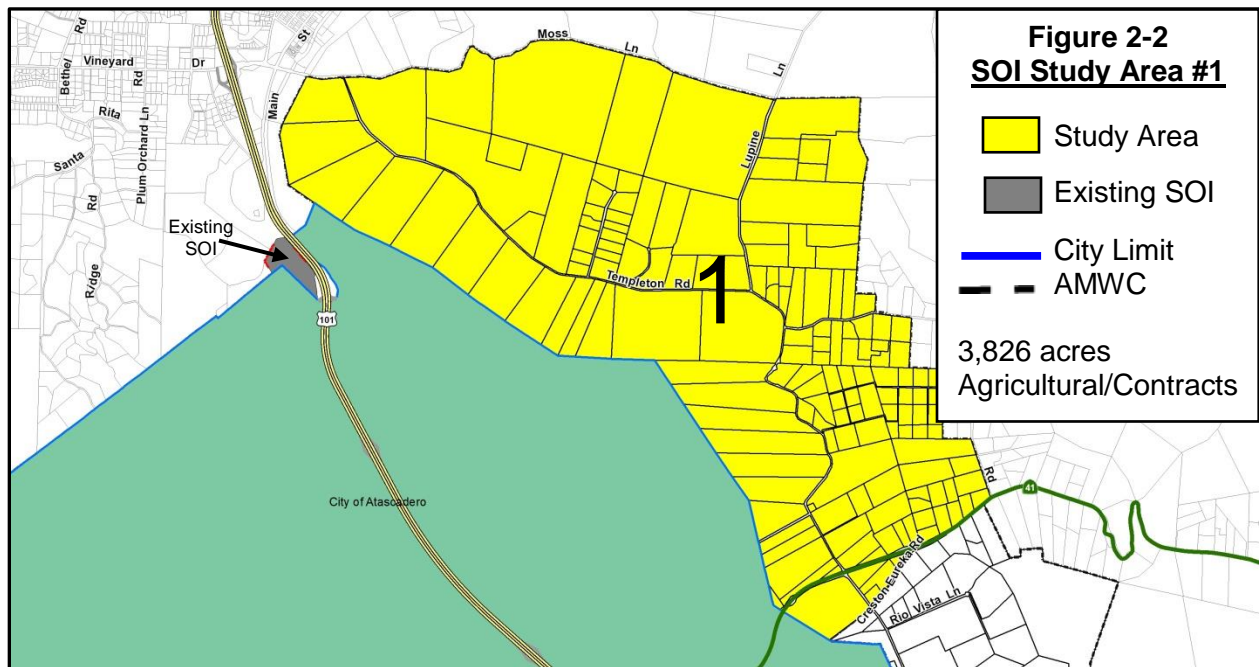
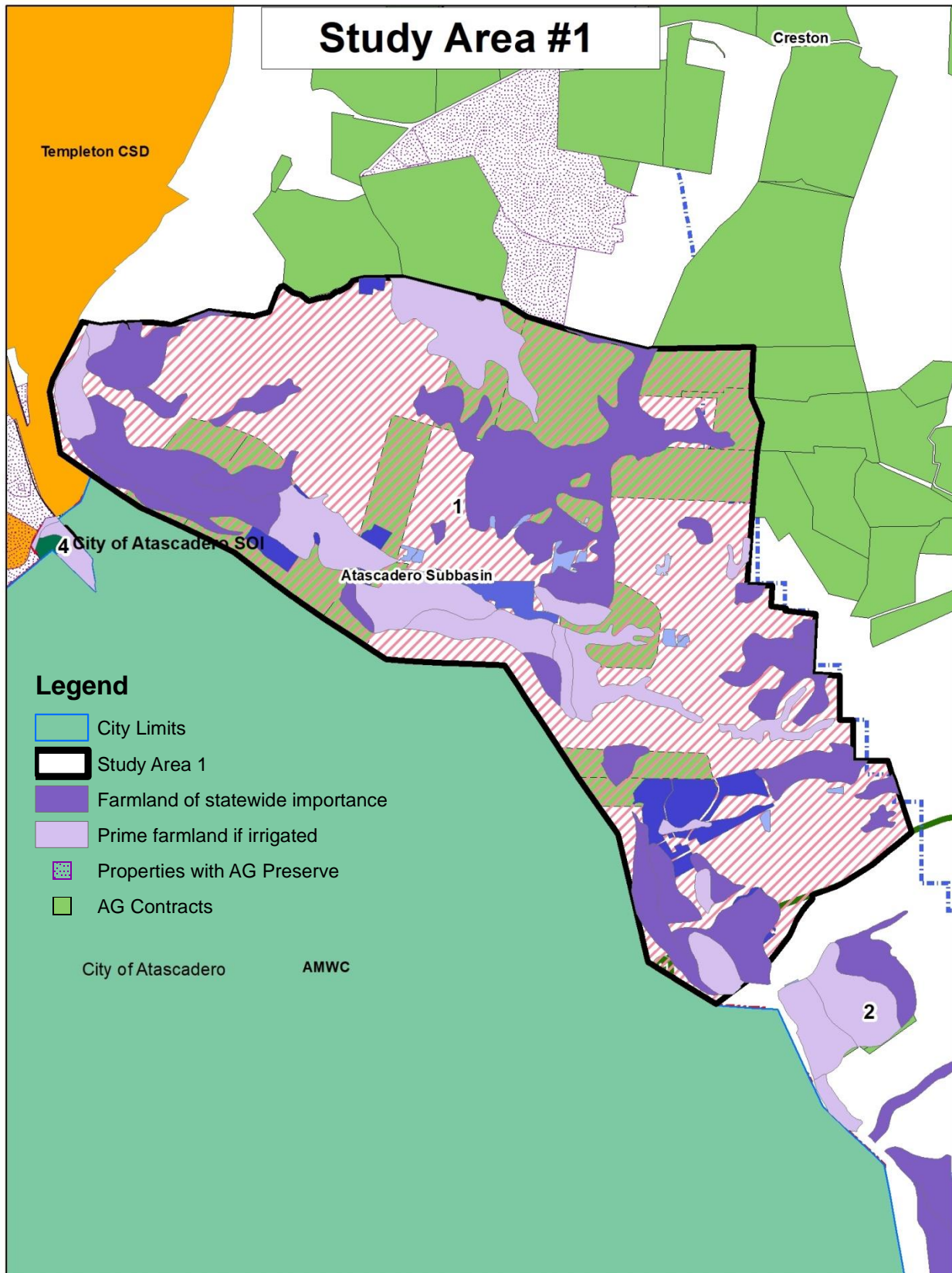


Figure 2-3 – Study Area Constraints



SOI Study Area #2 – East Salinas River/South of HWY 41 (Located in SLO County; Not within SOI). This area includes 1,124 acres located just east of City limits. A total of 58 parcels exist of which four are vacant lots. The area is estimated at 93% buildout under existing zoning. A total of 199 people reside in the area, average lot size is 19.3 acres. The smallest lot is 0.04 acres and the largest is 175 acres. The average assessed property value is \$589,273. This area includes Mustang Mobile Village consisting of 13 units, Heilman salvage company, Ben’s custom meats, and cultivation operations. The City’s General Plan does not anticipate inclusion within the Sphere of Influence and/or annexation in the future. These parcels are designated "Agriculture" by the County.

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

LAFCO Staff Recommendation. The SOI should exclude Study Area Two. Similarly to Area One the area is largely built-out with existing uses. The larger lot pattern does not lend itself to needing urban level services from the City. The County’s General Plan calls for the area to remain in agriculture. The figure on the next page shows various constraints that would create difficulties to develop and annex for urban services in the future. The area includes prime agricultural land which should be preserved. This area will not need city services in the foreseeable future. The area is not considered a disadvantaged unincorporated community.

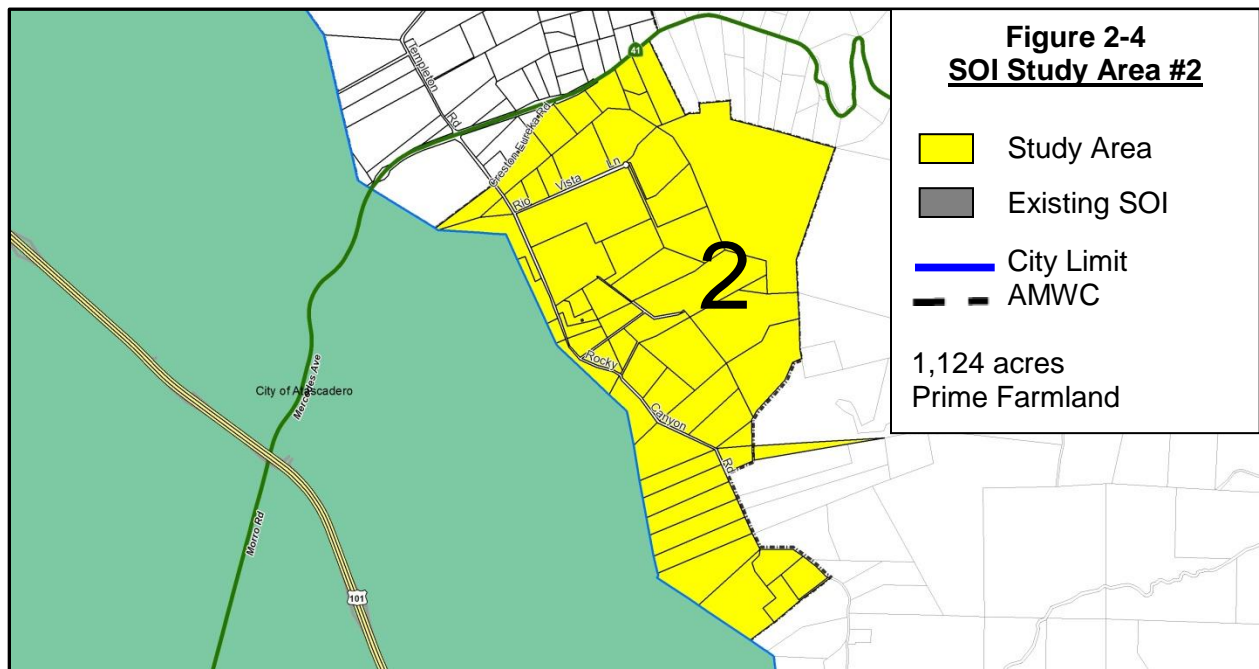
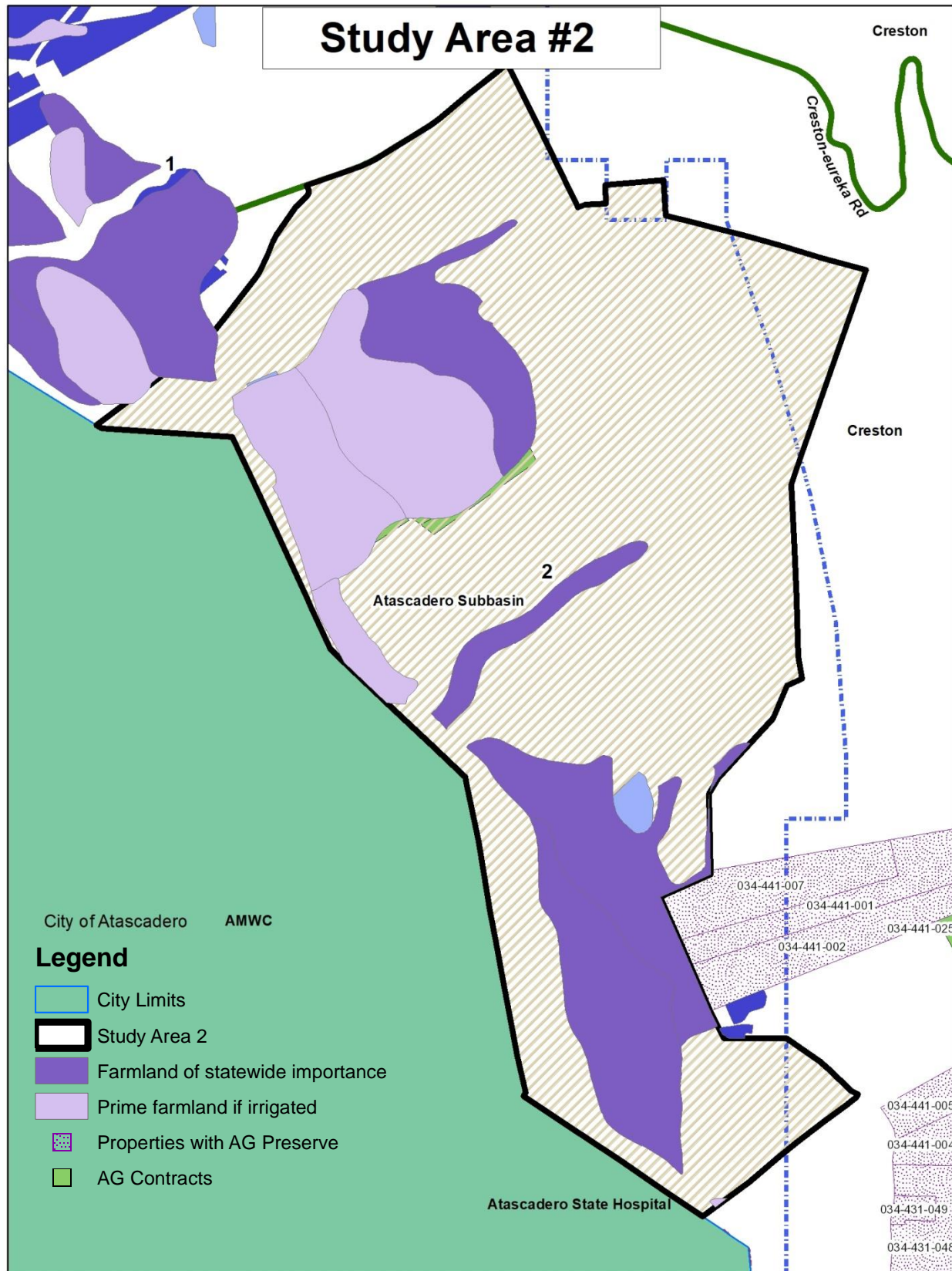


Figure 2-5 – Study Area Constraints



SOI Study Area #3 – Eaglet Area/South Atascadero (Located in SLO County; Not within the SOI). This area is located north of Garden Farms between El Camino Real, Santa Barbara Road, and Atascadero east of Hwy 101. These lots are considered part of the Atascadero Colony envisioned by E.G. Lewis in 1914. The Eaglet area contains approximately 2,082 acres and 743 existing residences. A total of 752 parcels exist of which 69 are vacant lots. The area is estimated at 90% buildout under existing zoning. A total of 1,911 people reside in the area, average lot size is 2.7 acres. The smallest lot is 0.01 acres and the largest is 21.7 acres. The average assessed property value is \$344,556. This area includes former site of Country Care Convalescent Hospital, which closed in 2017. The County has received a pre-application to convert the site into an affordable housing project, but no formal plans or application has been submitted. The City of Atascadero General Plan does not envision annexing this area and specifically states the City would oppose adding this area or allowing increased intensity and density by the County. These parcels are designated "Residential Suburban" by the County with a High Fire Hazard designation.

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

LAFCO Staff Recommendation. The SOI should exclude Study Area Three. The area is largely built-out with existing uses. The larger lot pattern does not lend itself to needing urban level services from the City. The County’s General Plan calls for the area to remain in suburban residential. The figure on the next page shows various constraints that would create difficulties to develop and annex for urban services in the future. This area will not need city services in the foreseeable future. The City’s General Plan addresses policies to maintain its rural character and not intensify or increase density in this area. The area is not considered a disadvantaged unincorporated community.

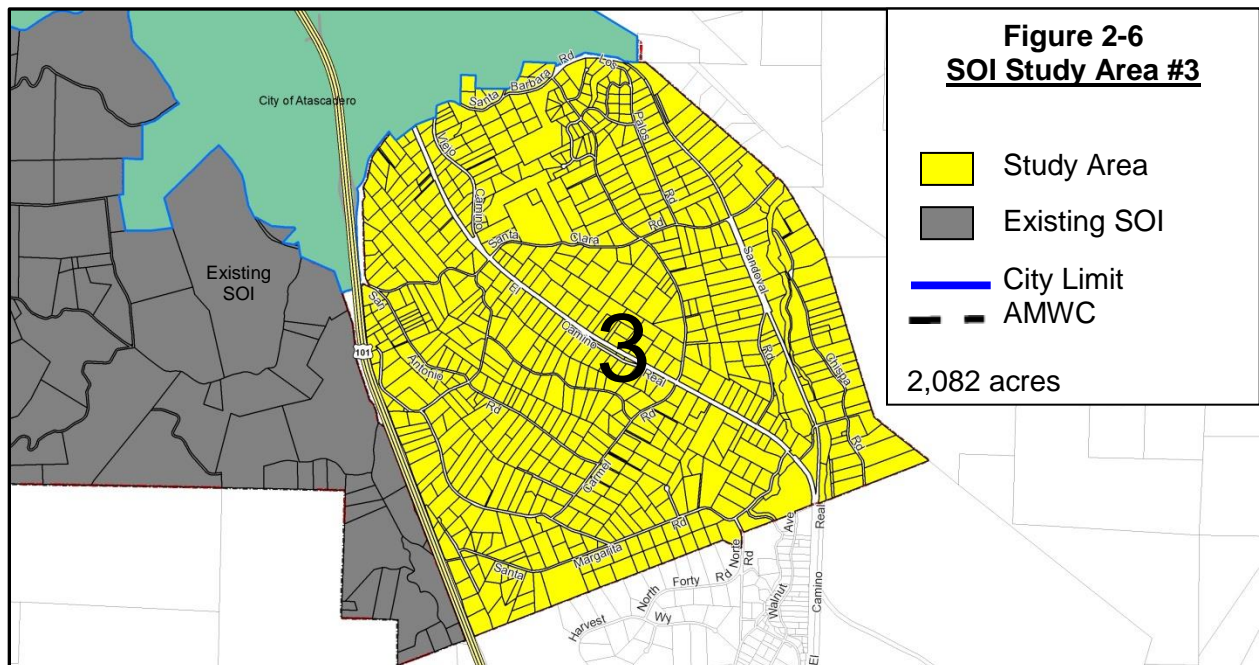
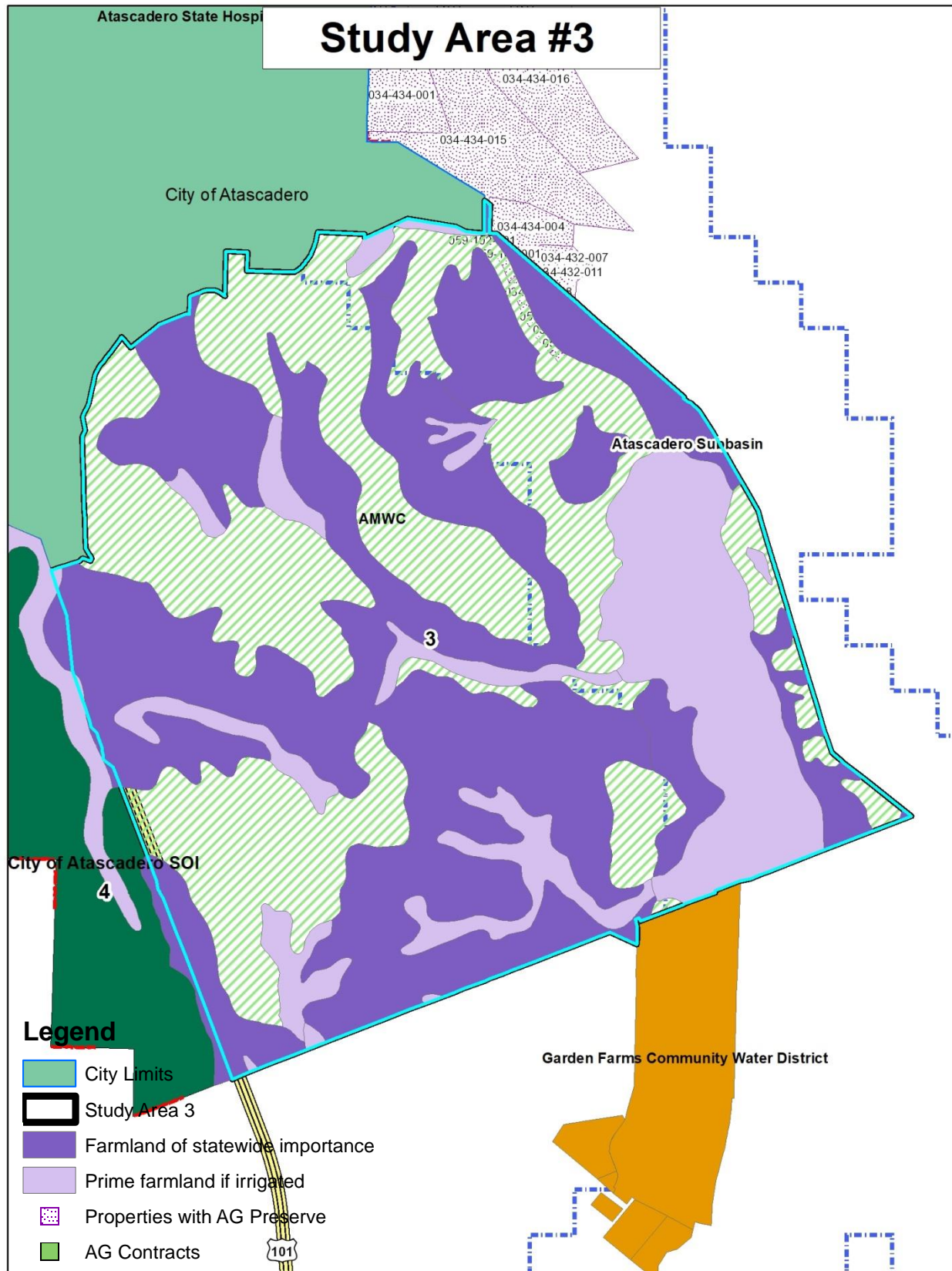


Figure 2-7 – Study Area Constraints



SOI Study Area #4 – Eagle Ranch area (Located in SLO County; Presently within SOI). The Eagle Ranch covers the undeveloped 3,500± acre area adjacent to Atascadero’s southern boundary. The City intends to prepare a Specific Plan that would provide a clustered development pattern that would preserve approximately 75% of the site as open space to be utilized for agricultural activities and conservation. The Eagle Ranch area was in Williamson Act contract however the contract was not renewed in 2009. The majority of the site is part of the Historic Atascadero Colony which contains approximately 452± undeveloped Colony lots of record. These are legal lots that have certificates of compliance. The site is characterized by sloping, oak covered hillsides and many areas with extremely steep, mountainous terrain.

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

LAFCO Staff Recommendation. The SOI should continue to include Study Area Four. A Specific Plan, General Plan Amendment and EIR will be prepared by the City and approved before an application is submitted to LAFCO. This area would provide a logical extension of the City’s boundaries. The City’s Land Use and Open Space policies and standards would help manage development proposed in this area. The Specific Plan and Environmental Impact Report would provide for the preservation of this area as open space and allows the City more flexibility in addressing service related issues. The development pattern would be significantly improved by clustering the lots into areas that have fewer environmental resources. The City is capable of providing services needed to serve the area depending on the approved plan. The City has policies that require the developer to pay for infrastructure improvements and other needed facilities and resources.

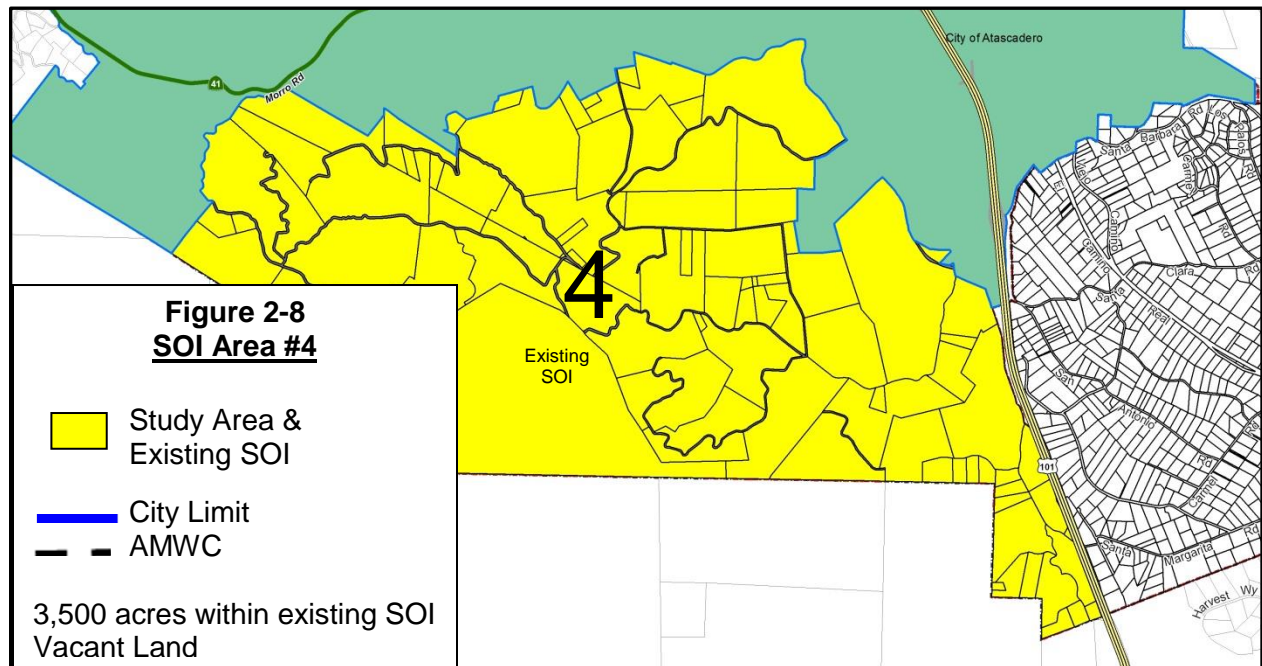
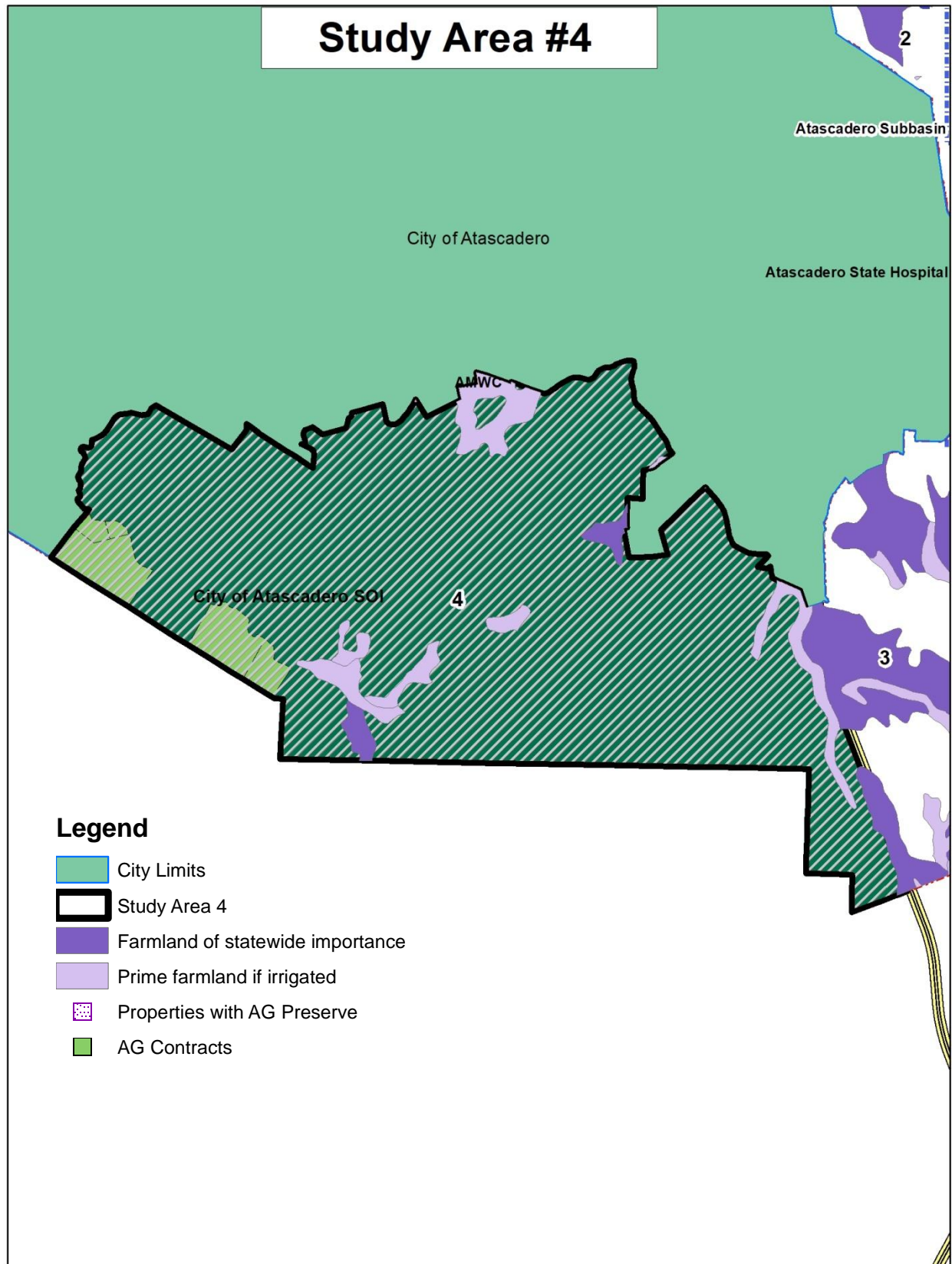


Figure 2-9 – Study Area Constraints

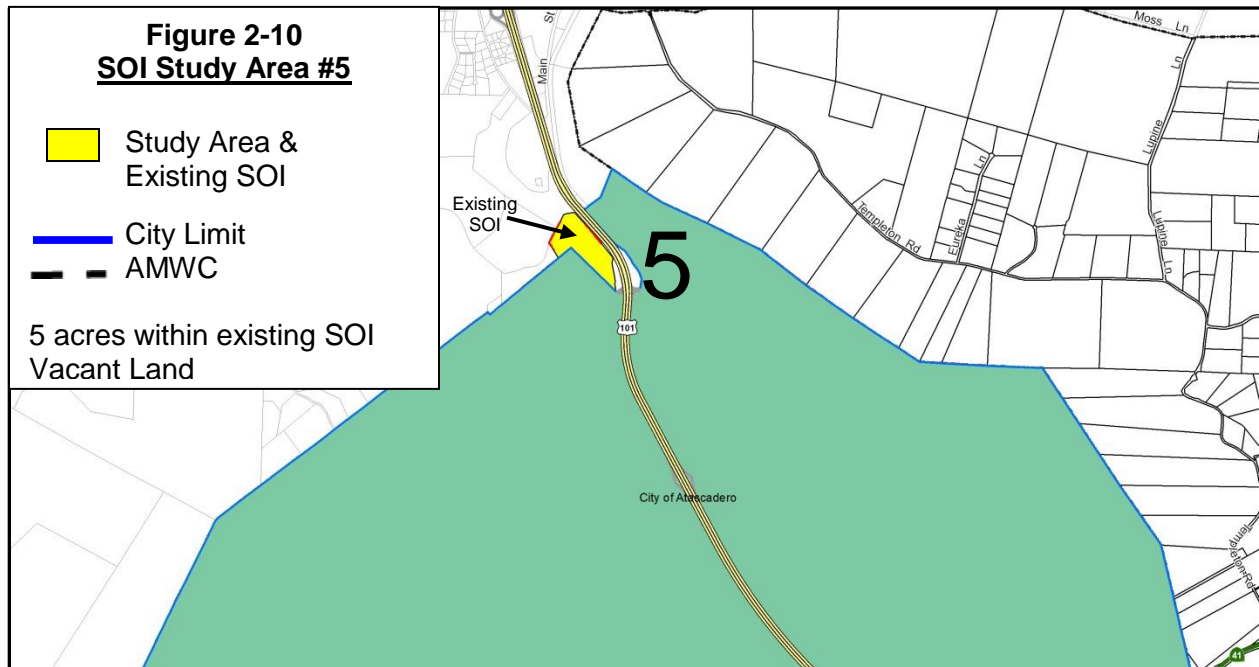


SOI Study Area #5 – North San Ramon (Located in SLO County; Presently within SOI)

This parcel is located north of the City and west of Highway 101. The City requires the approval of a planned development and master plan of development prior to supporting any LAFCO annexation request of property. This is a 5 acre portion of a larger parcel split by the City/County boundary zoned agriculture in the County.

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

LAFCO Staff Recommendation. The SOI should continue to include Study Area Five. 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 boundaries. The City’s Land Use and policies and standards would manage development proposed in this area. A Specific Plan and Environmental documentation would be prepared by the City and more flexibility in preparing a Plan. 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.



Memorandum of Agreement

The City Council is scheduled to consider the Memorandum of Agreement (MOA) between the City of Atascadero and the County of San Luis Obispo in June 2011. The Board of Supervisors is scheduled to consider the MOA in July 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 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:

- Future development of the Eagle Ranch area to meet certain provisions including;
 - a. Creation of walkable and bicycle friendly neighborhoods with logical connections and future transit opportunities if feasible.
 - b. Planning for a trail system to accommodate pedestrians, bicyclists and equestrians which connects to the existing community.
 - c. Development of a range of housing opportunities and choices.
 - d. A land use pattern that clusters development in a manner that reduces environmental impacts
- Preservation of agricultural land and open space.
- Referral of projects in the fringe area to the City and County; with special focus areas within Study Areas 2 and 3
- Fair distribution of mitigation/impact fees;
- Property Tax Exchange Agreement process to address unique area of Eagle Ranch;

The MOA enhances the communication between the City and the County and helps to clarify the process for developing the SOI areas and address concerns on the fringe of the City.

Conditions of Approval

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

WATER

- a. As a condition of an annexation or outside user agreement application being filed with LAFCO, the City working with AMWC 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 or outside user agreements.

WASTEWATER

- a. As a condition of an outside user agreement application being filed with LAFCO, the City shall document the wastewater treatment plant is adequate to serve the areas proposed for services.
- b. Prior to LAFCO filing the certificate of completion for an annexation the City shall document the wastewater treatment plant in compliance with a NPDES permit and can adequately serve the annexing territory.

AGRICULTURE & OPEN SPACE

- a. The City shall identify all agricultural and open space lands to be protected in the SOI areas when preparing a Specific Plan.
- b. Prior to LAFCO filing the certificate of completion (if an annexation is approved), conservation easement(s) 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

Parts of the Eagle Ranch area in the existing Sphere of Influence area are used for raising cattle. The land use designation applied by the County to the area is agriculture. The planned use for the area is the potential development of 452 original colony lots which have been certified by the County as legal lots. These 452 lots are scattered over a 3,500-acre area (Eagle Ranch) and are between 5 and 10 acres each in size. This existing pattern of development would promote the inefficient provision of public services, increase environmental impacts caused by development, discourage the preservation of open space and agriculture land and would further encourage urban sprawl in the area. The City's General Plan calls for inclusion of this area into the City under a Specific Plan. The Specific Plan would likely include a more clustered pattern, greater preservation of agriculture and open space, shorter utility lines and a more efficient circulation pattern.

The City of Atascadero has been working with the landowners to develop a Specific Plan. In June 2017, the landowners/developers have asked that this previous project be placed on hold after a long public review process. If and when a new project proposal begins again the concurrent processing would allow the incorporation of the studies and findings of the previous draft EIR into the early stages of the projects new design.

The City does not have a limit on growth rate and a large portion of available development would occur on existing single-family zoned property were one unit per parcel is allowed. With the anticipated growth rate of 1.25% per year the City would reach build-out in approximately ten years. The Eagle Ranch area would increase the build-out potential by an estimated 500 to 800 units. In either case, the City of Atascadero has adequate potential for new residential housing. The table below summarizes the growth potential within the City and SOI areas.

Table 2-2 Build-out Summary: Vacant Land within City plus SOI

Area	Acres	Units	Population	Land Use
Residential MF – 24	34.11	560	1,484	HDR
Residential MF – 10	8.16	58	154	MDR
Residential SF – LSF-X	1.28	6	16	SFR-X
Residential SF – LSF-Y	16.29	42	111	SFR-Y
Residential SF – LSF-X	9.30	17	45	SFR-X
Residential SF – LSF-Y	56.36	60	159	SFR-Y
Residential SF – RSF-Z	65.66	45	119	SFR-Z
Residential SF– RS	1,651.87	372	986	RE
Commercial Professional	7.56	120	318	GC
Downtown Commercial	6.12	95	252	D
Total Vacant Sites within City Limits	1,856.71	1,375	3,644	
N. San Ramon	5	25	-	Agriculture
Eagle Ranch	3,500	500-800	1,300	Agriculture
SOI Subtotal	3,505	525-825	1,365-2,145	
Total	5,362	1900-2200	5,000-5,789	

Source: City of Atascadero HE, Eagle Ranch Conceptual Project Description.

Present and Probable Need for Public Services

The present need for public services in the proposed SOI area is minimal. The property's current use is for agriculture and open space purposes. There are 3 occupied structures on the Ranch – the owner's residence located at the ranch headquarters, and two ranch manager/staff residences. There are numerous other out buildings located on the property.

The property will likely need a higher level of public services in the future if the 452 Colony lots are developed as configured, utility lines and roads would be constructed throughout the 3,500-acre property. These 5 to 10 acre lots are spread out over a 3,500-acre area and will need public services regardless of if they are developed in the City or the County. If developed as currently configured the provision of public services would cause longer and more meandering roads, an extensive water pipeline system, longer emergency response times, and more mutual aid assistance provided by the City to an unincorporated area.

The Atascadero Mutual Water Company would provide water to the area whether it is developed in the County or City. AMWC has developed new water sources (Nacimiento) to serve the Eagle Ranch 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 Atascadero would be able to provide adequate levels of public services for the SOI area.

Present Capacity of Public Facilities and Adequacy of Public Services

The Atascadero Mutual Water Company has the ability and would provide water to the area. The projected water demand is estimated at 8,709 AFY (including Eagle Ranch) can be met by current water supplies (10,744 AFY). The City's wastewater treatment plant has the capacity of 2.39 million gallon-per-day (mgd). The treatment plant operates at approximately 60 percent capacity, which results in an average daily flow of 1.4 mgd. The large lot pattern of Atascadero, along with the hilly terrain, drainage patterns, makes substantial sewer extension outside the USL infeasible. Property outside of the Urban Services Line is required to utilize septic systems. The Eagle Ranch area will be evaluated under the specific plan to determine if connection is feasible or use of septic system is warranted. Other public services such as police, fire, recreation, and administrative services are identified as being adequate in the MSR.

Social and Economic Communities of Interest

The City of Atascadero has a variety of social and economic communities of interest, including numerous business, schools, churches, public sector facilities, and other Community Service programs. The development of the SOI should be a net benefit to the social and economic communities of interest. The existing social fabric of the City would likely be positive, bringing in new families and economic buying power as well as possible transient occupancy tax (TOT) that could help the City's budget. Chapter Three of this report provides information that documents the effect of the Sphere of Influence on the City and evaluates the City's ability to manage the SOI.

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

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

analysis was performed for each of the study areas using census tract income data which shows median incomes at least over 69,000 which is above the state median income of 67,169 at the time of this reporting. In addition, review of the State DAC Mapping Tool and CalEnviroScreen 3.0 was used to verify disadvantage status with other application of the definition. In all cases, the City of Atascadero's Sphere of Influence and the Study Areas analysis indicated no disadvantage communities exist in the boundaries.

Local Sphere of Influence Guidelines

The 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 policies should 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 Atascadero 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 through the preparation of a Specific Plan by the City. Inclusion in the City also provides for more efficient provision of public services and is consistent with San Luis Obispo LAFCO policies.

CHAPTER 3

ATASCADERO – 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 are required by

State Law 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 by commission policy

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

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

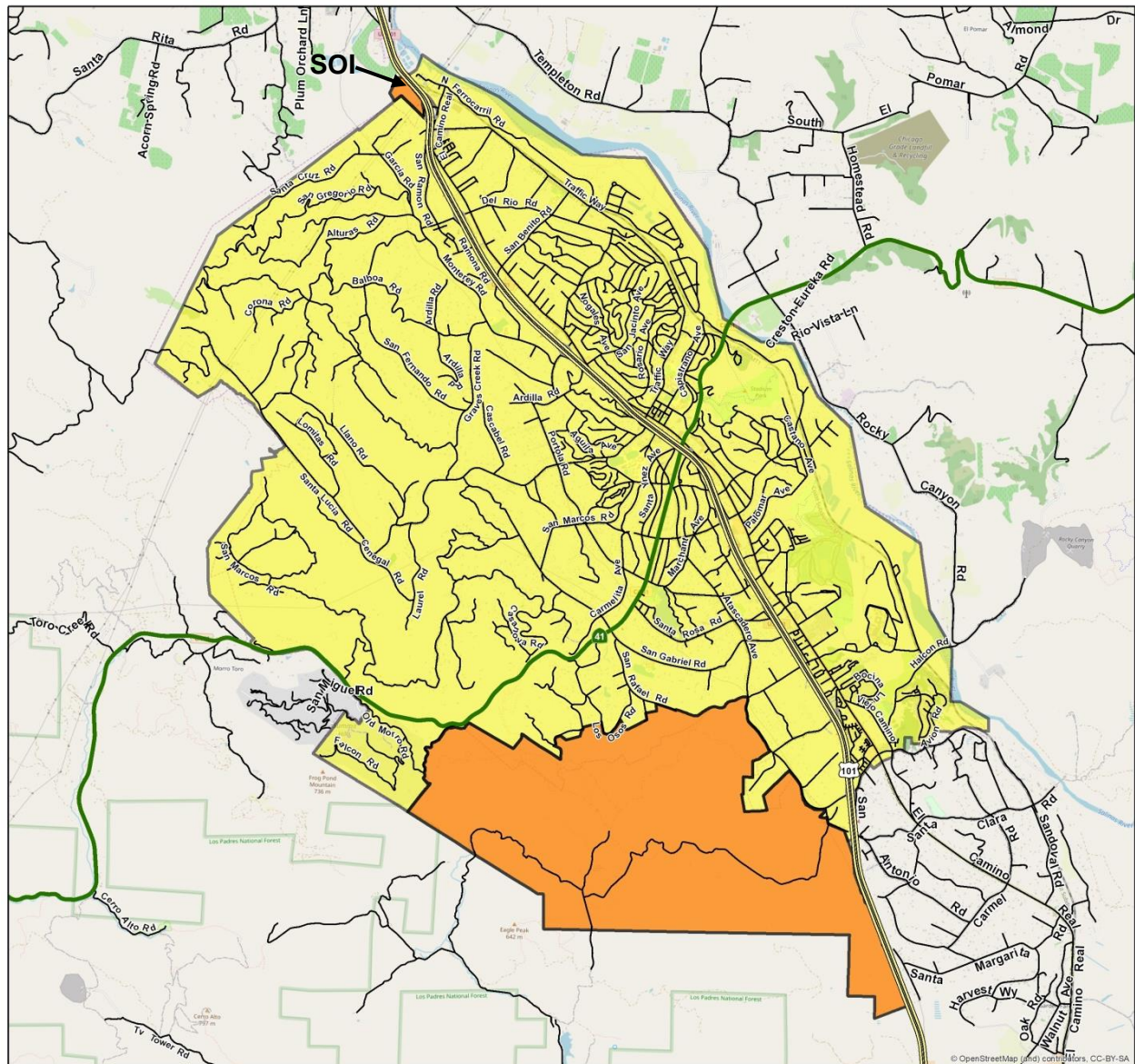
Table 3-1: Existing & Proposed Service Providers within SOI

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

The Atascadero City limits include approximately 24.3 square miles or 15,600 acres of land in the northern portion of San Luis Obispo County. The Planning Area Boundary for the City includes approximately 29,980 acres, which includes the original Atascadero Colony, the Urban Reserve Line and unincorporated land east of the City. The City of Atascadero Sphere of Influence was most recently updated in 2011, and it included Eagle Ranch area. One additional small property (5 acres) located at the northern end of the City comprises the existing Atascadero SOI. Figure 3-1 shows the adopted Sphere of Influence. The City's existing Sphere of Influence encompasses approximately 3,500 acres beyond the City limits. Figure 3-2 shows the existing lot configuration for Eagle Ranch, which includes 452 lots. The City had worked on a Specific Plan for the area; however the landowners have put the project on hold. 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 - Atascadero's Existing SOI

City of Atascadero City Limits & Sphere of Influence Adopted: September 2011



Legend

- Service Area
- Sphere of Influence



Prepared by SLOLAFCO
Name: City of Atascadero_SOI Bndy
Date: 5/16/2015



Figure 3-2 – Eagle Ranch Existing Lot Configuration

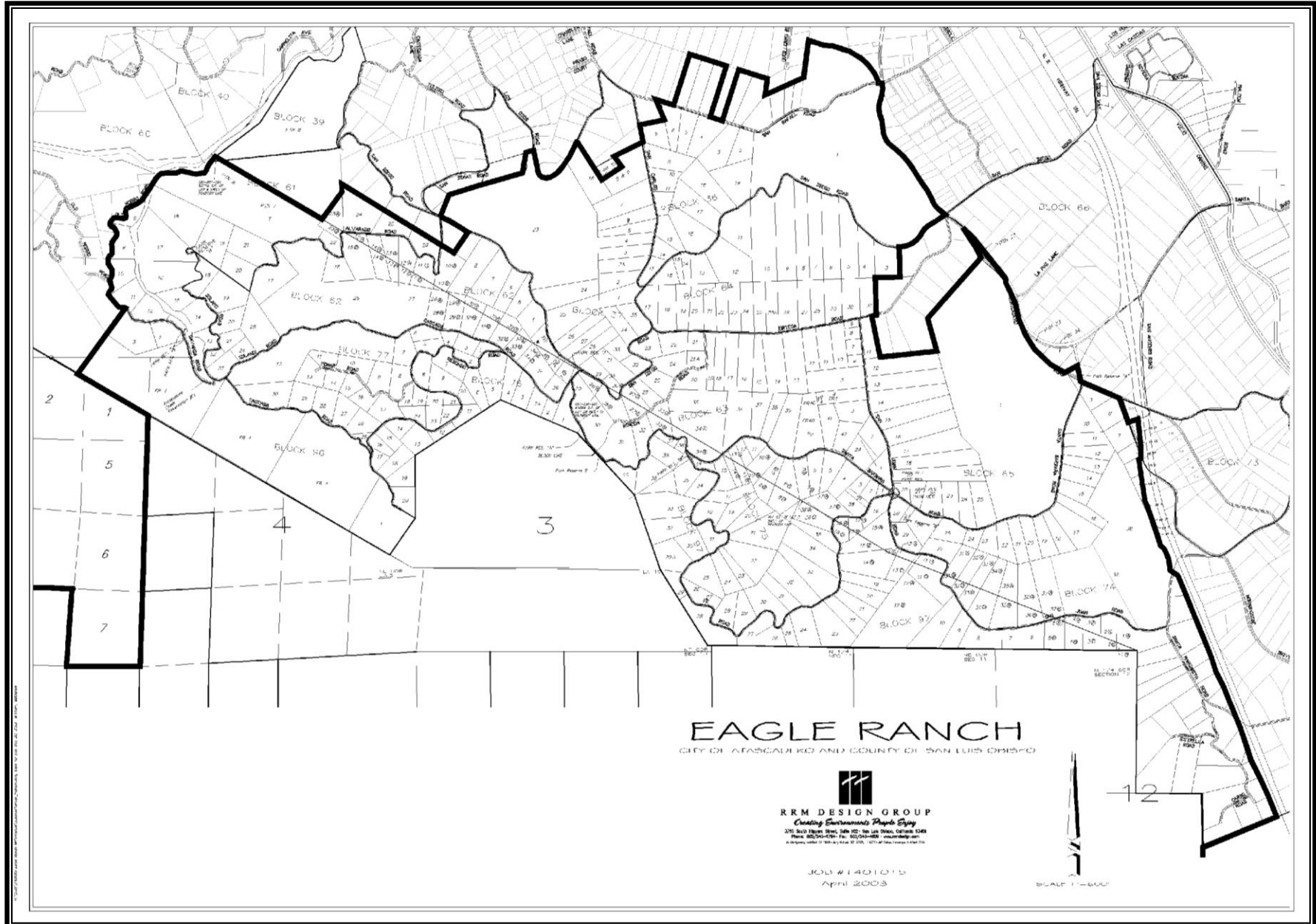
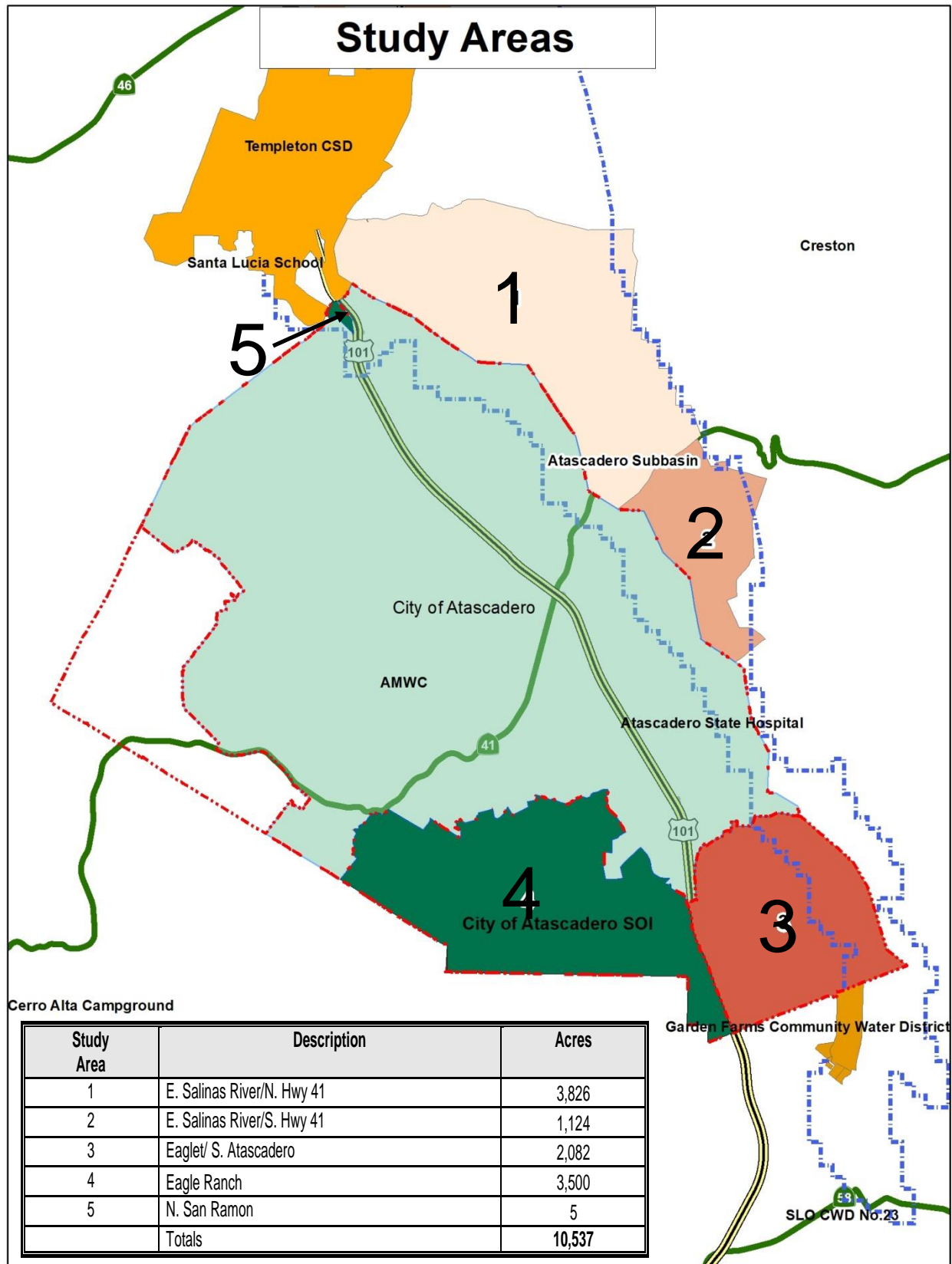


Figure 3-3 – Study Areas



3.1 GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

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 Atascadero. The table below summarizes proposals considered by LAFCO since 1984 to the present.

Table 3-2 –Proposals Since 1984

Date	Action	Proposal	Acreage	Status
2009	SOI Update	SOI Update/MSR		approved 09/15/11
2002	SOI Update	SOI Update/MSR		approved 09/18/03
10/5/99	Annexation	Annexation No. 5 to the City of Atascadero (Public Lands-Chalk Mountain Golf Course & Heilman Park)	941	Approved
12/12/88	Dissolution	Dissolution of Atascadero County Sanitation District	City-wide	Approved
5/7/84	Annexation	Annexation No. 4 to the City of Atascadero (Waste Water Treatment Plant)	152	Approved
2/17/84	Annexation	Annexation No. 3 to the City of Atascadero (Holiday Inn)	109	Approved

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

According to the 2010 US Census, the City had a population of 28,310. DOF estimates Atascadero's current population as 30,900. Total housing units are estimated to be 11,505 units. The City's General Plan estimated build-out population within the current City limits is estimated to be 36,030. This includes the maximum number of dwelling units allowed under current zoning of 13,871 along with an occupancy rate of 2.65 people per unit. The City estimates it is about 83% of build-out. It is estimated that the City's population grew by 8.8% from 2000 to 2010. Atascadero has experienced considerable growth over the last few decades. From 1970 to 1980 population increased by 78%, from 1980 to 1990 population increased by

43% and from 1990 to 2000 population growth slowed to about 14%. The General Plan assumes an annual growth rate of 1.25% over the next 20 years for the City.

California Department of Finance Population Estimates-2007 to 2017

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 2010 census count. The table below reflects the DOF estimates for Atascadero and the County of San Luis Obispo over the last decade. DOF estimates Atascadero's current population as 30,900.

Table 3-3: Population Estimates

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Atascadero	27,899	28,515	28,488	28,310	28,618	28,710	29,306	29,592	30,216	30,633	30,900
County Total	266,043	268,636	270,901	269,637	270,057	271,348	273,417	275,762	276,862	278,480	280,101

Source: DOF E-5 Population Estimates for Cities, Counties and State, 2007-2017

Council of Governments Population Projections-2017

The Council of Governments recently had the consulting firm of Beacon Economics update population projections for San Luis Obispo County including the City of Atascadero. The study was completed in June 2017. 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 medium population growth projections for areas in the County including the City of Atascadero. The table below shows those results:

Atascadero is part of the North County Area which includes the City of Paso Robles the communities of Templeton and Santa Margarita with nearly 60,000 people. This level of density and population categorizes the area as an "urbanized area" according to the Census Bureau. The population growth has occurred almost exclusively in the cities of Paso Robles, Atascadero,

and Arroyo Grande and the unincorporated areas of the County. Atascadero has approximately 11% of the County's population.

**Table 3-4: Projected Population and Housing Growth Atascadero
San Luis Obispo Council of Governments Projections**

	2015	2020	2025	2030	2035	2040	2045	2050
Population								
Medium Scenario	30,401	31,384	32,240	33,043	33,703	34,063	34,278	34,538
Housing								
Medium Scenario	11,875	12,845	13,553	14,077	14,501	14,767	14,995	15,120

Source: U.S. Census Bureau (2010 Census), State of California, Department of Finance (2015), Beacon Economics (forecast years)

COUNTY'S GENERAL PLAN

The County's Salinas River and El Pomar Area Plans are components of its General Plan that establish land use policy in the unincorporated areas around Atascadero. Significant areas are zoned Agricultural and are currently undeveloped. The urban reserve line identifies where the County anticipates urban development over the next 20-years. 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 overarching land use planning framework Strategic Growth Principles guided the element to direct growth to occur in a more sustainable manner.

The County's General Plan discusses the original Atascadero Colony (Eagle Ranch) area as having steep slopes substantially covered with chaparral on the western edge of the urban area. Like other areas of the colony, roads have been platted and water service can be extended by the Atascadero Mutual Water Company. Most of the area is difficult to develop due to steep slopes and the expense and difficulty of extending services in this area of the colony. The area is far from the urban core and is a transitional area to adjacent rural uses.

Atascadero Mutual Water Company Urban Water Management Plan May 2016

Housing Units and Growth Projections. In the 2015 Urban Water Management Plan, the Atascadero Mutual Water Company estimates that 28,870 people lived in the City. In 2017, the Department of Finance estimated the total number of dwelling units as 12,106 with an average household size of 2.51 persons and an occupancy rate of about 93.3%. The Urban Water Management Plan projects the current City limit and Sphere of Influence boundaries to yield a population of 36,738 persons. This projection results in an approximate 22 percent increase in population over the 20-year period between 2015 and 2035. The 2016 General Plan assumes a growth rate of 1.25% per year to the 2035 build-out population of 36,030.

The 2015 Urban Water Management Plan assumes between 2020 and 2040, single family water demands are estimated to increase 16 percent as well as multi-family demands are estimated to increase 16 percent largely from future connections. The 2016 General Plan assumes consistent build-out with current trends. In summary, the City's growth rate is likely to continue based on the current General Plan. The table below is taken from the AMWC Urban Water Management Plan and shows historic and projected growth rates:

Table 3-5: Historical & Projected Population Growth

	2010	2015 ⁽¹⁾	2020 ⁽¹⁾	2025 ⁽¹⁾	2030 ⁽¹⁾	2035 ⁽¹⁾	2040 ⁽¹⁾
Population	28,512	29,870	32,372	33,521	34,711	35,943	37,219
10 Year Increase	--	1,358	2,502	1,149	1,190	1,232	1,276
10 year Avg. Increase	--	4.7%	8.3%	3.5%	3.5%	3.5%	3.5%
Average per Year	--	<1%	<1%	<1%	<1%	<1%	<1%

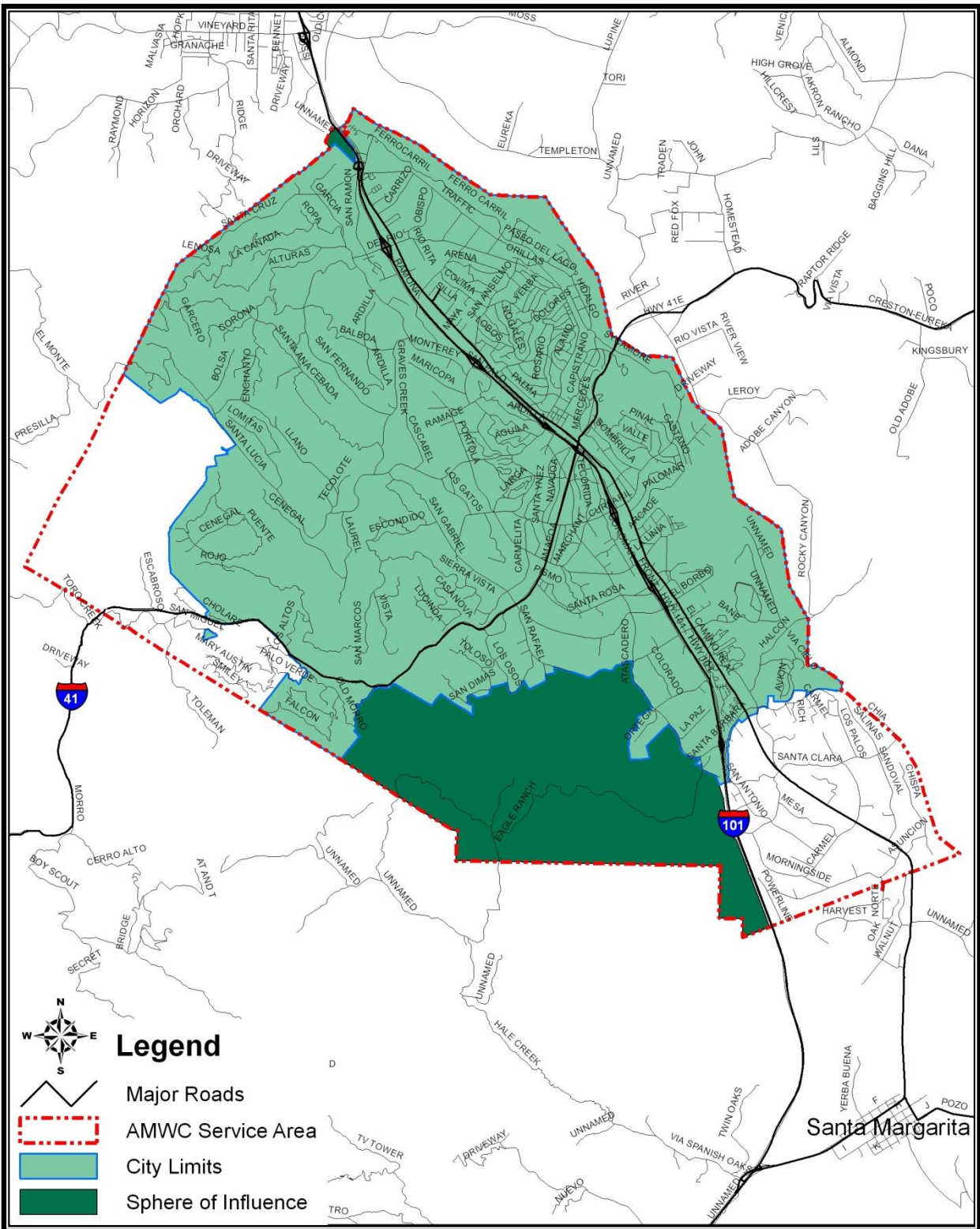
(1) Source: AMWC 2015 Urban Water Management Plan

Figure 3-4 illustrates the boundaries of Atascadero Mutual Water Company service area, Atascadero City Limits, and the Urban Reserve Line within the County.

The Atascadero Colony was originally subdivided by E. G. Lewis in 1914. AMWC was established at this time and still retains its original form. The entire water system is the property of AMWC and is mutually owned by its shareholders, the owners of the Colony lots or subdivision thereof. Atascadero was incorporated as a City in 1979. The City of Atascadero now consists of a mix of residential, commercial, and recreational areas. AMWC's service boundary operates within the original colony boundary and other annexed areas. Within this service area boundary are the Atascadero city limits and some of the unincorporated areas of the county including portions of the Eagle Ranch Property, the West San Marcos Development, and the area south of Santa Rosa Road known as the Random Oaks area.

The Atascadero State Hospital is within the city limits but is currently not served by AMWC. At this time, there are no plans to extend service to this area since it has its own on-site water supply source.

Figure 3-4 Atascadero Mutual Water Company Service Area



CITY OF ATASCADERO GENERAL PLAN, 2016

The City of Atascadero adopted its General Plan in 2002 and most recently updated it in 2016. Atascadero has experienced considerable growth over the last few decades. From 1970 to 1980 population increased by 78%, from 1980 to 1990 population increased by 43% and from 1990 to 2000 population growth slowed to about 14%. The 2010 California Census data identified that the City's population grew by 6.7% from 2000 to 2010, with a 2010 population of 28,310. The 2010 Census identified a total of 11,505 dwelling units in the City of Atascadero, which is about 83% of current built out based on the recent Housing Element and General Plan update, adopted by the City Council January 27, 2015. Based on this latest General Plan update, which included upzoning of High Density Residential the number of projected dwelling units under current zoning is 13,871 units.

The General Plan assumed an annual growth rate of 1.25% over the next 20 years. Under the 2016 General Plan update, the City estimates a total of 1,375 new dwelling units could result from a realistic build-out under existing zoning. A site specific analysis of vacant parcels was completed with the 2015 Housing Element update, which identified the build out of vacant parcels to account for 1,375 of the total 13,871 potential units citywide.

The City's Housing Element of the General Plan does not anticipate additional dwelling units from the study areas. Both of these properties are outside of the current City limits. The City does not have a limit on growth rate and a large portion of available development would occur on existing single-family zoned property where one primary unit and one second unit per parcel is allowed. With the anticipated growth rate of 1.25% per year the City would reach build-out in approximately twenty years. The Eagle Ranch area would increase the build-out potential of the City by an estimated 500 units (number of units to be determined through a Specific Plan). In either case, the City of Atascadero has plenty of potential for new residential housing. The table below summarizes the growth potential within the City and SOI areas.

Table 3-6 Build-out Summary: Vacant Land within City plus SOI

Area	Acres	Units	Population	Land Use
Residential MF – 24	34.11	560	1,484	HDR
Residential MF – 10	8.16	58	154	MDR
Residential SF – LSF-X	1.28	6	16	SFR-X
Residential SF – LSF-Y	16.29	42	111	SFR-Y
Residential SF – LSF-X	9.30	17	45	SFR-X
Residential SF – LSF-Y	56.36	60	159	SFR-Y
Residential SF – RSF-Z	65.66	45	119	SFR-Z
Residential SF– RS	1,651.87	372	986	RE
Commercial Professional	7.56	120	318	GC
Downtown Commercial	6.12	95	252	D
Total Vacant Sites within City Limits	1,856.71	1,375	3,644	
N. San Ramon	5	25	-	Agriculture
Eagle Ranch	3,500	500-800	1,300	Agriculture
SOI Subtotal	3,505	525-825	1,365-2,145	
Total	5,362	1900-2200	5,000-5,789	

Source: City of Atascadero Housing Element, Eagle Ranch Conceptual Project Description.

Recent Building Permit Activity

Building Permits have been compiled for Atascadero from the Community Development Department Residential Activity Reports. The activity reports show the total number of residential units with entitlements not including those currently under construction or recently-built. The table below shows the building permits by year from 2012 through 2017. Since 2012 the City has finalized permits for 912 new single-family units, and 471 commercial buildings.

Table 3-7: Building Permits Finalized 2012-2017

	SF	Comm
2017	111	95
2016	138	95
2015	217	85
2014	209	53
2013	122	82
2012	115	61
Total	912	471

Source: Atascadero Community Development Department 2018

Land Use

The General Plan allows for new growth within the City based on an analysis of available resources (water, sewer, etc) and demand for those resources. The policies and standards in the City's General Plan provide for growth in the existing SOI. The City's existing Sphere of

Influence encompasses approximately 3,500 acres beyond the City limits in the Eagle Ranch area. One five acre parcel is included in the SOI at the north end of the City.

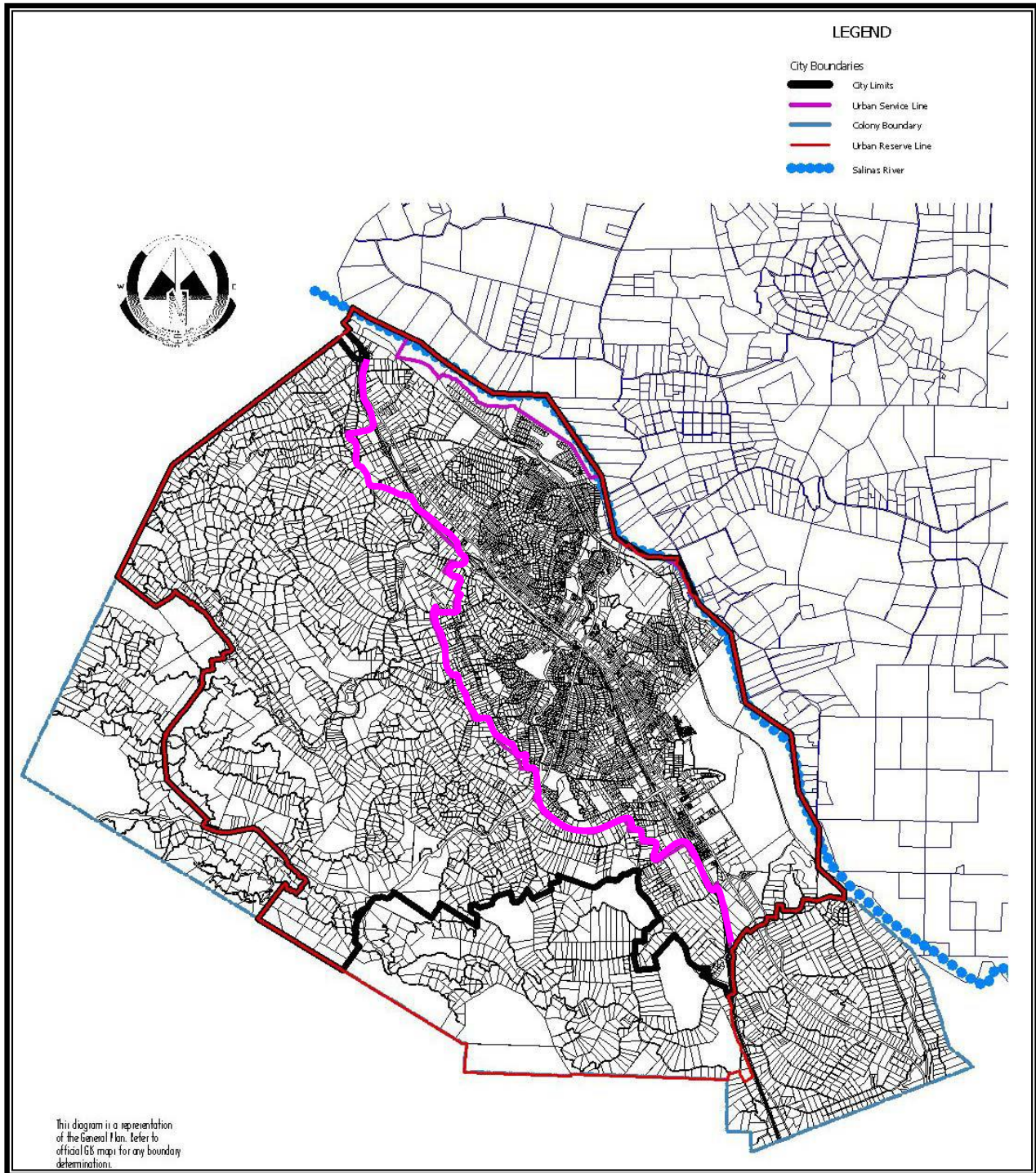
The City's General Plan provides for an Urban Reserve Area, which includes the Urban Service Area and Rural Service Area. The Urban Service Area includes urban and suburban land planned to receive higher levels of services such as parks, drainage, emergency services, and street maintenance and is designated by the Urban Services Line (USL). The General Plan calls for infill development inside the USL where services can be provided in a cost-efficient manner. Beyond the USL, the plan intends for the Rural Service Area to retain rural residential to reinforce the City's identity and maintain open space characteristics.

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. These areas are zoned Agricultural and are currently undeveloped within Eagle Ranch. These properties are not under Williamson Act contracts.

The Eagle Ranch Property (Located in SLO County; Within the SOI). The 3,500-acre area just south of the Atascadero City limit is comprised of approximately 452 lots. These lots were originally subdivided as part of the Atascadero Colony envisioned by E.G. Lewis in 1914. The County of San Luis Obispo has issued Certificates of Compliance for 452 lots. A Certificate of Compliance means that a lot is considered legal and could be developed if it meets General Plan policies and standards. The Eagle Ranch lots are located immediately adjacent to the City Limits and could be developed under county regulations since they have been certified as legal lots in the county. The landowner notified the County of their intent not to renew the Williamson Act contract and the properties were released from agriculture preserve contract on January 1, 2009. The existing lot configuration is haphazard, and would encourage urban sprawl, a disorganized road system, and lengthy utility connections. A more compact urban form that preserves more of the agriculture and open space lands could be pursued through a specific plan adopted by the City and is preferable to development of these lots in the County. The Specific Plan would also address water infrastructure planning and associated facilities.

Figure 3-5 Urban Reserve Line/Urban Service Line



The Land Use Element provides direction regarding the use of land within the City Limits and 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:

Policy 1.1 *Preserve the rural atmosphere of the community and assure “elbow room” in areas designated for lower density development by guiding new development into the Urban Core to conform to the historic Colony land use patterns of the City and to respect the natural environment, hillside areas, and existing neighborhoods.*

Program 2 *Concentrate higher density development downtown and within the Urban Core, and focus master planned commercial uses at distinct nodes along arterial corridors.*

Program 3 *Require residential densities to decrease as distance from the Urban Core increases.*

Program 4 *Outside of the Urban Core and Single Family Neighborhoods, maintain lot sizes of 2.5 to 10 acres based on performance standards and natural constraints including slope, distance from the center of the community, average neighborhood lot size, soil percolation capability, and adequacy of access,.*

Policies Specific to SOI. Atascadero’s General Plan calls for a Specific Plan to be prepared for the Eagle Ranch area. Twelve programs in the City’s General Plan provide for maintaining the Historic Colony boundary. These programs call for closer communication between the City and County on regional land use issues. The programs also call for an agreement on how to accomplish this objective.

Policy 1.2 *Ensure the rural character of Atascadero is preserved by respecting the historic Colony boundaries and cooperate with the County on regional planning issues surrounding the Colony.*

Program 1 *The ultimate General Plan development boundary shall be the Urban Reserve Line shown in Figure II-5. The Urban Reserve line approximates the historic 1913 Atascadero Colony boundary and is recognized as the ultimate boundary for the City of Atascadero, expansion beyond this boundary is inconsistent with the General Plan.*

Program 2 *Develop agreements with the County to maintain rural residential, agricultural and open space uses beyond the Urban Reserve Line, including continuation of existing agricultural uses.*

Program 3 *Work with the County to maintain a greenbelt and rural land use patterns outside the Urban Reserve Line and to create an agricultural buffer around the original Colony boundary.*

Program 4 *In cooperation with the County, consider establishing a greenbelt or other type of buffer between Atascadero and Templeton.*

Program 5 *Oppose any land use changes east of the Salinas River that would result in more intensive or higher density development.*

Program 6 *Oppose any land use changes by the County within unincorporated portions of the Colony that would result in more intensive or higher density development.*

Program 7 *Execute a Memorandum of Understanding whereby the County seeks City comment on development proposals in the area between Vineyard Drive and Cuesta Grade, between the ridges east of the Salinas River and Cerro Alto Campground.*

Program 8 *Cooperate with LAFCO and the County to incorporate the Eagle Ranch into the City's Sphere of Influence for eventual annexation.*

Program 9 *It is the City's position, that Eagle Ranch shall be developed within the City and any development of the site prior to annexation will be opposed.*

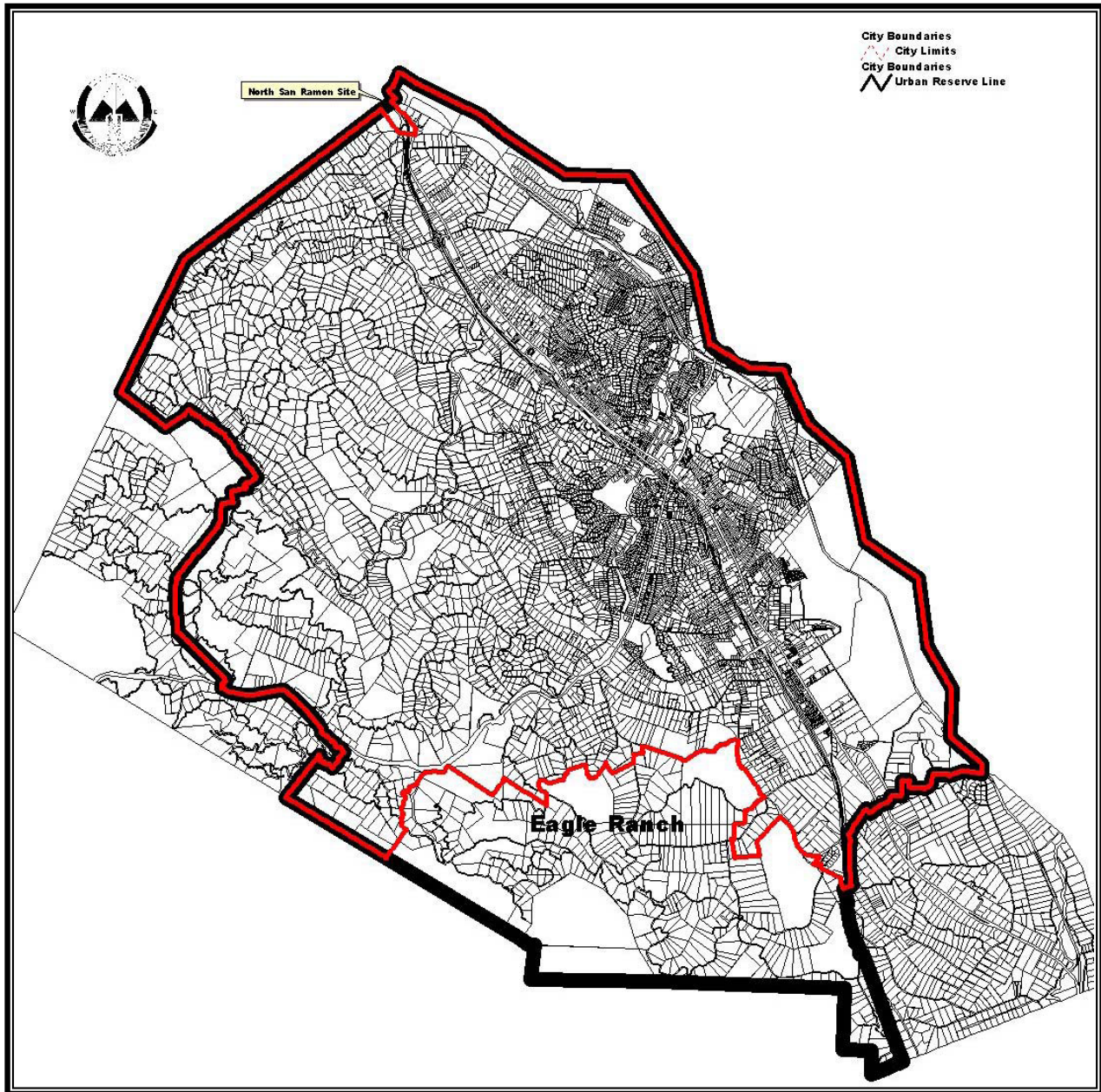
Program 10 *Prior to the annexation of Eagle Ranch a Specific Plan shall be approved by the City which will provide a comprehensive development plan for the property that address issues including, clustering of Colony lots, public facilities, circulation facilities, parks, open space, conservation easements, and a fiscal analysis of service costs.*

Program 11 *Update and maintain the Zoning Ordinance to designate the Eagle Ranch property as a future Specific Plan area to be subject to future environmental and site-specific review prior to annexation.*

Program 12 *Require the approval of a planned development and master plan of development prior to supporting any LAFCO annexation request of property located north of the San Ramon interchange on the westside of US 101*

The General Plan encourages proactive planning. The City establishes goals for land use and development within the City, and the surrounding area which also comprises the Sphere of Influence. The Memorandum of Agreement between the City and County also provides for the type of collaboration called for in the City's General Plan. The Memorandum of Agreement found in Appendix B has been reviewed and updated as part of the Sphere of Influence and Municipal Service Review process.

Figure 3-6 Atascadero's Growth Boundary



The General Plan points out that in addition to the specific sites within the SOI, the City should communicate its concerns over development in areas that would remain under County jurisdiction that could change land use intensity surrounding the City.

Housing Element. The City's Housing Element was adopted by the City Council in January 2015 and certified by the State Department of Housing and Community Development (HCD). The Goals, Policies and Programs found in the Housing Element are the Housing Implementation Plan for the period from January 1, 2014 through July 1, 2019. The table below shows the total number of residential units (393) the City of Atascadero must provide zoning for in that time period. HCD has reviewed the Housing Element and it has been certification by the State.

Table 3-8: 2014-2019 - SLOCOG Regional Housing Needs Allocation

	Units By Income Category					Totals	% of Units
	Very Low	Low	Moderate	Above Moderate			
Arroyo Grande	60	38	43	101	242	5.9%	
Atascadero	98	62	69	164	393	9.6%	
Grover Beach	41	26	29	69	166	4.0%	
Morro Bay	39	24	27	65	154	3.8%	
Paso Robles	123	77	87	206	492	12.0%	
Pismo Beach	38	24	27	64	152	3.7%	
San Luis Obispo	285	179	201	478	1,144	28.0%	
County Unincorp.	336	211	237	563	1,347	32.9%	
Total Units	1,020	641	720	1,710	4,090	100%	

Source: SLOCOG RHNA 2013

The Housing Element is one of the seven State mandated elements of the City's General Plan and is updated every six years to identify recent demographic and employment trends. The element is intended to 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 Atascadero.

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 Atascadero, 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.

According to the City's Housing Element a recent available land inventory conducted in 2015, concludes the City has additional vacant land available for 1,375 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 “water service in the City is supplied by the Atascadero Mutual Water Company (AMWC). The Atascadero sub-basin of the Paso Robles Ground Water Basin and both riparian and appropriated Salinas River underflow produce 12.9 million gallons per day. With approval of the Nacimiento Water Project, the AMWC has been allocated an additional 3,244 AFY, with a flow rate of 3.48 million gallons per day (mgd)”.

As noted in the 2015 Urban Water Master Plan, the AMWC’s has contracted for 3,244 AFY, as part of the Nacimiento Water Project (NWP) (a surface water supply source) which will significantly improve its ability to meet the current and future water needs of its shareholders. AMWC began taking deliveries of water in the summer of 2012. NWP water is used by AMWC to recharge the Atascadero Sub-basin as groundwater levels diminish. With the imported water the AMWC has adequate capacity to serve all properties in its current boundaries at densities/intensities consistent with current land use designations. Infrastructure for water and sewer service would need to be extended into the specific plan areas (Eagle Ranch) as properties in those areas are subdivided following adoption of the specific plans.

The **Circulation** Element was updated in 2016, when the Land Use Element was adopted, and plans for improvements to the City’s transportation system that would accommodate existing residents and future growth. Below are policies from the Circulation Element that reinforce the City’s desire to improve the circulation system:

Policy 1.1 *Plan, fund and implement circulation improvements necessary to comply with adopted City safety and level of service standards, and the General Plan Circulation Diagram.*

Program 2 *Require dedications and new development to be consistent with the Circulation Diagram and the Circulation Facilities Diagram.*

Program 6 *Maintain an equitable funding and capital expenditure system for roadway improvement that includes requiring developers to provide for construction of their fair-share portion of arterial, collector, and local streets at the time of development.*

Policy 1.2 *Provide regional facilities to minimize through-traffic intrusion on local streets and to avoid barriers to local traffic.*

Program 1 *Cooperate with Caltrans and SLOCOG to prepare a US 101 North Corridor Study and the Atascadero Route 101/El Camino Real Corridor Study.*

Program 6 *Establish a Memorandum of Understanding between the City of Atascadero and Caltrans that identifies the City's responsibility for collecting fees and funding improvements for US 101.*

Program 7 *Update the City's Capital Facilities Fees consistent with the requirements of AB 1600 and include funding for Caltrans facilities.*

Policy 1.3 *Maintain LOS C or better as the standard at all intersections and on all arterial and collector roads. Upon City Council approval, accept LOS D where residences are not directly impacted and improvements to meet the City's standard would be prohibitively costly or disruptive.*

Policy 2.3 *Promote walking as an alternative to vehicle travel in retail district and multi-family areas.*

Policy 3.1 *Promote alternatives to single-occupancy vehicle travel, particularly for commute trips.*

Policy 3.3 *Comply with the Transportation Demand Management program requirements of the San Luis Obispo County Clean Air Plan to reduce peak period trip generation.*

The Eagle Ranch site has the opportunity to provide a clustered development project with a commercial village center that would provide a more walkable neighborhood as well as assist with the Highway 101 Corridor Study and improvements. These policies along with others identified in the General Plan would be applied to the Sphere of Influence.

The **Land Use, 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 reinforce the implementation of conservation. Key policies include:

Policy 5.2 *Require hillside development and subdivisions to blend in with surrounding topography.*

Program 4 *Prohibit development on slopes 30% or greater, unless no other feasible building site exists.*

Program 7 *The City shall require open space uses in hazard lands including those areas subject to inundation, high wildland fire risk, and high levels of seismic or other geological hazard as identified in the Safety Element.*

Policy 6.1 *Ensure that development does not degrade scenic and sensitive areas, including historic sites, creeks, riparian corridors, wetlands, woodlands, hillsides and other valuable habitats.*

Program 1 *Encourage use of planned developments to cluster projects around open space easements, parks, open space dedication and minimize impacts to natural resources.*

Program 2 *Seek funding to purchase or require dedication of areas of unique habitats or scenic value, especially in areas lacking adequate park facilities and open space.*

Program 4 *Scenic and sensitive lands including creeks, riparian corridors, wetlands and other areas of significant habitat value shall be protected from destruction, overuse, and misuse by the use of zoning, tax incentives, easements, or fee acquisition.*

Program 6 *Scenic and open space easements, parklands and open space dedications shall be required as mitigation for subdivisions and development projects that impact, floodplains, creek reservations, wooded areas, scenic backdrops, sensitive areas, historic sites, cultural sites, and similar areas.*

Policy 6.4 *Encourage conservation and preservation of structures and houses that have historical and architectural significance.*

Program 1 *Protect historic buildings and sites. Atascadero's historic buildings and features shall be preserved and protected in recognition of the role the community's past plays in its present and future. Historic overlay zoning shall be utilized to protect appropriate historic districts.*

Policy 7.1 *Ensure that the native trees of Atascadero are protected from new development in order to retain the natural character of the community.*

Program 1 *Enforce all provisions of the Atascadero Native Tree Ordinance as a high priority.*

Policy 8.1 *Ensure that development along Atascadero Creek, Graves Creeks, the Salinas River, blue line creeks, and natural springs, lakes, or other riparian areas does not interrupt natural flows or adversely impact riparian ecosystems and water quality.*

Policy 8.4 *Review and regulate all proposed on-site wastewater disposal systems to protect public health and water quality.*

Policy 10.1 *Ensure efficient and adequate solid waste disposal by reducing waste volumes through recycling and other methods.*

Policy 11.1 *Acquire parkland needed for future development of park and recreation facilities and ensure that park improvements are consistent with adopted master plans to accommodate future growth.*

Program 11 *Future development of the Eagle Ranch property shall include a system of parks, recreation facilities, trails, and equestrian facilities.*

The Eagle Ranch area has been identified as a historic area that provides the headwaters of Atascadero Creek with many native and mature oak trees on natural hillsides that offer opportunities to preserve open space and provide needed parkland. These policies along with others identified in the General Plan would be applied to the Sphere of Influence.

The 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.

Eagle Ranch Area. The 3,460-acre project area just south of the Atascadero City limit is comprised of approximately 452 lots within the current City of Atascadero SOI and URL. These

lots were originally subdivided into 452 residential lots ranging in size from less than 1 acre to over 20 acres as part of the Atascadero Colony envisioned by E.G. Lewis in 1914. The County of San Luis Obispo has issued 452 Certificates of Compliance for the lots. A certificate of compliance means that the lots are considered legal and may be developed under the County's General Plan. The area has been used historically for ranching and agricultural purposes and includes numerous structures that were used for these purposes. The site is characterized by sloping, oak covered hillsides and many areas with extremely steep, mountainous terrain. Other unique features include the headwaters of Atascadero Creek which originate on the ranch.

In 2003, LAFCO approved bringing the Eagle Ranch property within the City's Sphere of Influence. On May 27, 2008, the City Council approved a resolution to authorize the processing of a General Plan Amendment to begin the planning process for the Eagle Ranch project. In 2008, the developers held two public meeting to answer questions and listen to the community's thoughts and ideas with regards to Eagle Ranch. The Eagle Ranch area was in Williamson Act contract; however the contract was not renewed in 2009. The project site is not currently under a Williamson Act contract.

On August 10, 2010 the City Council authorize for an Environmental Impact Report (EIR) for the Eagle Ranch Specific Plan Project to start. On February 15, 2017 the City released a public draft of the EIR for comments. A Specific Plan was completed concurrently for public review and comment. The City held community workshops, study sessions, and Planning Commission and City Council hearing from 2011 through 2017. These meeting provided the developer, City, and public with information about the project, its potential impacts and mitigations designed to address the concerns rose. However, the City never certified the EIR and as of June 2017 the landowners/developers have asked the project be placed on hold.

A conceptual project description and conceptual land use plan was developed by the applicant based on the preliminary site constraints, community meetings, as well as meetings with staff and the Council and the information developed during the EIR preparation. As proposed, the project would have used a clustered approach in order to minimize impacts on the site and maximize open space. This was envisioned in the 2011 MOA between the City and County. Surveys and analysis have been conducted to identify major site constraints. Steep slopes,

historical and cultural resources, native trees, creeks, riparian areas, wetlands, and areas of potential biological importance have been identified and mapped.

The applicant had proposed the following project components:

- 494 single-family residential lots;
- 93 multi-family units (senior housing, workforce housing & mixed-use units);
- Resort Hotel: 44.9 acres; 100 rooms and associated amenities;
- Village Center: 3.9 acres; 15,000 sq. ft. retail, offices, postal facilities, meeting space;
- Highway Commercial: 15.2 acres; 200-room hotel & facilities and sit down restaurant;
- Public Park: 7.4 acres; includes small amphitheater;
- Equestrian Staging Area: 1.6 acres;
- Roads: 19 +/- miles internal network of roads;
- Trails: 16.9 +/- miles of paved multi-use paths, unpaved trails, and trail easement(s);
- Open Space and Agriculture: 2,285 +/- acres; consisting of agricultural, private & public open space.

The majority (over 75%) of the 3,460 acre project site was proposed to remain as open space to be utilized for agricultural activities and conservation.

The existing Sphere of Influence for the City of Atascadero is estimated to have a development potential of 525 to 825 units, with a final lot count to be determined through the development of a Specific Plan. However, when compared with present County land use designations and existing lots (452), it is anticipated that the projected number of units in the SOI areas would not be significantly increased. However, the lot configuration of those units and the open space preserved could change considerably if developed in the City under a Specific Plan. Currently, the majority of the Eagle Ranch located immediately adjacent to the southerly City limits is within the SOI and have a County Land Use Designation of Agriculture. The existing lot pattern in the County would result in an inefficient, sprawling development pattern. The environmental impacts caused by this type of development pattern would likely be much more severe than if a more compact and comprehensively planned development proposal was approved by the City as part of a Specific Plan.

Under the City's General Plan Update, these lots are planned for inclusion in a Specific Plan which will provide a development plan that would address clustering of lots, the provision of public facilities, circulation patterns and facilities, multi-use trails, parks, open space,

conservation easements, and a fiscal analysis of service costs. Once built-out the Eagle Ranch area would increase the City's population by an estimated 1,365 to 2,145 people. The City's current General Plan is based on the ability of the City to accommodate a population of 36,030. Currently, the City's population is approximately 30,900 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.

The County has not approved any development proposals within the existing Sphere of Influence of the City of Atascadero. 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.

Surrounding County land use patterns include a mixture of original lots that were never annexed to the City and larger agricultural parcels. The colony parcels typically range in size from 2½ to 10 acres. The agricultural parcels range greatly in size and are typically 20 to 320 acres. The thick vegetation, steep terrain, existing Colony lots, and preference for larger lot sizes in Atascadero, has generally prohibited the development of smaller parcels in and around the SOI areas. In addition to these factors, the area's agriculture land use designation as well as limited site access and lack of urban services, such as sewer, have resulted in land use patterns characterized by large lots. Individual or private sewage systems, on-site wells and private roads generally serve parcels located within that area of the County of San Luis Obispo.

WRITTEN DETERMINATIONS

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

1. According to the Council of Governments Population Projections the City of Atascadero is projected to grow at a rate of 2.7% per year. The City's build-out projections uses a growth rate of 1.25% per year.
2. The City's General Plan provides for the logical and reasonable growth and development of the City and was updated in 2016 with some elements updated in 2015 like the Housing Element. The General Plan calls for a Specific Plan to be prepared prior to development of the Sphere of Influence area (Eagle Ranch).
3. The approximately 452 existing certified lots in the unincorporated Eagle Ranch area can be developed in the County as currently configured. The preparation of a Specific Plan would provide for a more logical growth pattern, decreased environmental impacts, more preservation of agriculture and open space, and the efficient provision of public services.
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, and road infrastructure and fire and police.
5. After reviewing possible expansion areas and applicable City and County land use policies, it is concluded that the existing SOI area represents the reasonable and logical growth boundary of the community of Atascadero.
6. 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, financing and property tax allocation, timing of infrastructure and services, and the intent of the City and County.

3.2 LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCO is required by the Cortese-Knox-Hertzberg Act to determine the location and characteristics of any disadvantaged unincorporated communities within or contiguous to the Sphere of Influence of a jurisdiction. If a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to disadvantaged unincorporated communities within the sphere of influence or contiguous to the sphere of influence, it is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations are proposed by the City or property owners.

The community of Atascadero has a variety of economic diversity that resides within the City Limits and surrounding area. A Disadvantaged community is defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income. Government Code section 56033.5 further defines it as inhabited territory; an area with 12 or more registered voters. In the analysis completed by LAFCO staff, income analysis was performed for each of the study areas using census tract income data which shows median incomes at least over 69,000 which is above the state median income of 67,169 at the time of this reporting. In addition, review of the State DAC Mapping Tool and CalEnviroScreen 3.0 was used to verify disadvantage status with other application of the definition. In all cases, the City of Atascadero's Sphere of Influence and the Study Areas analysis indicated no disadvantage communities exist in the boundaries.

WRITTEN DETERMINATIONS

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

1. The Atascadero proposed Sphere of Influence does not have an underserved disadvantaged unincorporated community located within or adjacent to its boundary.

3.3 Present and Planned Capacity of Public Facilities and Adequacy of Public Services, including Infrastructure Needs or 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.

It is prudent for LAFCO to analyze present and long-term infrastructure demands and resource capabilities of the City of Atascadero. 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 identifies the Eagle Ranch expansion and North San Ramon as potential annexations in the future (within the existing SOI). The plan identifies the surrounding areas to be maintained in the County with the City communicating its concerns.

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

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

WATER

The City of Atascadero derives all of its water via the Atascadero Mutual Water Company (AMWC). AMWC's service boundary is the original colony boundary and other annexed areas. Within this service area boundary are the Atascadero City limits and some of the unincorporated areas of the county including portions of the Eagle Ranch Property, the West San Marcos Development, and the area south of Santa Rosa Road known as the Random Oaks area. AMWC updated its Urban Water Management Plan in 2016 and Water Master Plan in 2010. 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. 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 water supply be documented. Also to be considered are a jurisdiction's policies with regard to growth and the provision of water.

Water Supply

AMWC primarily relies on groundwater for its water supply. AMWC has water rights to a specific quantity of water from the Salinas River Underflow unit (4,000 acre-feet per year from this resource.). AMWC is not limited to the amount of water that can be drawn from the deeper Paso Robles Formation (Atascadero Sub-Basin). AMWC also has contracted for 3,244 AFY, as part of the Nacimiento Water Project (NWP) a surface water supply source.

Groundwater. Atascadero is likely to rely on groundwater as its primary source of water supply in the near future. The capability of local groundwater resources to sustain the area's future demand is being studied and mapped by a variety of users. AMWC is an active participant along with Templeton Community Services District and San Luis Obispo County as Groundwater Sustainability Agencies under SGMA for the Atascadero Groundwater Basin portion of the Paso Robles Formation. AMWC also participates 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 overdraft and promotes long-term groundwater supply reliability. The agreement also supports cooperative participation in monitoring and management of groundwater resources. Together with a future Groundwater Sustainability Plan for the Basin water resources will be closely managed and maintained in a health balance.

AMWC's 17 wells are clustered into three well fields; Deep Well Field, Sycamore Well Field, and Los Palos Well Field. Well 14, a standby well is located south of Highway 41 in the Summit Hills area. AMWC also has 9 inactive wells. The inactive wells are located within the existing active well clusters. These wells are currently designated as inactive due to various reasons including well failure, and low pumping capacity. These wells are not anticipated to be brought back on-line in the future.

AMWC extracts water from the Atascadero Sub-basin through 7 active well sites (wells 6A, 7, 8A, 9A, 10, 12, and 13A). AMWC sub-basin wells have provided up to 3,763 AF, or roughly 62% of total production. AMWC extracts water from the Salinas River Underflow through 8 active shallow alluvial well sites (1B, 2A, 3A, 4, 5, 5A, 16, and 19). The water extracted from the Salinas River Underflow has provided up to 4,742 AF, or roughly 77% of total well production. The combined design production capability of all 15 basin wells is about 8,500 AFY. The addition of Nacimiento Water would allow AMWC to stabilize or reduce future basin well pumping. AMWC has 3,244 acre-feet per year (afy) allocation of water from the Nacimiento Water Project (NWP). AMWC can take deliveries of the water at a constant rate of approximately 2,225 gpm for 11 out of 12 months per year. The NWP Delivery Entitlement Contract for the NWP allows AMWC to take deliveries from the NWP at a rate of 4,623 gpm over a four-month period, should AMWC choose to do so. AMWC has constructed two recovery wells adjacent to existing basin to assist in future supply needs. It is estimated that these two additional wells provide up to 1,600 gpm.

Actual annual use is dependent on optimization of Nacimiento water relative to basin well water use. If additional Nacimiento water is not available, pumping of basin groundwater would most likely make up the difference.

Table 3-9 Atascadero Groundwater Pumped

AMWC Amount of Ground Water Pumped, AFY							
Basin	2011 ¹	2012 ¹	2013 ¹	2014 ¹	2015 ¹	2016 ²	2017 ²
Atascadero Sub Basin	1,360	2,156	3,363	3,763	3,510	N/A	N/A
Salinas River underflow	4,742	4,535	3,696	2,271	1,628	N/A	N/A
Total Pumped	6,102	6,691	7,059	6,034	5,138	4,471.4	4,784.1

Source: AMWC Urban Water Management Plan¹, 2016; 2016-18 RMS²

Table 3-10 AMWC Active Wells

Well No.	Well Field	Groundwater Source	Treatment Building	Power Source	Year Drilled	Design Pump Rate (gpm) ⁽¹⁾	Existing Pump Rate (gpm) ⁽²⁾	Well Depth (ft)
1B	Sycamore Well Field	Salinas River Underflow	C	Electric	2007	600	600	75
2A		Salinas River Underflow		Electric	1981	1,000	900	105
3A		Salinas River Underflow		Electric	1983	1,200	500	70
5		Salinas River Underflow		Natural Gas w/ Propane Backup	1969	1,200	500	95
5A		Salinas River Underflow		Electric	1994	500	500	100
12		Atascadero Sub-basin		Electric	1988	800	500	600
Water Treatment Well Field Total							3,500	
4	Deep Well Field	Salinas River Underflow	A/B	Electric	1960	1,200	1,100	86
6 (standby)		Atascadero Sub-basin		Natural Gas w/ Propane Backup	1966	800	650	450
6A		Atascadero Sub-basin		Natural Gas	2002	600	600	480
7		Atascadero Sub-basin		Natural Gas w/ Propane Backup	1972	950	950	500
9A		Atascadero Sub-basin		Natural Gas w/ Propane Backup	2000	1,000	1,000	425
10		Atascadero Sub-basin		Natural Gas w/ Propane Backup	1985	1,000	1,000	550
16		Salinas River Underflow		Electric	1994	500	500	72
19		Salinas River Underflow		Natural Gas	1995	700	700	115
Sycamore Well Field Total							6,500	
8A	Los Palos Well Field	Atascadero Sub-basin	D	Electric	2004	500	500	425
13A		Atascadero Sub-basin		Electric	1998	700	700	330
Los Palos Well Field							1,200	
14 (standby)	Bedrock	Fractured Rock Well	Standby	Electric	2004	100	100	515
Bedrock Well Field							100	
Total Supply Capacity							11,300	

Notes: (1) Pump rates based on original driller's report. (2) Existing pump rates based on data provided by AMWC

Source: AMWC Water Master Plan 2010

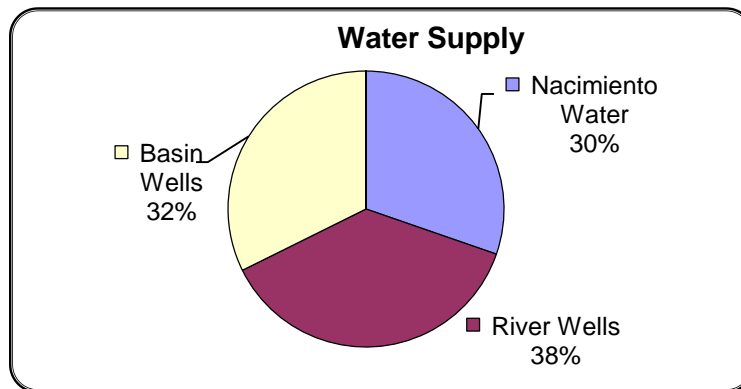
Nacimiento Water Allocation. The San Luis Obispo County Flood Control and Water Conservation District is entitled to approximately 17,000 AFY of the annual yield of Lake Nacimiento for uses in San Luis Obispo County. Lake Nacimiento water would supply 3,244 AFY to AMWC. The remaining 4,560 AFY of current demand is satisfied through the Salinas River underflow supply and basin wells. This surface water supply is independent of local groundwater supplies. Use of Nacimiento water would reduce dependence on groundwater and thereby provide AMWC with increased water supply reliability. Used as a supplemental source, it would permit some reduction of local groundwater pumping, allowing groundwater levels to recover.

The sources of water described above are all presently supplied by Atascadero Mutual Water Company and delivered to its shareholders. The table below shows AMWC current water supply situation. The chart shows the water supply by percentage.

Table 3-11 – AMWC Current Water Supply

Source	Amount (acre feet)
Groundwater – (Basin wells)	3,500
Groundwater – (River wells)	4,000
Nacimiento Water	3,244
Total	10,744

Figure 3-7



Source: AMWC Urban Water Management Plan, 2016

The projected water demand is estimated at 8,709 AFY (including Eagle Ranch) can be met by current water supplies (10,744 AFY). With the projected growth in population, the City’s General Plan, the Municipal Code, and the AMWC policies and programs proposes the development and implementation of various innovative water provisions and conservation programs that help to ensure an adequate supply of water for the City, such as:

- Seminars and videos on drip and efficient irrigation practices, sustainable landscaping, and plant selection for North County landscapes
- FREE Home Water Surveys for qualified AMWC shareholders
- Water-efficient technology incentive programs
- City of Atascadero Water Efficient Landscape Ordinance

Recycled Water Potential. AMWC is not a purveyor of recycled water. The City of Atascadero would need to pursue a recycled water program through its wastewater treatment plant. The City of Atascadero provides recycled water from the City’s WRF to the Chalk Mountain Golf Course through an irrigation well. 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 currently considered as a source of supplemental water supply for the City. The City's wastewater facility treats its effluent to secondary standards. If used for recycled water purposes the water would need additional treatment first before becoming useable. 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 available land it is not likely worth the effort (non-domestic use if treated versus unrestricted use with tertiary). Unlike tertiary recycled water which could be piped to augment stream flows, agricultural irrigation, or re-inject recycled water in the groundwater basin to maintain or increase reliability. The City has not considered upgrading the treatment plant for recycled water beyond its current use.

Atascadero Groundwater Basin

The Atascadero Groundwater Basin is located entirely in San Luis Obispo county and is approximately 14,600 acres in size. The basin extends northerly along the Salinas River from the community of Garden Farms to the southerly limits of the City of Paso Robles. The California Department of Water Resources determined that the Rinconada Fault is a substantial barrier to the flow of percolating groundwater between Groundwater Basin 3.004.06, Salinas Valley, Paso Robles Area ("Paso Robles Basin"), and Groundwater Basin 3.004.11, Salinas Valley, Atascadero Area ("Atascadero Basin") in its 2016 Bulletin 118 Interim Update.

The Atascadero Sub-basin has historically been considered a sub-basin of the Paso Robles Groundwater Basin. The eastern boundary is the Rinconada fault. Because the fault displaces the Paso Robles Formation, the hydraulic connection between the aquifer across the Rinconada fault has been considered sufficient to warrant the classification of this area as a distinct groundwater basin. In March, 2016, a Technical Report was submitted to DWR that provides scientific evidence to support of a request for a basin boundary modification to establish the "Salinas Valley – Atascadero Sub-basin" as a hydrologically distinct sub-basin from the Paso Robles Sub-basin.

Primary constraints on water availability in the Atascadero Basin include water rights and physical limitations. The rights to surface water flows in the Salinas River and associated pumping from the alluvium (Salinas River Underflow) have been fully appropriated by the State Water Resources Control Board (State Board) and no plans exist to increase these rights beyond the current allocations. Full appropriation implies that no additional rights to the Salinas

River flows are being issued by the State Board at this time nor is any additional pumping for existing rights being granted. Therefore, the Salinas River does not represent a future source of additional water supply that can be developed beyond its present appropriation. However, pumping from the Salinas River and underflow, has little to no effect on groundwater storage in the Paso Robles formation.

The Templeton Community Services District (CSD) and the Atascadero Mutual Water Company (AMWC) are the water purveyors serving the City and unincorporated County within the Atascadero Basin. Both purveyor's water supply sources include groundwater from the Paso Robles Formation and the Salinas River Underflow, water from the Nacimiento Water Project (NWP), and treated wastewater effluent percolated into the Salinas River Underflow. The City of Atascadero discharges approximately 1.34 MGD of treated wastewater (about 1,500 AFY) back into the Atascadero Sub-basin.

The perennial yield of the Atascadero Basin was estimated in 2002 to be 16,400 AFY (Fugro, 2002). The estimated 2016 net groundwater pumping in the Basin (accounting for supplemental recharge with NWP water and recycled water) was estimated to be about 9,896 AFY.

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.

Water Demand

AMWC 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 2015 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 2015, AMWC reported that the water purveyor serves approximately 10,937 municipal connections. The report indicates 5,138 afy of metered water use broken down as follows:

- 3,549.6 (69%) Single Family Residential,

- 453.5 (8%) Residential Multi-Family,
- 396 (7%), Commercial Institutional,
- 3.5 (<1%) Industrial,
- 371 (7%) Landscape Irrigation, and
- 364 (7%) Losses.

Under the existing General Plan, the City's build-out would increase water demand by an estimated 2,516 afy. The total water demand is estimated to be 8,709 afy in 20 years. The following table compiles information derived from the 2006 and 2015 Urban Water Management Plans¹. This includes the number of connections, water use by category, and unaccounted for water estimate. This data is for the time period from 2010 to 2040.

Table 3-12 - Atascadero Mutual Water Company Private Water System Statistics¹⁾

USER TYPE	2010	2015	2020	2025	2030	2035	2040
CONNECTIONS							
SFR	8,875	9,443	10,048	10,692	11,226	N/A	N/A
MULTI-FAMILY	366	389	414	441	463	N/A	N/A
COMMERCIAL	693	737	784	834	876	N/A	N/A
INDUSTRIAL	10	30	31	33	35	N/A	N/A
LANDSCAPE	175	186	198	210	221	N/A	N/A
OTHER	139	148	157	167	175	N/A	N/A
TOTAL CONNECTION	10,275	10,933	11,634	12,379	12,998	N/A	N/A
WATER USE²⁾							
TOTAL AFY IN SYSTEM	8,998	8,531	7,917	8,292	8,534	8,820	9,109
USER TYPE	2010	2015	2020	2025	2030	2035	2040
TOTAL AFY DELIVERED	7,026	5,138	7,517	7,892	8,134	8,420	8,709
SFR	5,354	3,549	6,163	6,485	6,692	6,935	7,185
MULTI-FAMILY	60	453	282	296	303	317	328
COMMERCIAL	58	396	474	499	514	532	553
INDUSTRIAL	7	3	17	17	17	17	21
LANDSCAPE	436	371	142	149	157	160	167
OTHER	56	0	135	142	146	153	157

¹⁾ AMWC 2006 Urban Water Management Plan ²⁾ AMWC 2015 Urban Water Management Plan

¹ The 2015 UWMP did not compile projections for future connections, so the 2006 estimates are shown for context.

Water Conservation. Each year over 50% of the water produced by AMWC is used to water landscaping, with most of this water being used in the four months between May and August. To help offset the significant stress placed on this limited water resources by landscape irrigation, AMWC offers a range of conservation programs and free information aimed at decreasing high summer water usage, and saving money while conserving water in the landscape. During drought years AMWC usually institutes mandatory conservation measures that are aimed at reducing and restricting water waste. In addition, the City of Atascadero adopted a Water Efficient Landscape Ordinance in 2010. The ordinance identifies drip irrigation, low water use plants, and water conservation techniques which are mandated for new landscape projects, and would greatly decrease water use of future developments. The following consumption reduction methods and prohibitions are listed below:

Table 3-13 Consumption Reduction Methods

Consumption Reduction Methods	Stage When Method Takes Effect	Projected Reduction (%)
Active conservation program	0	10% long-term offset
Request voluntary reduction	1	15%
Alternate irrigation watering schedules	2	5%
Prohibition the washing of paved surfaces where sweeping would be an appropriate alternative	2	1%
Prohibition of the washing of vehicles and other activities involving the use of a hose without a shut off nozzle	2	2%
Alternative water rate structure	3	15%
Prohibit landscape irrigation	3	30%
Interrupt irrigation services	3	5%

Table 3-14 Mandatory Prohibitions

Prohibition	Stage
Wasteful Use of Water	1
Using potable water to irrigate landscaping and agricultural crops in a manner that causes surface runoff, over-watering, and other wasteful conditions.	2
Irrigating between 6 am and 8 pm.	2
Washing paved surfaces with water where sweeping would be an appropriate alternative.	2
Washing of vehicles and other activities involving the use of a hose without a shutoff nozzle.	2
Landscape irrigation.	3
Construction watering with potable water.	3
Issuance of new services.	3

Water Supply and Demand

AMWC appears to have available resources to meet current demand for areas within the city limits and for the SOI areas at the present time. The Paso Robles and Atascadero Groundwater Basins will continue to be studied and monitored to ensure proper management and the City and AMWC will continue to implement conservation measures. In addition, Nacimiento water would be available to meet future City needs. Annexations of land to the City would be required to prove that the availability of water resources are sustainable, adequate, and reliable 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 3-15 Land Use

Ownership or Project Name	Gross Acres	Net Developable Acres	Approx. Residential Density
#1 Eagle Ranch	3,500	3,500	500-800 Residential
#2 N. San Ramon	5	5	25 Residential
Totals	3,505 acres	3,505 acres	525-825 units

Table 3-16 Projected Water Demand

Ownership or Project Name	Recommended Land Use	Water Demand (AFY) (1)
#1 Eagle Ranch	Residential/ Visitor-Serving	230-343 AFY
#2 N. San Ramon	Residential/ Visitor-Serving	12 AFY
Totals		242-354

Notes: (1) Water demand estimates are based on the following 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.

Water Distribution and Storage System

AMWC's distribution system includes 11 distribution zones, 9 storage tanks, 8 booster stations, 20 pressure reducing valve (PRV) stations, and over 220 miles of distribution lines. AMWC operates eight storage tanks with a capacity of 16 million gallons.

Distribution Zones

AMWC's existing distribution system consists of 11 distribution zones, with elevations ranging from 760 feet to 2,000 feet above sea level. The distribution zones are listed as follows:

- Cencero Zone
- Main Zone
- Random Oaks Boosted Zone
- San Marcos Zone (4 PRV Stations)
- Summit Hills Zone (2 PRV Stations)
- Toloso Boosted Zone (1 PRV Station)
- El Verano Boosted Zone
- Random Oaks Zone (1 Pressure Sustaining Station)
- Rojo Zone
- Santa Ana Zone (12 PRV Stations)
- Summit Hills Boosted Zone

Water Distribution: The water distribution system was evaluated as part of the 2010 Water Master Plan update (Figure 3-8).

Cencero Zone: The Cencero Zone provides service to 18 water meters. Water to the zone is supplied from the Santa Ana Zone via a booster station on Cencero Avenue. The booster station pumps water to the 0.12 MG El Monte Tank.

El Verano Boosted Zone: The EL Verano Booster Zone provides service to 108 water meters. Water to the zone is supplied from the Main Zone via a hydro-pneumatic booster station at the intersection of El Verano Avenue and Dolores Avenue. This zone does not have its own water storage tank.

Main Zone: The Main Zone serves provides service to 8,370 water meters. Water to this zone is supplied from 13 of the 17 wells. The wells include 1B, 2A, 3A, 4, 5, 5A, 6A, 7, 9A, 10, 12, 16, and 19. The Main Zone provides water supply directly or indirectly to all zones except the Random Oaks and Random Oaks Boosted Zone. The Main Zone also receives water from the Random Oaks Zone via a pressure sustaining valve (PSV 43) throughout the majority of the year. The Main Zone has three storage tanks: Chalk Mountain, Pine Mountain, and San Carlos totaling 8.94 MG of storage. The Main Zone also provides storage for the El Verano and Toloso Boosted Zones.

Random Oaks Zone: The Random Oaks Zone provides service to 460 water meters. Water to the zone is supplied by two wells, wells 8A and 13A. This zone has 1.00 MG of storage at the

Random Oaks Tank. The Random Oaks Zone also provides water and storage for the Random Oaks Boosted Zone and has a Pressure Sustaining Valve Station, which feeds the Main Zone.

Random Oaks Boosted: The Random Oaks Boosted Zone provides service to 9 water meters. Water to the zone is supplied from the Random Oaks Zone via the Random Oaks Booster Station. This zone does not have its own water storage tank.

Rojo Zone: The Rojo Zone provides service to 27 water meters. Water to the zone is supplied from the Summit Hills Zone via the San Marcos Booster Station. The booster station pumps water to the 0.63 MG Rojo Tank.

San Marcos Zone: The San Marcos Zone provides service to 610 water meters. Water to the zone is supplied from the Main Zone via the San Gabriel Booster Station. The booster station feeds the 2.93 MG San Marcos Tank. The San Marcos Zone has 4 PRV Stations that create 4 sub zones within the San Marcos Zone.

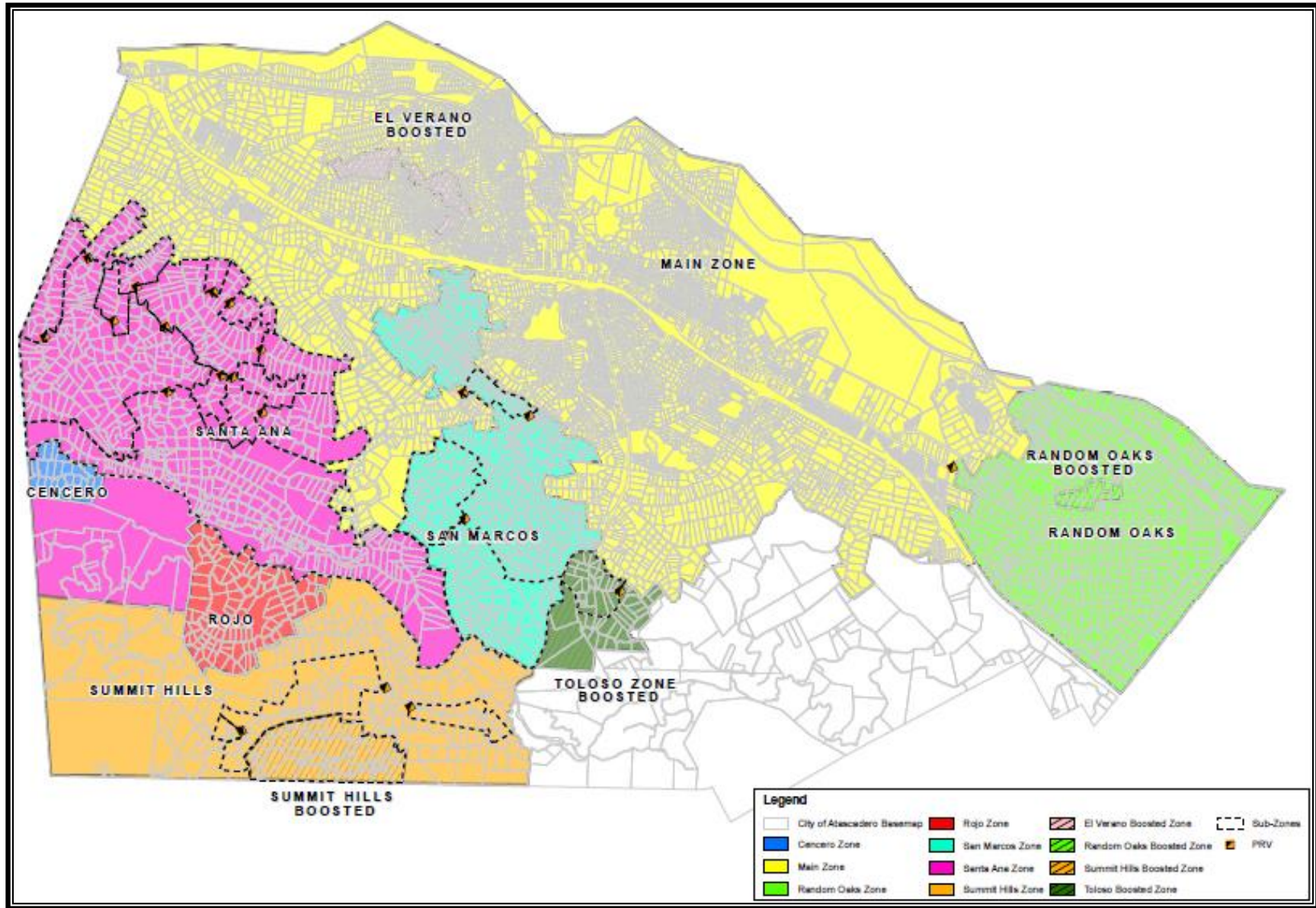
Santa Ana Zone: The Santa Ana Zone provides service to 553 water meters. Water to the zone is supplied from Main Zone via the Del Rio Booster Station. The booster station feeds the 2.84 MG Santa Ana tank. The Santa Ana Zone also provides water to the Cencero Zone. The Santa Ana Zone has 12 PRV Stations that create a total of 14 sub zones within the Santa Ana Zone.

Summit Hills Zone: The Summit Hills Zone service to 134 water meters. Water to the zone is supplied from the San Marcos Zone via the Del Rio Booster Station. The booster station feeds 0.12 MG Summit Hills Tank. The Summit Hills Zone feeds the Summit Hills Boosted Zone and provides storage for the zone. The Summit Hills Zone has 2 PRV Stations that create a total of 3 sub zones within the Summit Hills Zone.

Summit Hills Boosted Zone: The Summit Hills Boosted Zone provides service to 11 water meters. Water to the zone is supplied from the Summit Hills Zone via the Summit Hills Booster Station. This zone does not have its own storage.

Toloso Boosted Zone: The Toloso Boosted Zone provides service to 49 water meters. Water to the zone is supplied from the Main Zone via the Toloso Booster Station. This zone does not have its own storage. The Toloso Boosted Zone has 1 PRV Station that creates a total of 2 sub zones.

Figure 3-8 Distribution System - AMWC

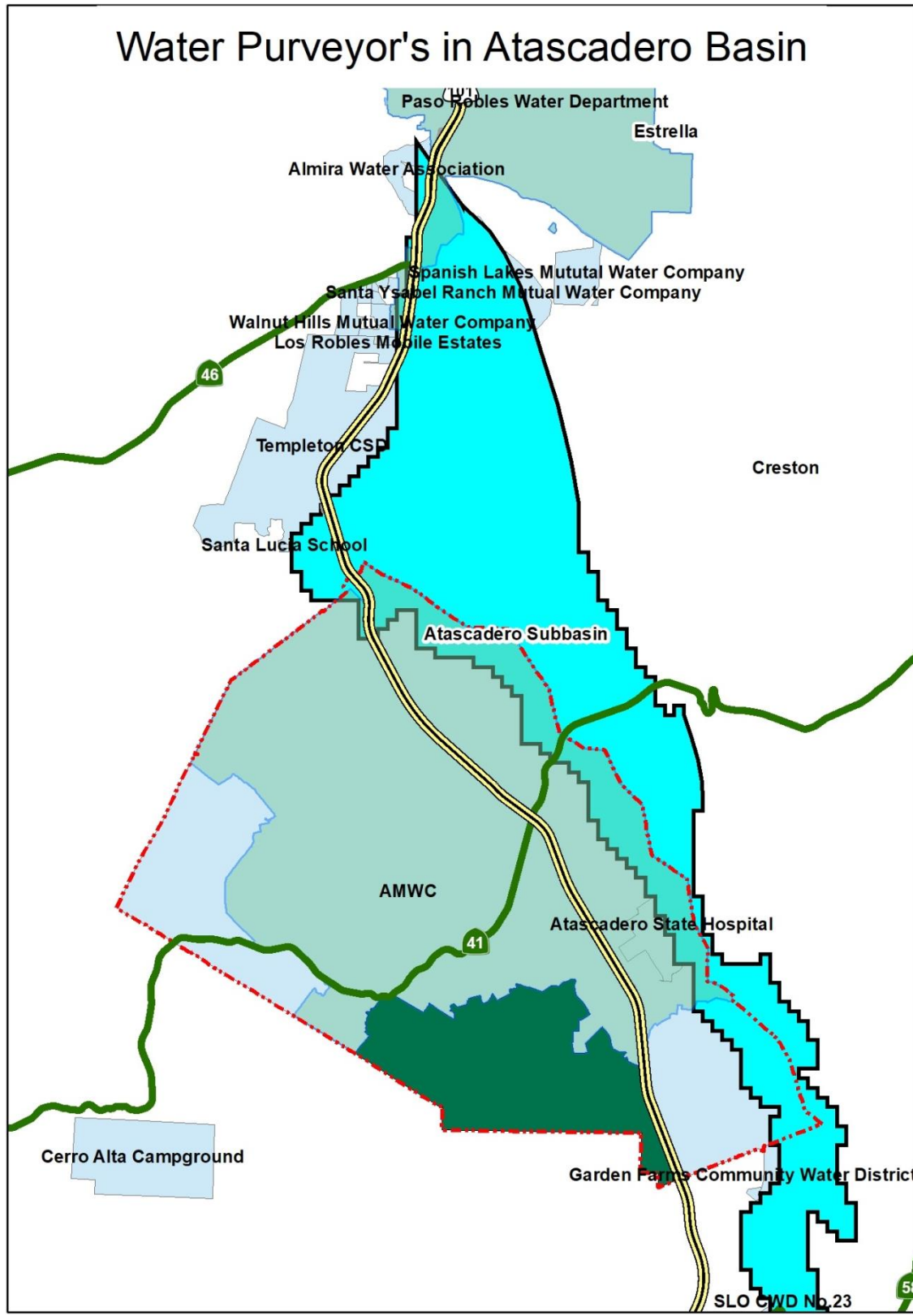


Other Water Providers

In addition to the Atascadero Mutual Water Company, 11 other private/public water purveyors provide water services to area residents. These providers are located outside of the City limits. The primary source for all of these other water providers is groundwater pumped water from local Groundwater Basin. These include

- City of Paso Robles (draws water from wells along southern city limits)
- Almira Water Association
- Spanish Lakes Mutual Water Company
- Sanya Ysabel Ranch Mutual Water Company
- Walnut Hills Mutual Water Company
- Los Robles Mobile Estates
- Santa Lucia School
- Atascadero State Hospital
- Templeton Community Services District
- Garden Farms Community Water District
- SLO County Service Area #23

Figure 3-9 Other Water Providers



WASTEWATER COLLECTION & TREATMENT SYSTEM

Facility Description. The City of Atascadero owns and operates a secondary wastewater treatment plant, which treats wastewater from about half of the City of Atascadero properties within the Urban Services Line (USL). The plant is east of Highway 101, along the Salinas River. Residential development in the City of Atascadero relies on both the City's wastewater treatment facilities and on-site septic systems. Approximately 50% of Atascadero's residents use the Collection and Treatment service (5,000 connections). The City's Wastewater Division maintains a 2.39 million gallon-per-day (mgd) wastewater treatment facility, over 70 miles of pipeline, and 12 wastewater pumping stations. The treatment plant operates at approximately 60 percent capacity, which results in an average daily flow of 1.4 mgd. Minor upgrades have been approved for the treatment plant facility, but expansions are planned to provide a safe and reliable wastewater system.

Current plant processes include biological secondary treatment and sedimentation via an aeration lagoon, facultative lagoon, and polishing lagoon operated in series, and sludge drying beds. During typical operation, influent is conveyed from two lift stations directly to the aerated lagoon. Flow proceeds from the aerated lagoon through the facultative lagoon, the polishing lagoon, a chlorine contact chamber structure (not currently used for disinfection), then into the effluent station. The recirculation system pumps a portion of treated and aerated effluent from the effluent station back to the facultative pond. Wastewater is also discharged by gravity from the effluent station to one of the five percolation basins operated by the City. A sixth basin is utilized by the Atascadero State Hospital and is not operated by the City. Sludge processing consists of dredging and pumping sludge to the lined sludge drying beds. Dry sludge is periodically hauled from the facility for disposal.

Since construction of the original plant, the City has performed minor improvements which included installation of additional aerator Hp, deepening percolation ponds to allow gravity discharge from the effluent station, addition of a recirculation stream from the effluent station to the facultative pond, appurtenances for dredging of the facultative ponds, and construction of sludge drying beds.

The large lot pattern of Atascadero, along with the hilly terrain, drainage patterns, and the large area of existing residential development currently being served by septic tanks, makes

substantial sewer extension outside the USL infeasible. This is an inherent constraint on development of high density housing outside the USL.

Property outside of the Urban Services Line is required to utilize septic systems. Failure of older septic systems due to soils with poor percolation has been a problem. The Natural Resources Conservation Service considers much of the land outside the Urban Services Line to be "severe" for septic systems, requiring that most systems develop engineered plans. The City requires percolation tests for each lot before issuance of a building permit.

Implementation of the City's General Plan, which encompasses the existing SOI area, would increase flows to the wastewater treatment plant. Projections of wastewater flow are complicated by the fact that much of the planning area disposes of waste through on-site septic systems. Assumptions of sewer service for build-out under the General Plan included the following:

- All commercial and industrial zones are sewered
- All multi-family and SFR-X districts are sewered
- 50% of the SFR-Y district are sewered
- SFR-Z, SE and RE districts remain on septic

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

Table 3-17 – Existing and Projected Wastewater Flows

Wastewater Factor (Land Use)	# Units at Build-out	Projected Flow (1)	Potential Flow Increase
Population	36,758		
Multi-Family	4,917	0.86 mgpd	
SFR-X	1,308	0.31 mgpd	
SFR-Y	1,360	0.33 mgpd	
Commercial	416 acres	0.44 mgpd	
Industrial	65 acres	0.07 mgpd	
Total		2.01 mgpd	0.81 mgpd
System Capacity		2.39 mgpd	
Percent of Capacity		84%	

Notes: (1) 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 70 miles of pipeline, and 12 wastewater-pumping stations.

Projects Budgeted or Estimated 2017 to 2022

- ▶ Manhole Rehabilitation \$250,000
- ▶ Sewer Line and Trench Settlement Repairs \$250,000
- ▶ Sewer System Management Plan Audit \$45,000
- ▶ Inflow and Infiltration Study \$85,000
- ▶ Service Truck Replacement \$105,000
- ▶ Aerator Replacement Program \$54,000
- ▶ Replacement Pumps- De Anza Lift Station \$10,000
- ▶ Lift Station 2 Replacement \$1,300,000
- ▶ Dredge Pipe Replacement - \$32,000
- ▶ Colony Park Lift Station Pipe Modifications \$60,000
- ▶ Percolation Basin Capacity Evaluation \$32,000
- ▶ Lift Stations 4, 7, 9, 11, 15 Rehabilitation and Improvements -\$455,000
- ▶ Lift Station 13 Force Main Modifications - \$909,000

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 3-18 – Single-Family Water Rates

Rate/Fee	Atascadero	Paso Robles	Templeton	San Miguel	Garden Farms
Monthly Service Meter Charge	\$18.00	\$0.00	\$17.05	\$26.93	\$100.00
Water (per 1 unit)	\$2.10	\$4.40	\$2.13	\$0.00	\$21.00
Other Charges	\$2.50 (Nacimiento)	\$0.00	\$0.00	\$0.00	\$0.00
Sample Monthly Bill (10 units of water)	\$41.50	\$44.00	\$38.35	\$26.93	\$100.00

Table 3-19 – Single-Family Sewer Rates

Rate/Fee	Atascadero	Paso Robles	Templeton	San Miguel
Flat Monthly Rate	\$24.01	\$0	\$43.82	\$37.09
Sewer (per 100 cubic feet water)	\$0.00	\$7.80	\$0.00	\$0.00
Other Charges	\$0.00	\$0.00	\$0.00	\$0.00
Sample monthly bill (10 units of water)	\$24.01	\$78.00	\$43.82	\$37.09

Figures 3-10 and 3-11 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. Overall, Atascadero’s water rates for residential customers are similar to other north county communities. Sewer rates are one of the lowest in the county. The charts are based upon a sample billing using “10 units” of water as a basis.

Figure 3-10

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

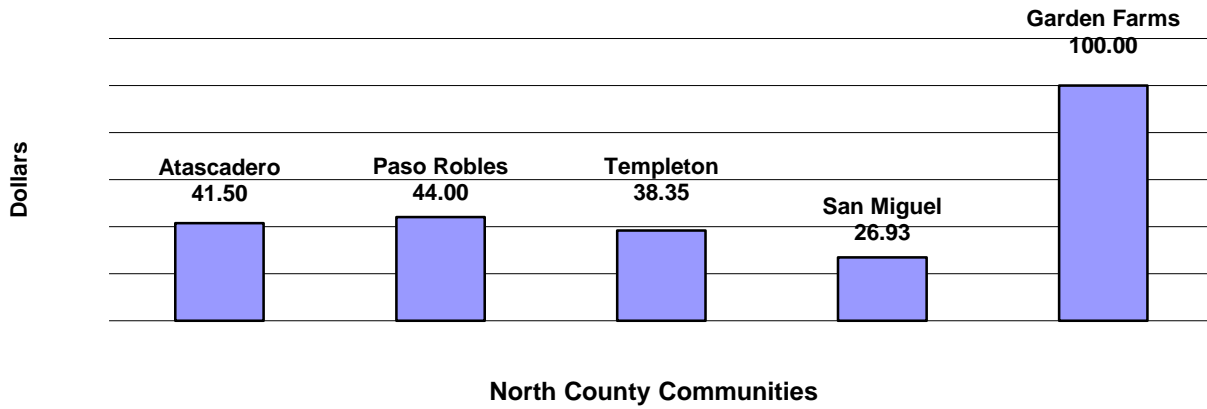


Figure 3-11

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

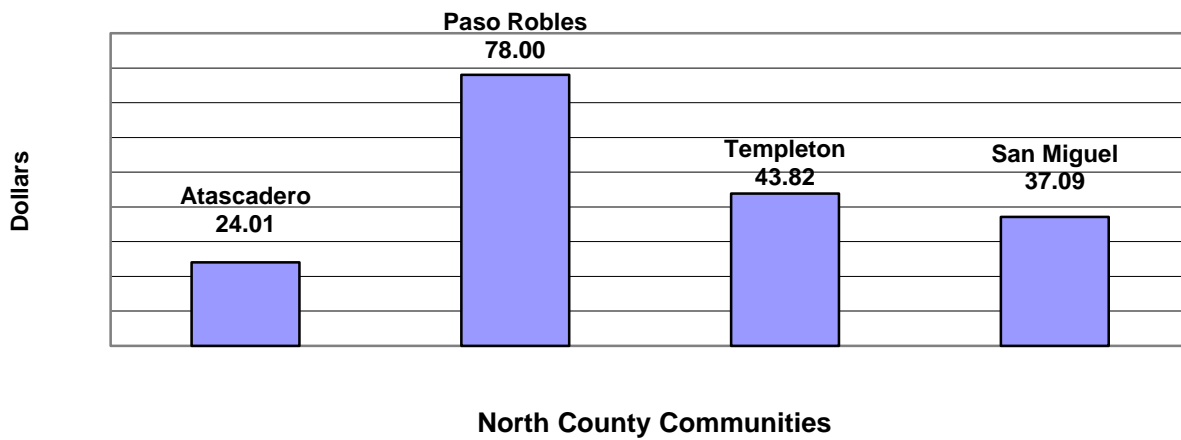
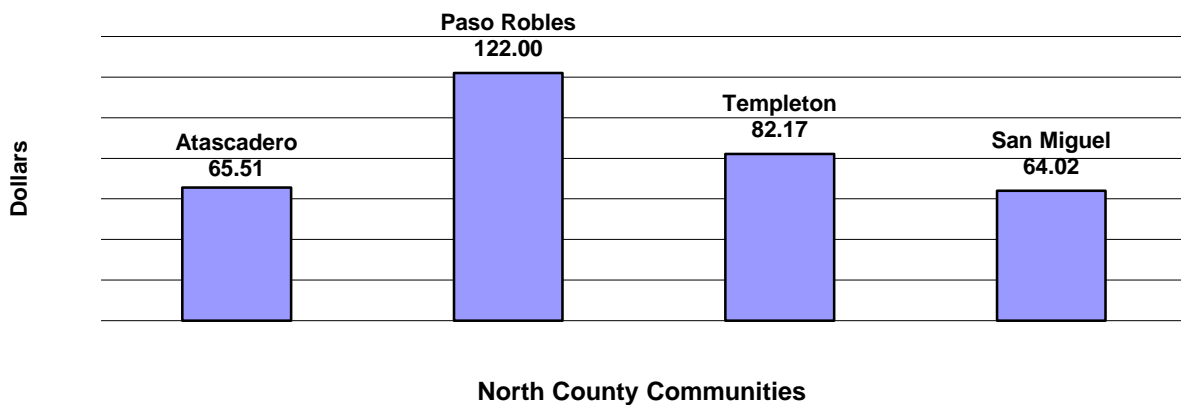


Figure 3-12

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



TRANSPORTATION - STREETS – ROADS

City of Atascadero General Plan, Circulation Element 2016

The Circulation Element of the City's General Plan describes how the City would manage transportation issues as the City grows and develops. The Circulation Element was updated in 2016 along with other elements in the General Plan, in particular the Land Use, Conservation, and Open Space 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 circulation system was laid out as part of the 1914 Atascadero Colony plan, which was designed for turn of the century automobile use and low-intensity land uses. The network consists of radial routes emanating from the City Hall area supported by a series of arterial rings meant to convey traffic to outlying areas. Only a few blocks in the City center display the grid system common to most cities. Not all planned streets have been built, and some minor streets are privately maintained and not part of the City's adopted maintenance system.

The radial street pattern was interrupted in 1954 with construction of US Highway 101, and commercial development has since spread along El Camino Real. The freeway has limited east/west travel to the eight crossings. Most significantly, it cuts off access from Atascadero Mall to El Camino Real and the Downtown.

Few streets within Atascadero are designed to carry high traffic volumes; freeway interchanges create existing and potential bottlenecks; many roadways are not wide enough to safely accommodate automobiles, bicyclists and pedestrians; and the street patterns and topography constrain transit operations and access. One of the goals of the Circulation Element and the associated circulation improvements is to improve this situation.

U.S. 101 provides regional access to Atascadero from the north and south. Within Atascadero, Route 101 is a four-lane freeway with full access control. Between San Ramon Road and Santa Barbara Road, there are eight freeway interchanges for access into and out of Atascadero. State Route 41 is the other regional route serving Atascadero, connecting the City with Morro Bay to the west and the San Joaquin Valley to the east.

Traffic operations are evaluated by determining level of service (LOS), which involves assigning A through F to an intersection or roadway segment to represent progressively worsening traffic conditions. The City of Atascadero has designated C as the minimum acceptable LOS standard for City facilities; therefore, a peak hour LOS C is assumed the threshold for acceptable traffic operations at studied intersections.

The tables below identify key road capacity level of service for existing roads, mitigation identified to improve conditions, and 2025 roadway LOS. The information conveys that: 1) most of the City's roadways operate within acceptable LOS, 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 SR 41 and El Camino Real study segments is projected to exceed the capacity.

**Table 3-20
Existing Traffic Operation with Mitigation**

Street/Intersection	AM Peak Hour			PM Peak Hour		
	Delay (sec/veh)	LOS	Warrant Met	Delay (sec/veh)	LOS	Warrant Met
San Anselmo Rd / US 101 SB	36.2	E	YES	53.5	F	YES
San Anselmo Rd / US 101 NB	33.2	D	YES	45.0	E	YES
San Anselmo Rd / El Camino Real	14.8	B	--	13.6	B	--
Rosario Ave / El Camino Real	19.5	C	NO	42.1	E	NO
Traffic Way / Ardilla Ave	13.4	B	NO	12.5	B	NO
Traffic Way / US 101 SB ramps	72.0	F	YES	76.8	F	YES
Traffic Way / US 101 NB off	17.6	C	NO	28.9	D	YES
Traffic Way / El Camino Real	29.3	C	--	29.4	C	--
Entrada Ave / El Camino Real	17.3	C	NO	25.7	D	NO
West Mall / El Camino Real	9.7	A	--	13.6	B	--
Morro Rd / US 101 SB ramps	OVERFL	F	YES	OVERFL	F	YES
Morro Rd / US 101 NB on	13.8	B	--	15.0	C	--
Morro Rd / El Camino Real	36.4	D	--	40.9	D	--
El Camino Real / US 101 NB off	OVERFL	F	YES	OVERFL	F	YES
Curbaril Ave / SR 41	9.1	A	--	53.1	D	--
Curbaril Ave / US 101 SB ramps	47.8	E	NO	60.7	F	NO
Curbaril Ave / US 101 NB ramps	19.1	C	NO	35.1	E	YES
Curbaril Ave / El Camino Real	15.2	B	--	26.3	C	--
Santa Rosa Rd / US 101 SB on	15.2	C	NO	28.0	D	YES
Santa Rosa Rd / US 101 NB on	24.8	C	NO	67.6	F	YES
Santa Rosa Rd / El Camino Real	13.6	B	--	13.8	B	--

Source: City of Atascadero General Plan Circulation Element 2016

Table 3-21: Mitigation Measures for Existing Intersections

Intersection	Mitigation Measure
San Anselmo Rd / US 101 SB ramps	4-way stop control
San Anselmo Rd / US 101 NB ramps	Northbound movement, dedicated left, shared through and right
Rosario Ave / El Camino Real	Install traffic signal*
Traffic Way / US 101 SB ramps	4-way stop control
Morro Rd / US 101 SB ramps	Install traffic signal, south bound movement, dedicated left, dedicated right
Morro Rd / El Camino Real	Eastbound and westbound movements, dedicated left, shared through and right
El Camino Real / US 101 NB off	Install traffic signal
Curbaril Ave / SR 41	Eastbound movement, dedicated left, shared through and right
Curbaril Ave / US 101 SB ramps	4-way stop control
Curbaril Ave / US 101 NB ramps	Northbound movement, dedicated left, shared through and right
Santa Rosa Road / US 101 SB on	Southbound movement, dedicated left, shared through and right
Santa Rosa Rd / US 101 NB on	Install traffic signal

Source: City of Atascadero General Plan Circulation Element 2016

* Due to high traffic volumes on El Camino Real, installation of traffic signals is the only way to mitigate the intersection LOS; however, low minor street traffic volumes do not warrant signalization.

Table 3-22: 2025 Roadway Level of Service

Roadway	From	To	Roadway Type	AADT	LOS
US 101	Santa Barbara Road	Santa Rosa Road	Freeway	66,550	D
US 101	Santa Rosa Road	Curbaril Avenue	Freeway	67,220	D
US 101	Curbaril Avenue	SR 41	Freeway	64,600	D
US 101	SR 41	Traffic Way	Freeway	69,910	D
US 101	Traffic Way	San Anselmo Road	Freeway	73,820	D
US 101	San Anselmo Road	Del Rio Road	Freeway	69,340	D
US 101	Del Rio Road	San Ramon Road	Freeway	67,480	D
SR 41	Cerro Alto Road	Santa Rosa Road	Major Arterial	11,910	B
SR 41	Santa Rosa Road	Curbaril Avenue	Major Arterial	16,120	F
SR 41	Curbaril Avenue	US 101	Major Arterial	28,810	F
SR 41	US 101	Santa Ysabel Ave	Major Arterial	27,730	C
SR 41	Santa Ysabel Ave	Salinas River Bridge	Major Arterial	8,960	A
Traffic Way	US 101	El Camino Real	Minor Arterial	11,050	D
Traffic Way	East of El Camino Real		Minor Arterial	7,760	A
Traffic Way	Ardilla Avenue	US 101	Minor Arterial	11,330	D
Traffic Way	Portero Road	Dolores Avenue	Minor Arterial	7,610	A

Roadway	From	To	Roadway Type	AADT	LOS
El Camino Real	Santa Barbara Road	Viejo Camino	Major Arterial	15,140	F
El Camino Real	SR 41	Curbaril Avenue	Major Arterial	26,460	C
El Camino Real	Del Rio Road	San Anselmo	Major Arterial	15,520	D
El Camino Real	Del Rio Road	Santa Cruz Road	Major Arterial	6,050	A
Del Rio Road	US 101	El Camino Real	Collector	12,240	B
Del Rio Road	San Ramon Road	US 101	Collector	7,410	A
Atascadero Avenue	La Paz Road	Ortega Road	Minor Arterial	6,130	A
Atascadero Avenue	SR 41	Curbaril Avenue	Minor Arterial	3,850	A
Santa Lucia Avenue	Santa Ana	Portola Road	Collector	3,670	A
Santa Lucia Avenue	Portola Road	Atascadero Avenue	Minor Arterial	6,040	A
Rosario Avenue	East of El Camino Real		Local	3,410	A
West Mall	East of El Camino Real		Collector	5,190	A
Santa Ynez	North of Morro Road		Local	2,750	A
Portola Road	Carmelita Avenue	SR 41	Minor Arterial	3,780	A
San Anselmo Road	Ardilla Road	Monterey Road	Minor Arterial	9,040	B
Monterey Road	San Anselmo Road	Del Rio Road	Minor Arterial	7,060	A
San Ramon Road	Del Rio Road	Northern City Limits	Collector	4,610	A
Potrero Road	Traffic Way	Del Rio Road	Local	7,610	A
Dolores Avenue	San Anselmo Road	Traffic Way	Local	3,000	A
Curbaril Avenue	US 101	Sycamore Road	Minor Arterial	9,750	C

Source: City of Atascadero General Plan Circulation Element 2016

- The Roadway Type is the General Plan Roadway Classification.
- The LOS is calculated based AADT and the existing roadway configuration.

Below is a list of local street improvement projects proposed in the City's Capital Improvement Program. Funding for these projects is allocated based upon available funding and budget priorities. The total capital and special projects budget for fiscal years 2017-2022 is \$38,014,400. Fiscal years 17/18 and 18/19 have proposed budgets while the later years are estimated.

Projects Budgeted or Estimated 2017 to 2022

- ▶ Santa Lucia Road Bridge Replacement \$ 2,644,350
- ▶ Via Avenue Bridge Replacement \$3,440,000

- ▶ Bridge Evaluations and Studies \$50,000
- ▶ Downtown Traffic Calming Improvements \$75,000
- ▶ Del Rio Road @ Hwy 101 Interchange Improvements \$12,120,000
- ▶ Lighted Crosswalk Replacement \$80,000
- ▶ Pavement Crack Sealing Preservation Program \$150,000
- ▶ Citywide Pavement Condition Evaluation Update \$ 50,000
- ▶ El Camino Real Rehabilitation - North \$1,300,000
- ▶ San Anselmo Road Rehabilitation - East \$450,000
- ▶ East Front Street Rehabilitation \$300,000
- ▶ Santa Lucia Road Rehabilitation \$578,800
- ▶ Viejo Camino Road Rehabilitation \$195,000
- ▶ 2019 Pavement Resurfacing Project \$592,000
- ▶ 2020 Pavement Resurfacing Project \$712,000
- ▶ San Anselmo Road Rehabilitation - West \$310,000
- ▶ El Camino Real Resurfacing - South \$650,000
- ▶ Traffic Way/Ardilla Avenue Rehabilitation \$210,000
- ▶ San Gabriel Road Rehabilitation - \$417,500
- ▶ San Marcos Road Rehabilitation \$362,500
- ▶ West Mall Rehabilitation - \$250,000
- ▶ Street Assessment Districts Improvement Projects \$50,000
- ▶ Apple Valley Maint. District No. 1 Pavement Management \$156,000
- ▶ De Anza Maint. District No. 3 Pavement Management \$103,000
- ▶ Las Lomas Maint. District No. 2 Pavement Management - \$400,000
- ▶ 1992 Assessment District Maintenance Improvement Project \$175,000

MEASURE F-14 ROAD PROJECTS

- ▶ 2017 Pavement Rehabilitation \$1,875,000
- ▶ 2018 Pavement Resurfacing \$185,000
- ▶ 2018 Pavement Rehabilitation \$2,015,500
- ▶ 2019 Pavement Rehabilitation \$2,202,000
- ▶ 2020 Pavement Rehabilitation \$2,250,000
- ▶ 2021 Pavement Resurfacing \$191,000
- ▶ 2021 Pavement Rehabilitation \$2,365,000
- ▶ 2022 Pavement Rehabilitation \$1,109,750

SLOCOG Regional Transportation Plan, 2019

The most recent RTP, Sustainable Communities Strategy, acts as a blueprint for a transportation system that addresses transportation projects that would meet access and mobility needs. The 2019 Regional Transportation Plan (2019 RTP) is intended to be a comprehensive Plan guiding transportation policy for the region and would assist in making 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) 2019 Regional Transportation Plan a significant increase in traffic volume on Highway 101 and Hwy 41 is projected from the 2010 number of 59,000 & 13,600 average daily trips to 71,000 & 15,700 average daily trips in 2035 respectively. The Level of Service in the Atascadero area on Highway 101 is expected to decrease from a LOS C to LOS D. On Hwy 41 Level of Service is expected to decrease from a LOS E to LOS F. 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. Highway 41 interchange has been redesigned to address capacity issues. The City of Atascadero is embarking on a *complete street* corridor study and will evaluate improvements such as widening, shoulders, and sidewalks to address deficiencies in this segment.

Highway 101/SR 41 Corridor. The City is bisected by Highway 101 Freeway Corridor. In 2016, this highway carried Annual Average Daily Trips (AADT) of 64,600 (2016 Caltrans counts; website). Volumes are continuing to increase with freeway volume coming from local and regional sources. This segment carries heavy commuter traffic as well as interregional and local traffic. Interchange along the US 101 corridor, such as the Hwy 41/US101 in Atascadero, was beginning to operate at or near capacity. Hwy 41 interchange has been redesigned to address capacity issues. In 2016, highway 41 carried Annual Average Daily Trips (AADT) of 12,600 (2016 Caltrans counts; website).

Planned improvements also include some long term improvements at the urban fringe and shoulder widening and turn channelization in the rural segments of the corridor. Commercial areas on the west side of Atascadero are experiencing traffic, bicyclist and pedestrian conflicts.

The City utilizes developer contributions for improvements such as widening, shoulders, and sidewalks to address deficiencies. The recommendations for this route 41 include:

- Provide for widening to four lanes from San Gabriel Rd to Capistrano Rd., shoulders, channelization, and sidewalks to address deficiencies.
- Addressing turning movement conflicts, bike and pedestrian issues and congestion problems by implementing widening, shoulder improvements, and channelization.

Transit. RTA provides regional fixed-route services within San Luis Obispo County. RTA's Route 9 operates on the Highway 101 corridor between San Miguel, Paso Robles, Templeton, Atascadero, Santa Margarita, and San Luis Obispo. Atascadero Transit operates the North County Shuttle, on weekdays from 7:00 am to 7:00 pm. The route connects 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. Atascadero also provides a Dial-a-Ride that serves residents within the city limits with door-to-door service between 7:30 am and 4:30 pm, Monday through Friday.

Fire

The Atascadero City Fire Department is an “all risk” Fire Department that responds to emergencies such as medical aids, structure fires, wildland fires, vehicle traffic collisions, hazardous materials incidents, technical rescues and public service assists. The Fire Department operates from 2 fire stations with 6 fire engines, 2 command vehicles, a ladder truck, a 4X4 ambulance and a technical rescue unit. The department operates with a total of 21 full-time shift personnel and 12 Reserve Firefighters. The full-time staff includes 1 Fire Chief, 1 Fire Marshal/Code Enforcement Officer and 1 Administrative Assistant.

Fire station one, is located at the corner of Lewis Avenue and Traffic Way, was built in 1952 and has undergone several alterations to accommodate the increase in personnel. The fire department also operates out of a second fire stations located at 9801 West Front Road.

Table 3-23 Fire Budget

Fiscal Year	2013-2014	2014-2015	2015-2016	2016-2017
	\$4,340,732	\$5,308,995	\$5,053,941	\$4,781,827

Over the previous year (2017) the Fire Department has responded to more than 3,299 calls for service. The City requires that all new development pay fees for additional equipment and fixed facilities as needed to service the new development. Additionally, the City charges a Community Facilities District (CFD) fee to pay for the additional staff required for development. This practice has been effective with several other large scale developments and also has ensured service levels have not been watered down for existing residents. In annexation areas, the City would consider the need for additional fire stations, equipment and manpower. The fire department currently has a response time of 6 minutes over 60% of the City, and 8 minutes over 82% of the City. The fire department’s goal is to have a 6-minute response time over 90% of the City, and an 8-minute response time over 95% of the City for all emergencies.

Table 3-24 Call Type & Volume

Category & Incident Type	2013	2014	2015	2016	2017
Structural Fires	8	4	11	9	9
Incident Type: 111					
False Alarms / Good Intent Calls	92	124	142	158	168
Incident Type: 600					
Incident Type: 650-653					
Incident Type: 700-751					
Vehicle Fires	15	9	10	9	12
Incident Type: 130-138					
Vegatation Fires	22	24	21	14	25
Incident Type: 140-143					
EMS - BLS Response Calls	787	834	1101	1035	1107
Incident Type: 321					
EMS - ALS Response Calls	945	866	758	932	844
Incident Type: 321 / Action Taken: 33					
Vehicle Accidents w/o Extrication	103	97	103	78	119
Incident Type: 322-324					
Vehicle Extrications	1	1	0	0	1
Incident Type: 352					
Other Rescue	1	0	3	0	0
Incident Type: 350-351					
Incident Type: 353-372					
Hazardous Condition / Materials Calls	42	23	37	50	81
Incident Type: 400-471					
Incident Type: 671-672					
Incident Type: 751					
Service Calls	226	203	210	248	336
Incident Type: 500					
Incident Type: 550-555					
Other Calls and Incidents	339	352	378	361	318
All other calls that are left over					
Total	2581	2537	2774	2894	3020
Received Mutual/Auto Aid	23	21	20	34	19
Given Mutual/Auto Aid	254	235	223	215	279
Total Mutual/Auto Aid	277	256	243	249	298
Overall Call Volume Per Year	2835	2772	2997	3109	3299

Source: City of Atascadero Fire Department, 2017

The call distribution between the two fire stations is: 52% calls annually for Fire Station 1 & 48% for Fire Station 2 annually.

The Revenue & Cost Specialists LLC., Nexus Report suggests just over 100 calls annually would be generated by the Eagle Ranch project with the following assumptions. It is also anticipated that the department would respond to between 20 and 50 calls annually to the massive open space areas, trail system & the buffer area adjacent to the USFS land.

Table 3-25 Call Estimates for Eagle Ranch

Land Use	Dwellings, Rooms or Acres	Annual Calls per Dwelling Unit or Acre	Total Calls Annually
Single Family Dwellings	500	0.104	52
Multiple Family Dwellings	50	0.135	7
Hotel/Motel Units	50	0.109	5
Commercial/Office Acres	20	0.978	20
Open Space, trails, USFS			20
		Total Annual Call Impact	104+

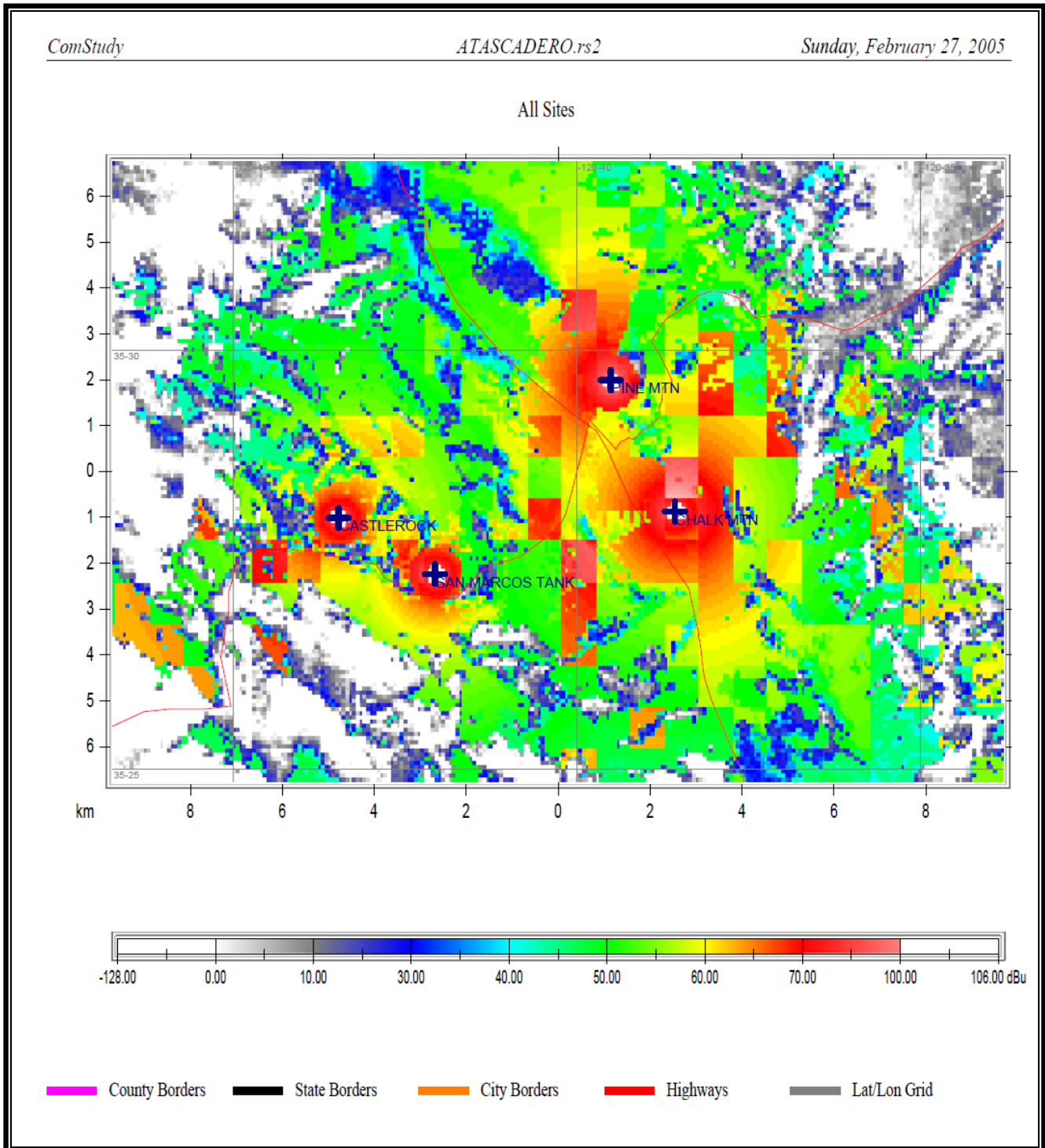
Source: City of Atascadero Fire Department, 2010

Emergency Response to & Fire Protection for future Eagle Ranch Annexation:

- Eagle Ranch poses a major wildland fire threat. Currently the Co/Cal Fire Dept. and USFS have emergency response and fiduciary responsibility for fire protection.
- Currently, there is a lack of a vegetation management plan. This would need to be developed during the Eagle Ranch Specific Plan. Ongoing maintenance of a vegetation management plan must be considered to maintain safety after development occurs.
- Increased public access to the Los Padres Forest and risk of fire in such a remote area of the City is a concern. Fires that start in the City would threaten the forest, and fires that start in the forest would threaten the City. This area of the county has a very long history of fire, with several very large fires in the past 30 years.
- The use of State of California aircraft on vegetation fires has generally not cost the City of Atascadero in the last 20 years. However, until the state finances stabilize and/or if the State changes policy of not charging local government for the use of this specialized equipment, the City could be liable for these costs. It is worth noting, Federal aircraft always cost the local agency for use. As an example, a 100 acre fire with the use of two Federal air tankers for three hours could easily cost the City \$100,000.

- City of Atascadero's radio coverage for police, fire, public works and transit is poor at best for 70% of the ranch. (See Figure below VHF Radio Propagation Study. Note: anything less than green is defined by the City as unacceptable.) Additional measures to extend the signal to the area would need to be studied.
- Emergency vehicles have very limited access to the ranch and the current entrance is located at the most southern part of the City. Response times for much of the ranch would not meet the City response standards while responding from Station 2. The second due engine, responding from the downtown area of the City, would also exceed the City standard of 10 minutes. Options would need to be considered to reduce response times to the area.
- Ladder Truck access to all commercial occupancies may be difficult without significant infrastructure improvements. Design for ladder truck access to be worked into the Specific Plan and project design.
- Evacuation routes during emergencies, such as vegetation fires, an earthquake or a dam failure would be problematic. These will be analyzed in the Specific Plan for proper design and emergency plans will be created.
- Water storage, supply and distribution for firefighting are a current concern. These would be analyzed during the Specific Plan and project design.

Figure 3-13
Radio Propagation Study:



Source: City of Atascadero Fire Department, 2010

POLICE

The City of Atascadero provides law enforcement services for the residents of the City. The Police Station is located at the corner of El Camino Real and Rosario. The total budget for the Police Department for fiscal year 2015-16 was \$6,149,520 million and \$6,542,471 million in 2016-17. The proposed budget for fiscal year 2017-18 is \$7,251,450. An overview and services provided by the Department are briefly described below. The Department was formed in 1980 upon incorporation of the City and now has 41 authorized positions. There are currently thirty-one (31) authorized sworn officers and the remaining positions are civilian support staff.

The Atascadero Police Department Investigations Unit currently has one Detective Sergeant, two Detectives, and two Special Enforcement Officers. The Support Services Unit of the Atascadero Police Department includes six Support Services Technicians (SST's) or Dispatchers, one SST Lead Technician, and one SST Supervisor. The Support Services Unit receives and dispatches all emergency 911 and non-emergency calls for assistance, including requests for police, fire, and emergency medical personnel. The Special Response Team has an authorized strength of six members. What is unique about the SRT is that the unit is fully integrated into the San Luis Obispo County Sheriff's Department Special Enforcement Detail. The Atascadero Police Department SRT is the only local police special weapons and tactics unit in San Luis Obispo County with such a distinction.

Regional Dispatch Study. The cities of Atascadero, San Luis Obispo and Paso Robles, as well as Cal Poly, are considering merging their public safety dispatch centers into a single regional facility to reduce operating costs associated with personnel, technology and maintenance. Over the span of 2015-2017, Atascadero dispatchers received an average of 28,424 calls for service per year, San Luis Obispo dispatchers received an average of 48,442 calls, Paso Robles dispatchers received an average of 34,218 calls, and Cal Poly police received an average of 13,338 calls. Atascadero has approved a memorandum of understanding on conducting a feasibility study of the proposal. The first phase of the feasibility study is expected to cost \$126,586. SLO would cover 36.7 percent of the cost of the study, followed by Paso Robles covering 32 percent, Atascadero covering 21.3 percent and Cal Poly covering 10 percent.

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 Atascadero in 2010, calculated using the following formula:

$$30,900 \text{ population} \div 1,000 = 30.9 \text{ people}$$

$$31 \text{ sworn employees} \div 30.9 = 1.00 \text{ officers per 1000 people}$$

Nationwide the Department of Justice-FBI law enforcement statistics show the ratio to be an estimated two officers per 1000 people for communities the size of Atascadero. The average officers/1,000 ratio for the seven cities in San Luis Obispo County is about 1.4 officers, with Pismo Beach being the highest at 2.7 and Atascadero the lowest at 1.00 officers/1,000.

The figures below show the violent and property crime rates per 1,000 people for the City of Atascadero from 2010 through 2016. Violent crimes include homicide, rape, robbery, and aggravated assault and have been steadily decreasing. Property crimes include burglary, larceny, auto theft, and arson. This information is from the California Department of Justice Crime statistics. The 2010-2016 crime statistics are based on data from the State of California’s Office of Attorney General, Department of Justice, Criminal Justice Statistics Center.

Figure 3-14: Violent Crime Rate

Source: California and FBI Crime Index, 2010-2016

City of Atascadero - Violent Crime per 1000 people

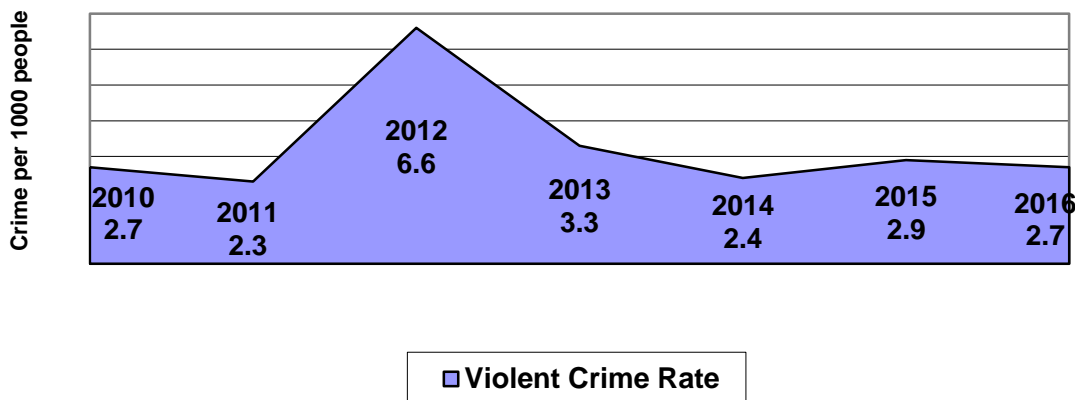
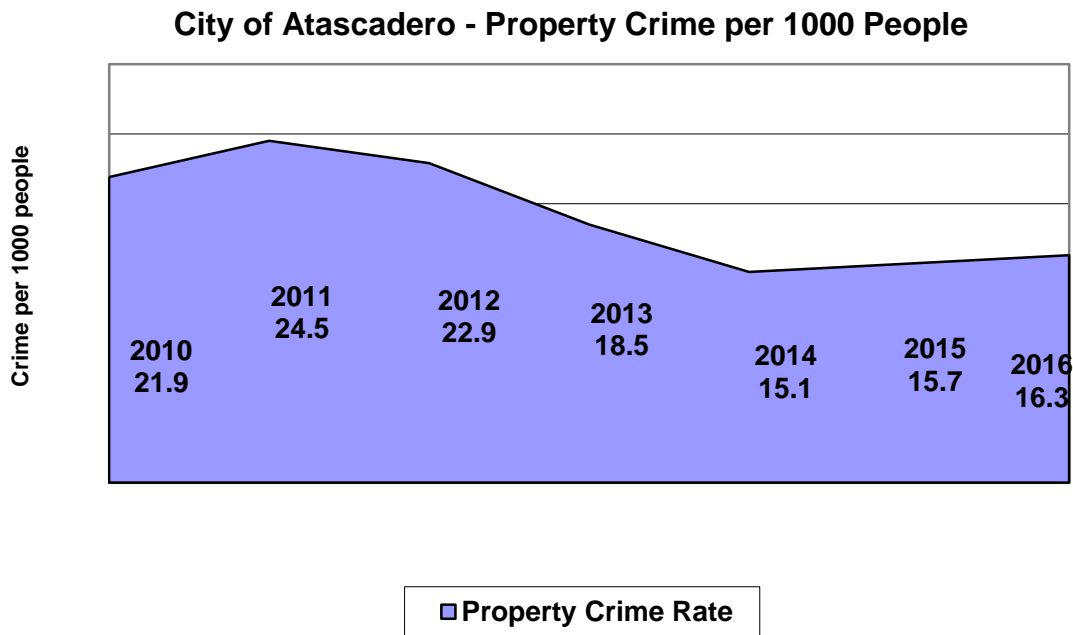


Figure 3-15: Property Crime Rate

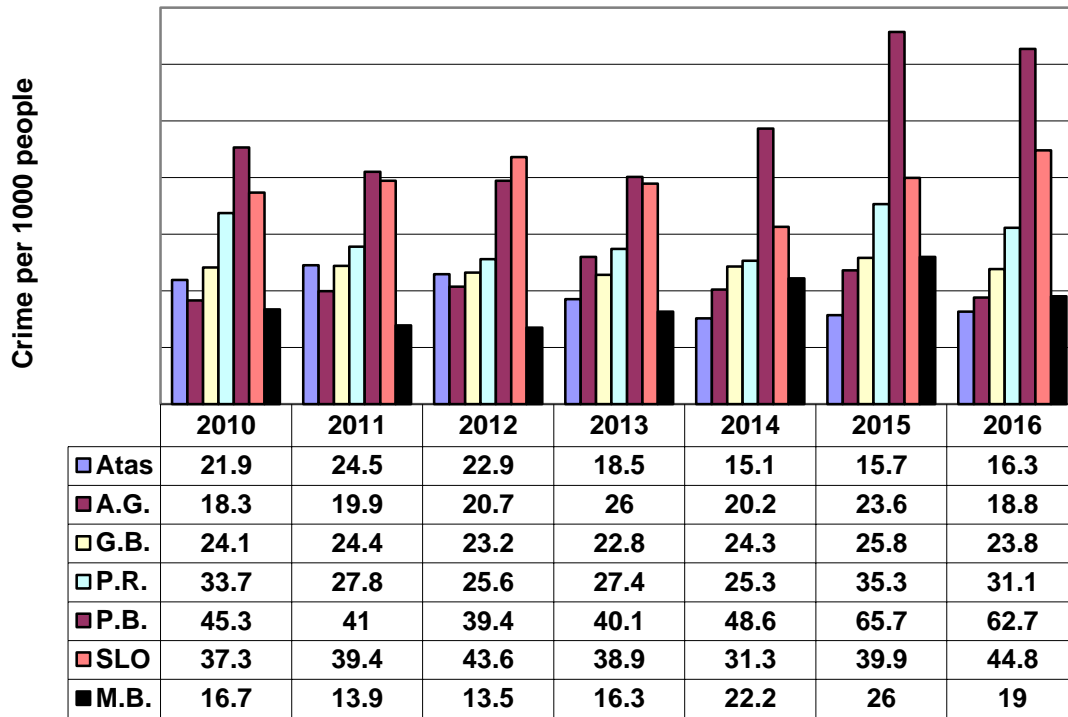
Source: California and FBI Crime Index, 2010-2016



The following figures show the City of Atascadero 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. Atascadero had a crime rate of 21.9 in 2010 and in 2016 the crime rate decreased to 16.3.

Figure 3-16: Comparative Crime Rate

**City Comparisons
Property Crime per 1000 people**

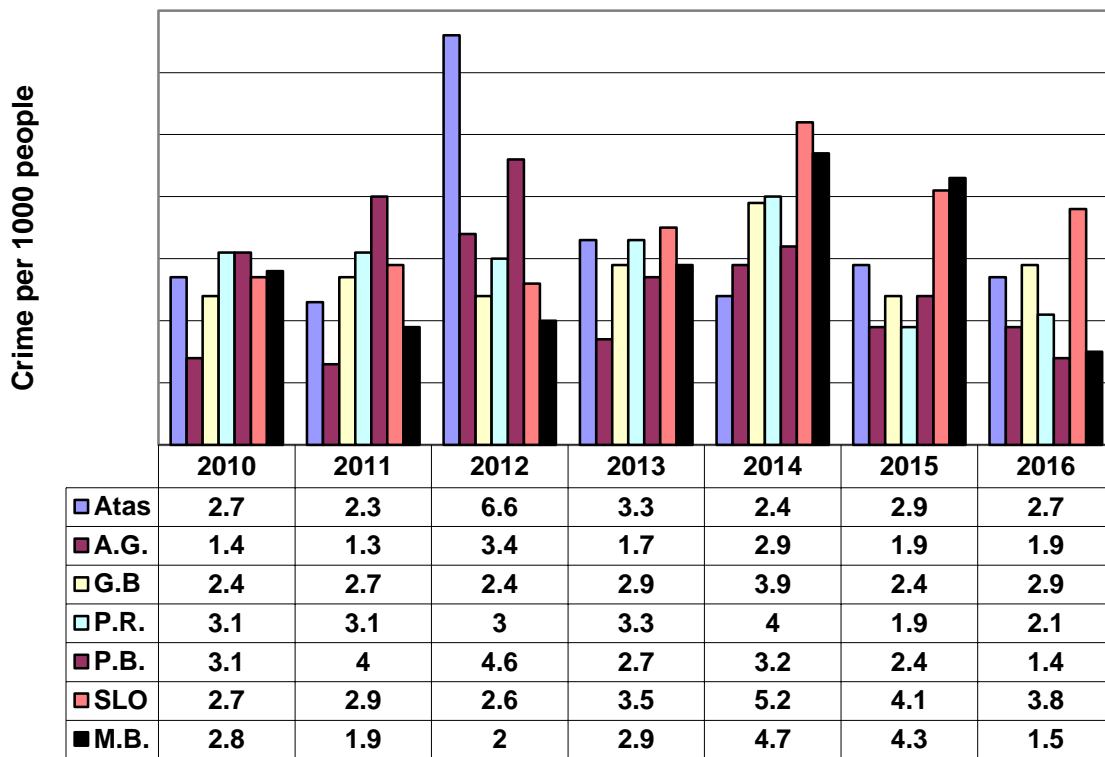


Source: DOF E4, 2017 and California Department of Justice Department

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, 2017. The crime rate is normally calculated as the number of crimes per 100,000 people. Due to the lower population of San Luis Obispo County cities, the crime rate shown above is per 1,000 people.

Figure 3-17: Comparative Crime Rate

**City Comparisons
Violent Crime per 1000 people**



Source: DOF E4, 2017 and California Department of Justice Department

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

SOLID WASTE DISPOSAL

A private vendor, Atascadero Waste Alternatives, collects solid waste under a franchise agreement with the City. Participation in garbage collection is mandatory citywide and rates are based on volume as part of a comprehensive effort to comply with current state law for waste reduction. The landfill serving Atascadero is also used by the unincorporated communities of Santa Margarita and Templeton. Chicago Grade Landfill was purchased by Allos Environmental Inc., a private environmental infrastructure company headquartered in Salt Lake City, Utah. The annual waste tonnage entering the landfill has varied from 75,000 to over 100,000 tons per year. Approximately 33,000 tons of waste per year originates from the Atascadero area, roughly 40% of Chicago Grade's waste stream. Approximately 2 million cubic yards of waste has been placed in this facility since 1970. The waste placed at the landfill between 1970 and 2007 is contained within a 38 acre area. In 2007, expansion plans were approved by the California Integrated Waste Management Board (CIWMB) and San Luis Obispo County that permit the placement of waste on 76.4 acres, allowing the landfill to remain open until at least 2050.

SCHOOL SERVICES

School services are provided by the Atascadero Unified School District. This school district services a much wider area than the City limits of Atascadero. The district has four elementary schools, one junior high school, one comprehensive high school and one continuation school in the planning area. The junior and senior high schools also serve the unincorporated communities of Santa Margarita, Creston and the Carrisa Plains. The Atascadero Fine Arts Academy, the Santa Rosa Academic Academy, and the West Mall Alternative school serve students interested in fine arts, accelerated learning, and home schooling, respectively. The following is a list of the nine different schools that serve students in the area.

- Atascadero High School (9-12)
- Atascadero Junior High School (7-8)
- Atascadero Fine Arts Academy

- Monterey Road Elementary (K-6)
- San Benito Elementary (K-6)
- San Gabriel Elementary (K-6)
- Santa Rosa Academic Academy (K-6)
- Westside Continuation High School (9-12)
- West Mall Alternative Schools (home school and independent study)

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 would 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: parkland facilities fees, circulation fees, library expansion fees, law enforcement facilities fees, fire facilities, open space acquisition fees, public facilities fees, and general government facilities 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 receives water service from the Atascadero Mutual Water Company which serves the areas within the City and outside the City limits.
2. The potentially available Water Supply is estimated to be 10,700 AFY in AMWC's Urban Water Management Plan which was updated in 2016. The estimated water demand within the AMWC service area (which includes the City limits and SOI) at build-out is estimated to be 8,709. The future demand within the SOI is estimated to be 242 - 354 AFY.
3. The AMWC currently has an adequate water supply to serve the City's anticipated build-out under its current General Plan and the SOI properties. Properties proposed for annexation would be required to prepare a Specific Plan identifying land uses and water demands and supplies to adequately serve the development.
4. The City has presently available resources to meet current demand projections for areas within the City and the Sphere of Influence area. AMWC is contracting for 3,244 acre-feet of water from the Nacimiento Pipeline Project to supplement its water needs.
5. The City's General Plan policies would not allow water services to be provided in excess of the available supply.

Wastewater

6. The City operates and regularly maintains the wastewater collection and treatment system, which consists of sewer pipelines, manholes, pump stations, and a secondary wastewater treatment facility for 50% of the City's residents (areas within the USL of the City).
7. The treatment facility has the capacity to process 2.39 million gallons per day of wastewater and is currently processing an average of 1.4 million gallons per day. The system is operating at 60% of capacity. The system is expected to operate at 84% at build-out.

8. The City's wastewater plant as a secondary treatment facility has the ability to serve the SOI areas with an estimated 0.81 million gallons per day from the remaining USL properties within the city limits. The areas in the SOI are estimated to produce a very limited amount of wastewater that could be served by septic systems. A Specific Plan and EIR would be prepared to best determine the appropriate method.
9. The City regularly upgrades their Sewer System by approving projects and allocating funds as part of their Capital Improvement Program and Plan.
10. The City has adequate capacity in its existing wastewater treatment facility to serve existing and future residents.

Roads and Streets

11. The City's Circulation Element, in conjunction with the Land Use Element and Capital Improvement Plan, prioritizes and manages the transportation and traffic network.
12. The City improves the transportation network by allocating funds and implementing transportation improvement projects through the Capital Improvement Plan.
13. Several transportation projects are in the planning stages and are progressing toward construction. These projects would provide for the continued upgrade of the City circulation system.
14. The City no longer accepts additional roads into the City's Road maintenance System. All newly constructed streets and roads must have a funding mechanism and accompanying Road Maintenance Agreement through a Home Owners Association or Assessment District for on-going maintenance costs.

Infrastructure

15. 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.

16. 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.
17. The City's General Plan, Capital Improvement Plan, and Circulation Element address the provision of infrastructure for wastewater, roads and other public facility needs.
18. The City should be able to provide the services (sewer, police and fire) to areas within the existing Sphere of Influence while continuing to adequately serve existing residents, pursuant to the policies and standards contained in the General Plan are implemented when considering annexations and development projects.
19. 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

20. The City's Police Department is adequately staffed to provide law enforcement services to its residents given the rate of crimes in Atascadero.
21. The City would have the opportunity to add police staff as needed to serve the Sphere of Influence area.
22. The City has entered into an MOU to study if a regional dispatch center is feasible and cost effective.
23. Fire and Police Services to serve the Eagle Ranch area would be provided by the City of Atascadero Assessment and Community Facilities Districts would need to be passed for the annexation consistent with City policy.

3.4 FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

Budget

The City of Atascadero's two-year budget document 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 A – Budget Message

The Budget provides a concise overview of the budget including revenues and expenditures for the general fund. The City's fiscal policy and general fund budget are listed and the fund structure shown.

Section B – Graphs and Budget Summary

This section includes simple pie charts and tables which highlight key financial relationships and summarize the overall budget document.

Section C – Fund Analysis

Identifies costs associated with the day-to-day operation and maintenance of the City. The Fund Analysis section provides a reconciliation of the sources, uses and remaining reserve of available resources for each fund. This section provides summary information regarding the "bottom line" for each fund.

Section D – Revenue Summaries

This section provides a list of all expected City revenues and a brief description of the major revenue sources. The detailed list of revenues is broken out by funds, and then within each fund, by major category.

Section E – Department Budgets

This section provides the revenues and expenditures for each department for the fiscal year along with the previous three-year comparison. The budget also provides prior two-year budget accomplishments and the budget highlights for the next two years.

Section F – Sales Tax Measure F-14

This section presents information on the half-cent Sales Tax Measure F-14 projects. The proposed road segments scheduled for varying types of surface treatment are listed for the next five years. The lists include the road segments, pavement condition index for each segment, and the proposed treatment.

Section G – Capital Projects

This section presents the City's Capital Projects Budget. It includes a project narrative, a summary schedule of budgeted projects for fiscal years 2017-2019 and their respective funding sources, a five-year capital improvement plan, and expenditure details for each fund.

Section H – Other Funds

This section covers the following revenue funds:

- Community Facilities District 2005-1 Fund
- Apple Valley Street & Storm Drain Maintenance District #1 Fund
- Apple Valley Landscaping & Lighting District #1 Fund
- Las Lomas Street & Storm Drain Maintenance District #2 Fund
- Las Lomas Landscaping & Lighting District #2 Fund
- De Anza Estates Street & Storm Drain Maintenance District #3 Fund
- De Anza Estates Landscaping & Lighting District #3 Fund
- Supplemental Law Enforcement Services Fund
- In Lieu Low/Moderate Income Housing Fund
- Atascadero Tourism Business Improvement District (ATBID) Fund
- Community Development Block Grant (CDBG) Fund
- Tree Planting Fund
- General Government Facilities Fees Fund
- Law Enforcement Facilities Fees Fund
- Fire Facilities Fees Fund
- Open Space Acquisition Fees Fund
- Public Facilities Fees Fund
- Library Expansion Facilities Fees Fund

- Aerial Fire Truck Fees Fund

Section I – Debt Redemption Schedules

This section summarizes all of the City's debt obligations and outlines the repayment periods. The following Debt Service is covered:

- Introduction
- 2010 Bond Debt Service Fund
- 1992 Street Improvement Assessment Fund
- Assessment District #4 Debt Service Fund

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 2017-2019 Budget is designed to implement the Council's top priorities. This year, the Council is intently focused on three key priorities. These are:

Economic Development

- Develop a matrix of program opportunities for prioritization, potentially including such items as acquisition and assembly of commercial property, a General Plan update for commercial zones, investment in commercial district infrastructure, policy changes, fee waivers, or parking requirement waivers.
- Continue with existing successful economic development programs.
- Facilitate the Del Rio Specific Plan moving forward.
- Complete study of El Camino Real to facilitate commercial development.

Downtown Revitalization

- Invest in infrastructure in the Downtown.
- Facilitate the La Plaza Project.
- Encourage the adaptive re-use of non-conforming land uses in the downtown.
- Improve the appearance of the Downtown area.
- Stimulate activities in the Downtown area.

Employee Resources

- Review and potentially change policies and ordinances that consume staff-time and have a more minor Community-wide impact.
- Increase City revenues to hire staff needed for critical Community needs.

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 would 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: parkland facilities fees, circulation fees, storm drain facilities fees, law enforcement facilities fees, fire facilities, open space acquisition fees, library expansion fees, public facilities fees and general government facilities fees.

Annual Audits

Annual audits are required by State Law and are performed with the purpose of identifying any inconsistencies or non-compliance with mandated accounting requirements. As part of this Service Review, audits prepared by an independent auditor over the last six years were submitted to LAFCO by the City for review. In reviewing the audits, the City was found to be in compliance with standard accounting principals and standards. The Auditor identified no issues or financial problems and provided an “unqualified opinion” regarding the financial statement presented by the City. The following excerpt from the Independent Auditor documents the auditor’s opinion:

“In our opinion, the financial statements referred to above (not shown) present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Atascadero, California, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.”

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

Fiscal Trend Analysis

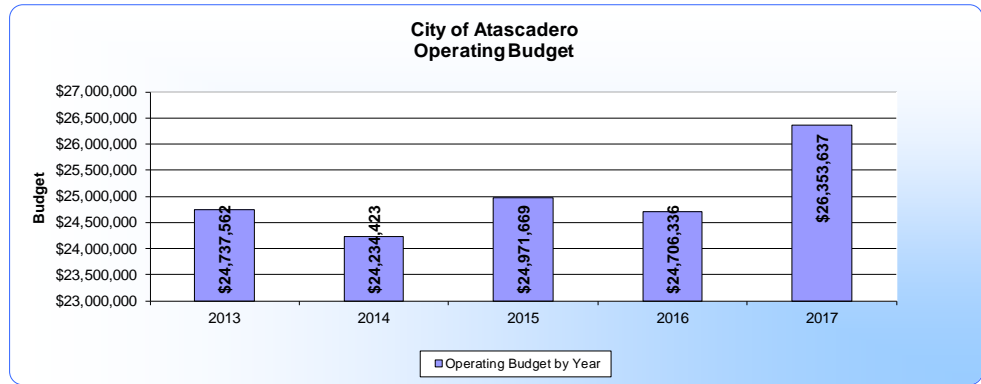
The following charts show the fiscal trend analysis for the past five years for key fiscal indicators that represent an early warning system for an agencies fiscal health. The key indicators are overall operating budget, general fund expenditures, property tax revenues, elastic revenues (which include transit occupancy tax, sales tax, and franchise fees), reserves, long-term debt, and fund balance for each year. The information was derived from the City’s comprehensive annual financial statement for each year.

Operating Budget Figure 3-18

Formula:
Consolidated Expenditures / Fiscal year

Trend Analysis:
Monitor expenditures over time.

Source:
Annual Audit
:



Description:

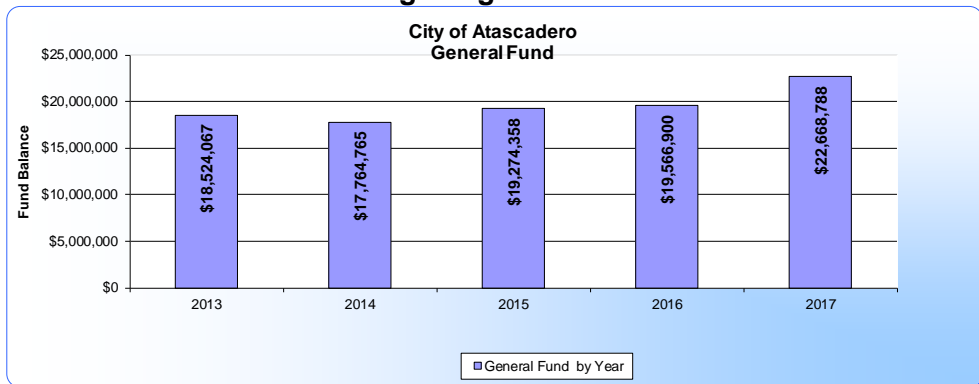
This indicator refers to the overall operating budget and expenditures including enterprise funds. It shows the expenditure pattern for a jurisdiction over a period of several years.

General Fund Budget Figure 3-19

Formula:
General Fund Expenditures / Fiscal year

Trend Analysis:
Monitor expenditures over time.

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



Description:

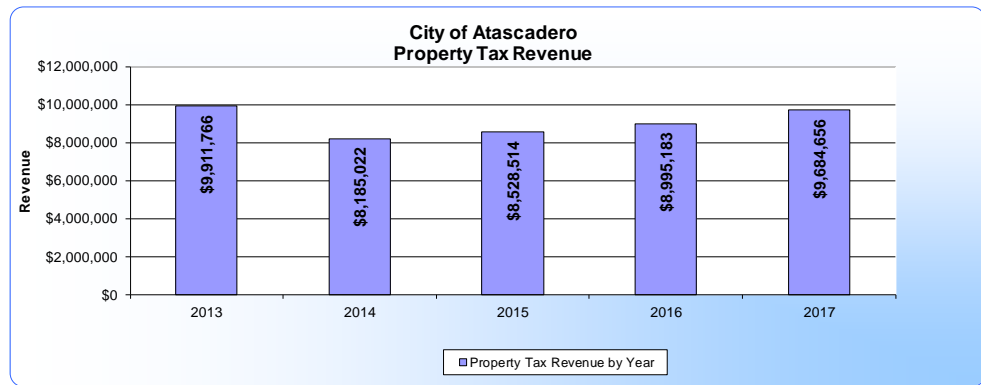
This indicator refers to the General Fund expenditures Not including debt service, capital improvements or capital projects contributions. For special districts it is assumed that all expenditures (except as otherwise stated) are expenditures for services related to charges.

Property Tax Revenues Figure 3-20

Formula:
Property tax revenue / Fiscal year

Trend Analysis:
Monitor property tax revenues over time.

Source:
Annual Audit
:



Description:

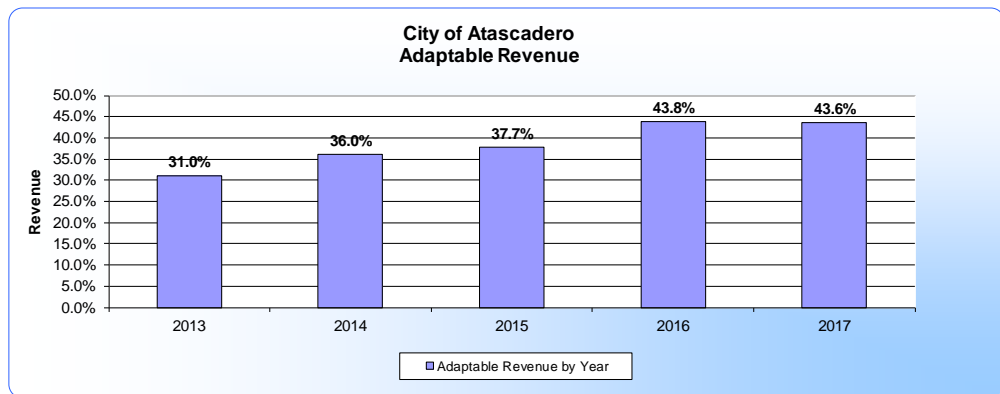
This indicator will have more importance for those agencies heavily reliant upon property tax revenues. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the fiscal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

Adaptable Revenues Figure 3-21

Formula:
Adaptable operating revenues / Net operating revenues

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

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



Description:

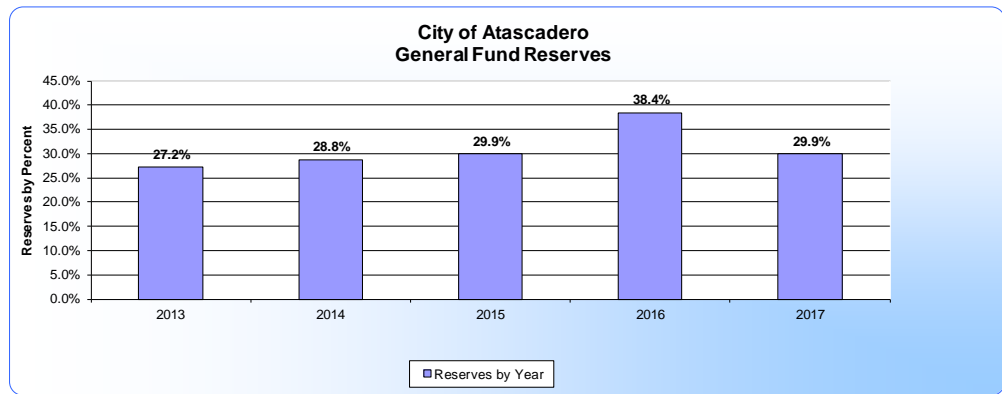
This indicator can help agencies determine how adaptable revenues are impacting their abilities to provide services. If revenues rely heavily on adaptable sources the agency may want to explore opportunities for increasing inelastic sources to offset the shortfalls in the inelastic revenues. Adaptable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

Reserves Figure 3-22

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

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

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



Description:

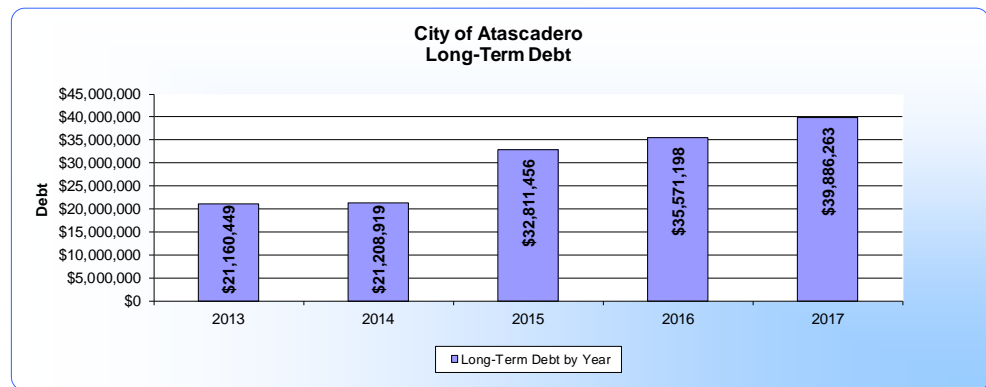
As the percentage of reserves increases, a local government gains its ability to respond to changing conditions and to citizens' needs and demands. Decreases in reserves may also indicate future inability to maintain or enhance service levels. For special districts reserves are a % of next FY operating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

Long-Term Debt/Liabilities Figure 3-23

Formula:
 Current liabilities / Net operating revenues

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

Source:
 Annual Audit



Description:

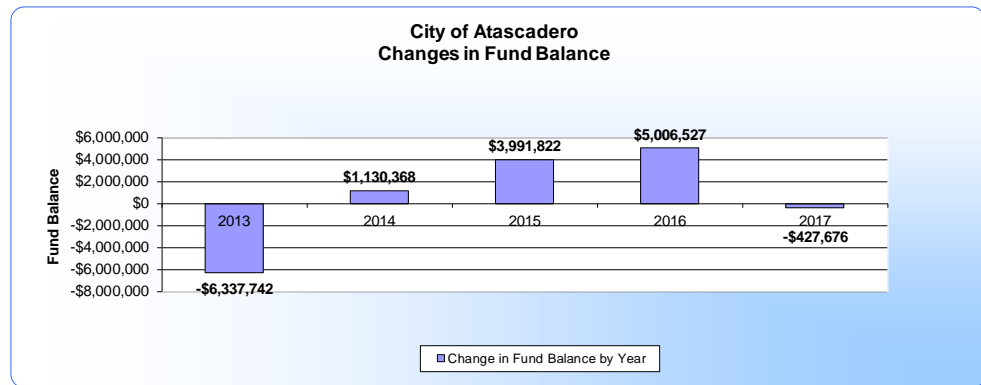
A major component of a jurisdiction's liability may be long-term debt in the form of tax or bond anticipation notes. Although long-term borrowing is an accepted way to deal with uneven cash flow, an increasing amount of long-term debt outstanding at the end of successive years can indicate problems.

Changes in Net Position Figure 3-24

Formula:
fund operating deficit or surplus / Fund operating revenue

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

Source:
Annual Audit



Description:

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

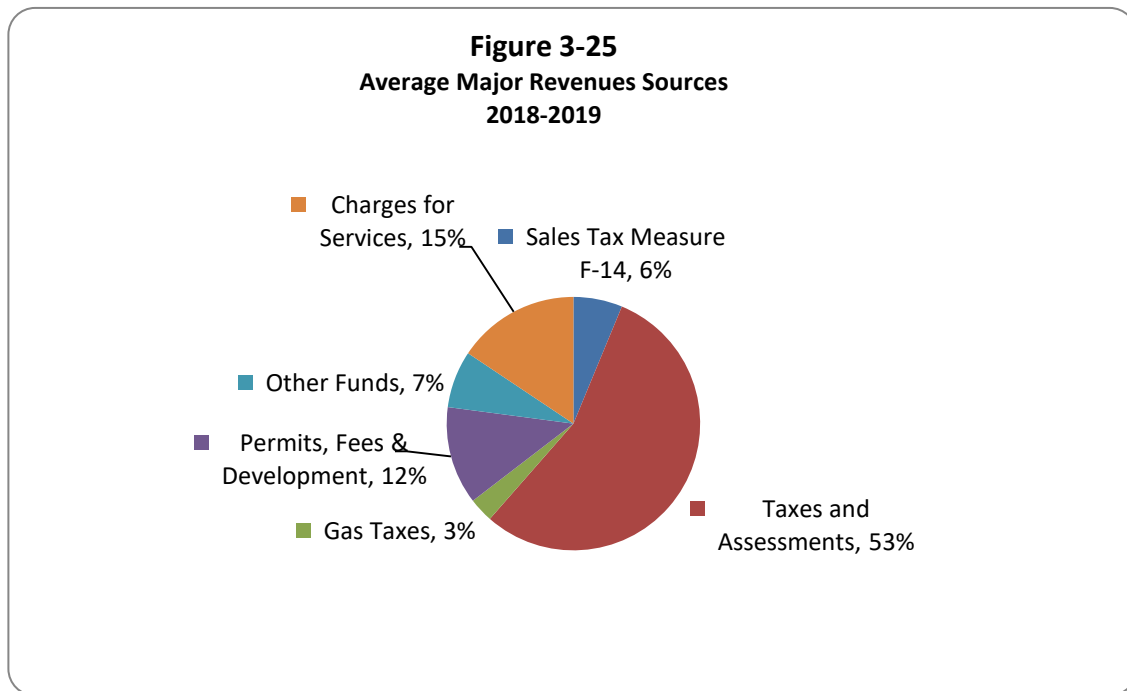
As shown in the figures above, property tax is 36% of the City’s budget with 43% coming from elastic revenues. The City has maintained its general fund reserve to meet its stated policy. The long-term debt is associated with repairs to City Hall and street improvements. The fund balance shows both positive and negative contribution according to how the City plans its budget.

Constraints

Like many jurisdictions during this difficult fiscal period the City of Atascadero has carefully managed its financial resources. Construction of new infrastructure to serve the SOI areas presents a challenge in terms of funding such projects. Serving the SOI areas would likely require a plan for financing infrastructure improvements in these areas. This plan would address funding sources for a number of needed improvements including roads, AMWC Nacimiento Water Project infrastructure, and other capital improvements. Funding and timing of these improvements would require planning and investment of resources.

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.

Major Revenues. Property Taxes are expected to increase again in 2018-2019. Considering that Property Tax revenues comprise 43% of the General Fund, this is a key issue. Sales Tax has been trending positive for several years. It has increased 12.5% since fiscal year 2013-2014 the year prior to the half-cent transaction tax that became effective April 1, 2015 approved by the voters in 2014. This is an annual revenue gain of over \$2.2 million. Sales Tax Measure F-14 will be used primarily for repairing and maintaining neighborhood roads and other roadways. However, this offsets the general fund to be used in other ways. Development Revenue in prior years had been the third largest revenue source. This source is closely tied to the condition of the economy, and has remained consistent but is expected to drop slightly in fiscal year 2018-2019. Overall, City staff projected a less than (1%) decrease in 2018-2019 for revenues as compared to fiscal year 2017-2018. Total General Fund revenues for 2018-2019 are estimated at \$21 million. Total overall revenues for 2018-2019 are estimated at \$38.1 million.



Long-Term Debts

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

In September 2010, the City issued Lease Revenue Bonds to be used for various Redevelopment public improvement projects in the downtown area, including the Historic City Hall Project. In 2011, the state legislature enacted legislation effectively dissolving all redevelopment agencies in the State of California. As part of the legislation, obligations of the former redevelopment agencies could still be funded through tax increment if deemed an "enforceable obligation" by the State Department of Finance.

The 1992 Street Improvement Assessment was a bond-backed assessment district created to improve street conditions in the area of the specific new development (Las Encinas & 3F Meadows Improvement Bonds). The 1992 Street Improvement Bonds were paid off in fiscal year 2008-2009; however funds remained in the District. A paving project, scheduled for fiscal year 2017-2018, will use the remaining funds and will close out the District.

Assessment District #4 and the related debt service payments. This Assessment District was established in 1986 in order to construct sewer improvements in the areas known as Seperado/Cayucos. The City made the final payment on the debt service for bond issue in fiscal year 2007-2008 and refunded taxpayers remaining funds in fiscal year 2015-2016.

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 2017, the median home price in the City was \$562,500. 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.
- City's particular mix of service responsibilities - e.g., some cities are not responsible for certain services - Atascadero provides all municipal services to residents except water which is provided by Atascadero Mutual Water Company.
- City's share of property tax revenue generated - shares vary – in part based on service responsibility.

- City's local taxes and rates e.g. utility tax, hotel tax, business license tax, franchise tax, sales tax, etc.- Atascadero's local revenue tax for the last year stayed even with a slight decrease of 0.2%.

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 larger levels of property tax collections from residential land development or Transient Occupancy Tax if tourist-oriented development takes place. Other residential income that could help offset the costs of residential development would be derived from indirect sales and use taxes and one-time development impact fees.

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

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

The current Master Property Tax Agreement policy for property tax exchanges upon annexation

of “raw land” enables the County to retain all of the base property tax with 66% of the increment being allocated to the County. The City retains 33% of the property tax increment and all of the sales tax, if any. A different tax exchange agreement can be negotiated between the City and the County if both parties agree. The MOA has outlined these principles to be considered between the two agencies with evaluation the Eagle Ranch site.

Other income from residential uses would be derived from indirect sales and use taxes, as well as enterprise fund payments, and one-time development impact fees. Atascadero would also gain transient occupancy tax (TOT) revenues from any visitor-serving uses added to the SOI sites. In fiscal year 2016-17, Atascadero took in \$1.3 million in TOT revenues. In FY 2016-2017, Atascadero had 450 hotel units for rental in town; approximately 7% of annual revenues are estimated to be attributable to hotel rooms.

Further revenues from sales and property taxes from the visitor units and highway commercial could also be added to this mix. In fiscal year 2016-17, Atascadero took in \$5.7 million in sales tax which makes up about 29% of the City’s revenue.

Reserves

The City has adopted a Fiscal Policy which includes maintaining a General Fund Reserve of 20% of budgeted annual operating expenditures. The budget for FY 2018-19 utilizes \$56,190 in General Fund Reserve to meet its expenditures. Healthy reserves are one indicator that the City is in sound financial condition. In the early 1990’s, the City of Atascadero had a negative General Fund balance, forcing layoffs and service reductions in order to weather the storm. Since that time, the City Council adopted a fiscally conservative reserve policy and began to aggressively go about building reserves. The City first adopted a Financial Strategy in 1998. The overall strategy has consistently been to maintain a conservative outlook by putting aside reserves in good times and then using those reserves during down periods to achieve stable operations. By employing this cautious strategy, the City can avoid the undesirable peaks and valleys in services due to revenue fluctuations and can better maintain its long-term financial viability. As of June 30, 2017, the General Fund is projected to have a reserve balance of almost \$8.7 million, or 42% of the General Fund Expenditures. The Council has agreed through the Strategic Planning process to judiciously use reserves annually in down economic times in order to maintain a consistent level of City services.

The City adopts a two-year budget which forces the City to look beyond the current year and attempt to alleviate any shortfalls that may occur in the future. The two-year budget also saves time and energy of the staff as well as money. The following information is from City of Atascadero Adopted Budget for Fiscal Years 2017-18, & 2018-2019 [pie charts, pg B-13].

General Fund

• Property Taxes	46%
• Sales Taxes	19%
• Other Permits/Fees	05%
• Other Taxes	13%
• Other Revenue	09%
• Charges For Services	07%
• Transfers In	01%

Rates and Fees

In 2017, the Atascadero Mutual Water Company prepared a residential water rate study comparing the various cities and special district that provide water service in the county. The study compared water usage of 1,500 cubic feet of water consumption as the basis per month. The study shows the AMWC has one of the lowest rates in the county. In 2014 the City retained Revenue & Cost Specialists, LLC to complete an Impact Fee and Service Fee Study update to reflect current conditions in Atascadero. The purpose of the study was to address the need to maintain the City's services and infrastructure at levels equal to the standards set by the City Council and to maintain effective policy and management control of City Services and infrastructure. As described earlier, the annexation of any site would be done through the preparation of specific plans that would 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, parks, storm drains, streets, and administrative facilities. This study was one of the tools that the City Council uses to help insure that the City can continue as a viable financial entity, finance the services and facilities that its citizens and businesses have come to expect, and yet be able to live with budgetary limits. Using this study the City adjusted their fee structure by increasing the costs of key development applications. This adjustment resulted in the City recouping a higher percentage of the actual expense of providing fee supported activities and infrastructure needs throughout the City to accommodate new development.

The City’s Master Fee Schedule was updated in 2018, which reflect the cost for all fees charged by the City departments for the services provided to residents. Using the study the City adjusted its fee structure by increasing the cost of certain permits applications. The adjustment resulted in the City recouping a higher percentage of the actual expense of processing certain permits. 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 sewer services operate as an enterprise fund. This means that revenues to support operations and capital improvements are borne by the ratepayer. 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 Atascadero Mutual Water Company provides water service to the residents of the City. AMWC also serves areas outside the City limits within the original boundaries of the Colony. The following are tables that compare the rates and fees of several service providers for water and sewer services:

Table 3-26: Residential Water Rates Comparison

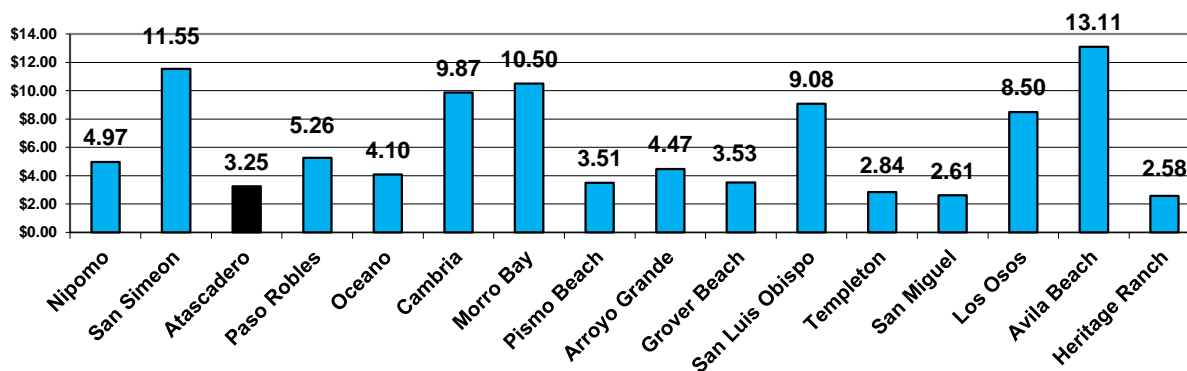
Rate/Fee	Atascadero ¹⁾ (AMWC)	Nipomo	Templeton	Paso Robles	Morro Bay ²⁾	Pismo Beach	Arroyo Grande	Grover Beach	San Luis Obispo
Monthly Service Charge	\$ 18.00	\$ 23.26	\$ 17.05	\$6.25	\$24.18	\$32.57	\$27.52	\$10.06	\$12.33
Water Fee	\$2.10 (3-12 ccf)	\$0	\$ 2.13 (3-17 ccf)	\$0	\$4.00 (1-3 ccf)	\$2.72 (1-10 ccf)	\$3.42 (1-18 ccf)	\$3.34 (0-12 ccf)	\$7.27 (0-8 ccf)
Per unit used: 100 cubic feet = 1 ccf	\$3.25 (13-25 ccf)	\$ 4.97 (all ccf)	\$2.84 (20-39 ccf)	\$ 5.26 (all ccf)	\$7.00 (4-10 ccf)	\$3.36 (11-20 ccf)	\$3.76 (19-36 ccf)	\$3.53 (13-20 ccf)	\$9.08 (9 + ccf)
100 cubic foot = 748 gallons	\$4.80 (26-50 ccf)		\$3.69 (40-79 ccf)		\$9.50 (11-50 ccf)	\$3.97 (21-35 ccf)	\$5.02 (36+ccf)	\$4.04 (21-42 ccf)	5% utility tax
	\$5.50 (51 + ccf)		\$4.83 (80+ ccf)		\$12.50 (50+ ccf)	\$5.43 (36 + ccf)		\$4.57 (42 + ccf)	

1) AMWC adds a charge for Nacimiento connection of \$2.50

2) Morro Bay’s water rate increases with each unit (ccf) used. Note: Paso Robles and Nipomo charges are based on a flat rate per unit consumption.

Comparing the various rates and fees, Atascadero has one of the lowest water rates for this amount of consumption of all the jurisdictions when comparing 20 units of water use.

Figure 3-26: Rates for Water Use at 20 CCF



Sewer rates are compared in the table below:

Table 3-27: Single-Family Sewer Rates

Rate/Fee	Paso Robles	Oceano	Cambria	Heritage Ranch	Atascadero	San Miguel	Nipomo	Templeton
Flat Monthly Rate	\$78.00	\$47.69	\$45.97	\$27.79	\$24.01	\$37.09	\$47.35	\$43.82

Because the City still has some potential before built-out, it has the opportunities to recover impact fees in a growing community. Other programs defined by the City would require the annexed sites to cover their full costs, including one-time capital projects as well as long-term maintenance, repair and replacement needs.

The properties in the SOI areas do not presently receive public services for which a fee is paid (such as wastewater service). These services in particular are not available in the SOI areas. A fiscal impact analysis and a method for funding all services would be completed at the time of annexation to ensure that services can be provided to future development.

The City and the County shall work together to ensure that the cost of services for the jurisdictions is equitable. The MOA would be used to further define this relationship.

WRITTEN DETERMINATIONS

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

1. The City prepares a biannual budget with a mid-year update, and strives to use the best practices in managing their financial resources. This is documented by the City receiving an award from the California Society of Municipal Finance Officers for merit in Excellence in Operating Budgeting for the years 2015-2016. The award recognizes meritorious achievement in budgeting and reporting which reflects a highly professional budget document and the underlying budgeting process through which the budget is implemented.
2. The City conducts bi-annual budget and goal setting workshops that allow the public to participate in fiscal management that is integrated with long range planning.
3. The City has in place a variety of capital improvement plans, development impact fees, and developer-required mitigation in the form of infrastructure improvements required from new projects and similar programs to monitor public service needs of new development. It is reasonable to conclude that the City endeavors to avoid long-term City obligations for the capital improvements or maintenance of infrastructure in new development projects, such as those that would occur in the SOI areas.
4. The City has in place financial regulations that are implemented through ordinances and resolutions. This is important because the manner of maintaining public infrastructure and maintenance services is documented and available for public inspection and scrutiny.
5. The likely fiscal benefits to the City from the proposed SOI areas could include modest levels of property tax collections from residential land development, transient occupancy tax revenues from new visitor-serving land uses, and sales tax from village center and other commercial properties.

6. One likely fiscal cost 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 infrastructure maintenance costs include private maintenance through homeowner's associations, as well as public maintenance through a JPA or utility district established.
7. The City would likely want to negotiate a new property tax agreement with the County to avoid short- or long-term fiscal constraints limiting the City of Atascadero's ability to serve the suggested properties within the Atascadero SOI. Further study at the time of annexation should be completed to look at actual cost of services and the potential funding mechanisms for those services.
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 2014 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 a Master Fee Schedule in 2018 that provided the fees charged and services provided by the various City Departments.
12. The City uses the budget cycle to consider updating the fees and rates schedule that is implemented on an on-going basis.
13. Development impacts are used to offset the costs of building infrastructure to serve new development. New development within the SOI would be required to pay the associated costs of infrastructure and services.

3.5 STATUS OF, AND OPPORTUNITY FOR, SHARED FACILITIES

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

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

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

In the case of roadways and creek trails, the opportunity to coordinate connections between collector and arterial roadways would enhance regional traffic patterns, and would aid in emergency response times. The recreational aspects of trail connections, tied into an open space and equestrian trails, offer opportunities for the City and County to join their recreational resources not only to the benefit of the City residents, but for the general public of the County as well.

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

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

- Atascadero Mutual Water Company, the City of Paso Robles and Templeton Community Service District for water supply and groundwater maintenance.
- CAL Fire/SLO County Fire through reciprocal Automatic Aid Agreement and all neighboring fire agencies through the San Luis Obispo Operational Area Fire and rescue Mutual Aid Operational Agreement.
- Regional Water Quality Control Board regarding wastewater discharge
- California Department of Fish and Game to protect wildlife and environmental resources.

WRITTEN DETERMINATIONS

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

1. The annexation of SOI study areas to Atascadero may not lead to shared infrastructure with the County, as none presently exists in these areas. However, the potential to create shared relationships for providing some services may be appropriate when providing certain services.
2. At present, the distinction between City and County services in the SOI study areas is clear. The City would assume those services provided by the County in the SOI study areas if they are annexed and developed. These are not now, and would not be in the future, duplication of services in the SOI areas.
3. The City works cooperatively with a variety of State and Federal Agencies to facilitate improvements that benefit the City and protect residents and visitors.
4. There may be opportunities for the City and County to work out cooperative service agreements for the areas in the SOI (i.e. fire protection, police services, flood management, road maintenance and improvements, and recreation) because a variety of cost-sharing programs could be pursued that might be cost effective to the City and the County.

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

The governing body of the City of Atascadero is the City Council that is elected in compliance with California Election Laws. The City complies with the Brown Act Open-Meeting Law and provides the public with ample opportunities to obtain information about City issues, including website and phone access. The City's website contains a wealth of information about all of the City's Departments and services. A community magazine is sent to local addresses that 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 6:00 p.m. on the second and fourth Tuesdays of each month in the City Hall Council Chambers, 6500 Palma Ave. Other meetings or study sessions are held as needed. Agendas are posted consistent with the Brown Act. A public comment period is scheduled at the beginning of each meeting for citizens to comment on City issues not on the agenda. All Council meetings are televised live and videotaped for later playback.

The City provides a high level of service. 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.

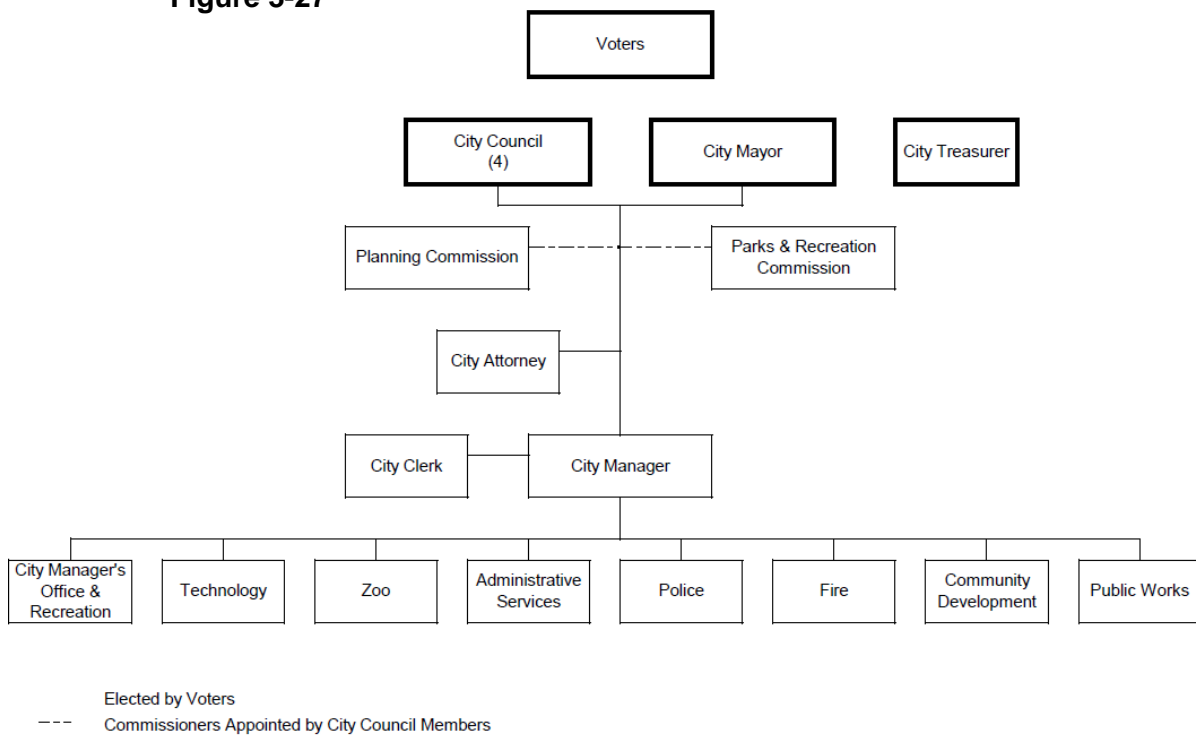
The City's organizational structure is shown in the chart found on the next page. It should be noted that the City has a number of advisory bodies that provide the council with a variety of recommendations on a range of topics. These bodies consist of citizens and are staffed by the relevant department:

- Planning Commission
- Parks and Recreation Commission
- Finance Committee
- Design Review Committee
- Citizens' Sales Tax Oversight Committee

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 3-27



Atascadero does maintain various customer-oriented programs, including a mission statement for each City department, customer satisfaction programs, regular in-house safety training and management, and similar programs designed to enhance the experience for the City customer. The City maintains a comprehensive Work Programs and Projects Inventory that describes the projects and program being completed by each City Department. This document is regularly updated and includes a description of the program/project, key tasks to be completed, start date and end date, and a status or comments section. The City also produces and distributes to each resident a newsletter (Atascadero Magazine) that provides relevant information about the community and City activities.

It is assumed that public participation in the planning and development process for the SOI territories would be about the same for either City or County development projects. Both the City and the County have well developed Citizen Participation programs that enable access to information and allow for citizen involvement. The City and County have a track record of extensive outreach to the community in making land use and other decisions. The City held extensive outreach efforts when the Eagle Ranch proposal was going through City review. The City will likely continue with the extra outreach efforts if and when the SOI areas are considered for development in the future.

WRITTEN DETERMINATIONS

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

1. The City has historically made broad efforts to maintain a public dialogue in the community. The City's outreach program includes providing information regarding current issues of significance to the community through a variety of media. In particular, the City produces a newsletter that is distributed quarterly and a new Atascadero Magazine published 3 times a year, has conducted workshops, and public town hall meetings to address matters for the broadest public input possible. The City conducts goal-setting meetings to establish community priorities.
2. The City has maintained relationships with local news media, providing information and/or interviews as requested. Locally elected and appointed officials pride themselves on being available to their constituencies.
3. The City conducts budget reviews and goal-setting workshops that are designed to keep the public informed regarding budgetary situations. It is possible for the public to participate in the budget hearing process. Annual audits are completed and made available to the public upon request.
4. The City is well-organized, and is administratively capable of managing any annexations that may be proposed for the Sphere of Influence.

5. The City evaluates the services provided to residents and services that may need to be upgraded or started.
6. The Eagle Ranch Specific Plan, in particular, would enhance management of the development of land within Eagle Ranch area. The plan would represent a method to preserve agriculture and open space lands for priority agriculture use, consistent with County land use policies, while allowing for logical and appropriate municipal expansion into the area. It should also draw the ultimate line of urban growth limits for the City. These distinctions, coupled with cooperative programs recommended by this Plan, would insure greater efficiencies in use of County, LAFCO and City personnel in responding to constituent needs.
7. Long-term effects of individual annexations and development would be analyzed on a case by case basis when site-specific annexations are presented. Again, a cost-benefit analysis should evaluate effects on both the City and County when these are prepared and submitted for review.
8. The City has recently updated many of its service plans, including the Sewer System Management Plan, Land Use, Circulation, and Housing Elements of the General Plan, and fee and rate structures.
9. Because development relies on infrastructure available from the City, it is logical that the City assume the lead in planning for these SOI areas, consistent with the General Plan. It is reasonable to conclude that public services can be provided by the City of Atascadero, and that those services would meet or exceed present levels of service provided in the County.
10. The Eagle Ranch area would receive increased public works services from subsequent annexation. The existing pattern of development would promote the inefficient provision of public services; increase environmental impacts caused by development, discourage the preservation open space and agriculture land, and would further encourage urban sprawl in the area. An overall plan for development that is coordinated and jointly implemented in cooperation with the County holds the potential to improve the quality of life for both City and County residents.

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.

None at this time.

REFERENCES

- San Luis Obispo Council of Governments Regional Transportation Planning Agency, Regional Transportation Plan 2019, June 2019.
- Wastewater Rate Study, Tuckfield & Associates, May 2019
- Communications with John Neil, AMWC General Manager, 2018
- City of Atascadero Budget FY 2013/15 to 2017/19
- Atascadero Mutual Water Company Water Rate Study, 2018
- City of Atascadero Master Fee Schedule, 2018
- Comprehensive Financial Study, 2017
- SLOCOG Population & Employment Forecast, 2017
- California Department of Finance E-5 Report, 2017
- City of Atascadero Annual Audit, 2011 to 2017
- Atascadero Mutual Water Company Urban Water Management Plan, 2016
- City of Atascadero General Plan 2016 Update, July 2016.
- Atascadero Groundwater Basin Request, 2016
- Fee Study Update, Revenue & Cost Specialists, LLC, April 2014
- City of Atascadero Sewer System Master Plan, July 2014.
- SLOCOG Regional Housing Needs Allocation, 2013
- San Luis Obispo Local Agency Formation Commission, SOI Study, 2011
- Atascadero Mutual Water Company Water Master Plan, 2010
- Paso Robles Groundwater Basin Water Balance and Review Update (March 2010)
- Paso Robles Groundwater Basin Resource Capacity Study (August 2010)
- Evaluation of Paso Robles Groundwater Basin Pumping *Water Year 2006*, May 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
- City of Atascadero, Official Website, www.atascadero.org.
- 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.
- Atascadero Mutual Water Company, Official Website, www.amwc.us.

NOTICE OF EXEMPTION

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

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

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

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

PROJECT TITLE: CITY OF ATASCADERO SPHERE OF INFLUENCE UPDATE AND MUNICIPAL SERVICE REVIEW

Project Location and Description. The City of Atascadero's Sphere of Influence is not recommended to change from the existing adopted Sphere Boundary. The City's existing Sphere of Influence is approximately 3,500+/- acres beyond the City's service area and includes two areas; Eagle Ranch and a north small 5 acre parcel. The Sphere of Influence is a 20-year planning boundary that indicates what areas might be annexed and served by the jurisdiction in the future. These areas are recommended to remain in the SOI.

Public Agency Approving Project. The Local Agency Formation Commission (LAFCO) of San Luis Obispo County will be conducted a public hearing on this item in September 19, 2019 at 9:00 a.m. in the Board of Supervisors Chambers in San Luis Obispo at the County Government Center.

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

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

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

David Church, Executive Officer

Date

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

This Agreement between the City of Atascadero (hereafter "City") and the County San Luis Obispo County (hereafter "County") is entered into by the City on this 22nd day of October, 2019, and by the County on this 19th day of November, 2019.

WITNESSETH

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

WHEREAS, the City and County entered into this Memorandum of Agreement (MOA) in 2003, and 2011 as part of updating the City's Sphere of Influence (SOI) Update; and

WHEREAS, the City and County have been working together to implement the existing MOA with regard to the SOI and specifically the proposed Study Area #4 (Formerly the Eagle Ranch project); and

WHEREAS, this updated MOA assists in clarifying the roles, responsibilities, and intentions of each jurisdiction and identifies the processes for working together in the future; and

WHEREAS, a Sphere of Influence is defined by Government Code 56076 as a plan for the probable physical boundaries and service area of a local agency, and pursuant to Government Code 56425 has been identified and agreed to by the County of San Luis Obispo and the City of Atascadero as shown in Exhibit A; and

WHEREAS, the Act further requires that a Municipal Service Review be conducted prior to or, in conjunction with, the update of a Sphere of Influence and such a Municipal Service Review has been prepared by LAFCO staff in accordance with Section 56430 of the California Government Code as a means of identifying and evaluating public services provided by the City of Atascadero and changes to the City's Sphere of Influence; and

WHEREAS, the City and County have reached agreement regarding the Sphere of Influence boundaries (Exhibit A), and the provisions that should guide development (Exhibit B)

to ensure that development within the SOI occurs in an orderly and logical manner; and

WHEREAS, the City's General Plan provides a clear policy base for growth and development in the Sphere of Influence areas and defines programs that the City will implement to ensure the orderly development of the City of Atascadero; and

WHEREAS, the County's General Plan goals in Framework for Planning and the Salinas River and El Pomar-Estrella Area Plans call for Community Separators to provide for a community's distinctive identity and preserve the rural character of the areas between and on the fringes of communities and cities; and

WHEREAS, the Study Area # 4 (Eagle Ranch Area) includes approximately 452 original colony lots that much of the Eagle Ranch Area could be developed in the County if issues associated with access, fire hazards, wastewater and other infrastructure are resolved and appropriate mitigation is incorporated for the City; and

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

NOW, THEREFORE, the parties agree as follows:

1. The Sphere of Influence boundary contained in Exhibit A provides for the orderly and logical growth for the City of Atascadero and represents an appropriate 20-year growth boundary based on existing information and current circumstances.
2. The provisions contained in Exhibit B provide guidance for orderly development of the Sphere of Influence while considering the General Plan for the City and the County.
3. The provisions contained in Exhibit B are intended to provide the City and the County with the basis for developing specific land use policies and standards for the areas in the City of Atascadero's Sphere of Influence and do not supersede or limit the planning or environmental review process of either jurisdiction or legally bind either jurisdiction.
4. The City and County shall use their General Plans to guide the logical and orderly development of these Sphere Areas while protecting agricultural and open space lands.

CITY OF ATASCADERO

Mayor, City of Atascadero

APPROVED AS TO FORM AND LEGAL EFFECT:

City Attorney

Dated: _____

ATTEST:

City Clerk

Dated: _____

COUNTY OF SAN LUIS OBISPO

Chair, Board of Supervisors

ATTEST:

WADE HORTON
Ex-Officio Clerk of the Board of Supervisors

By: _____
Deputy Clerk

APPROVED AS TO FORM AND LEGAL EFFECT:

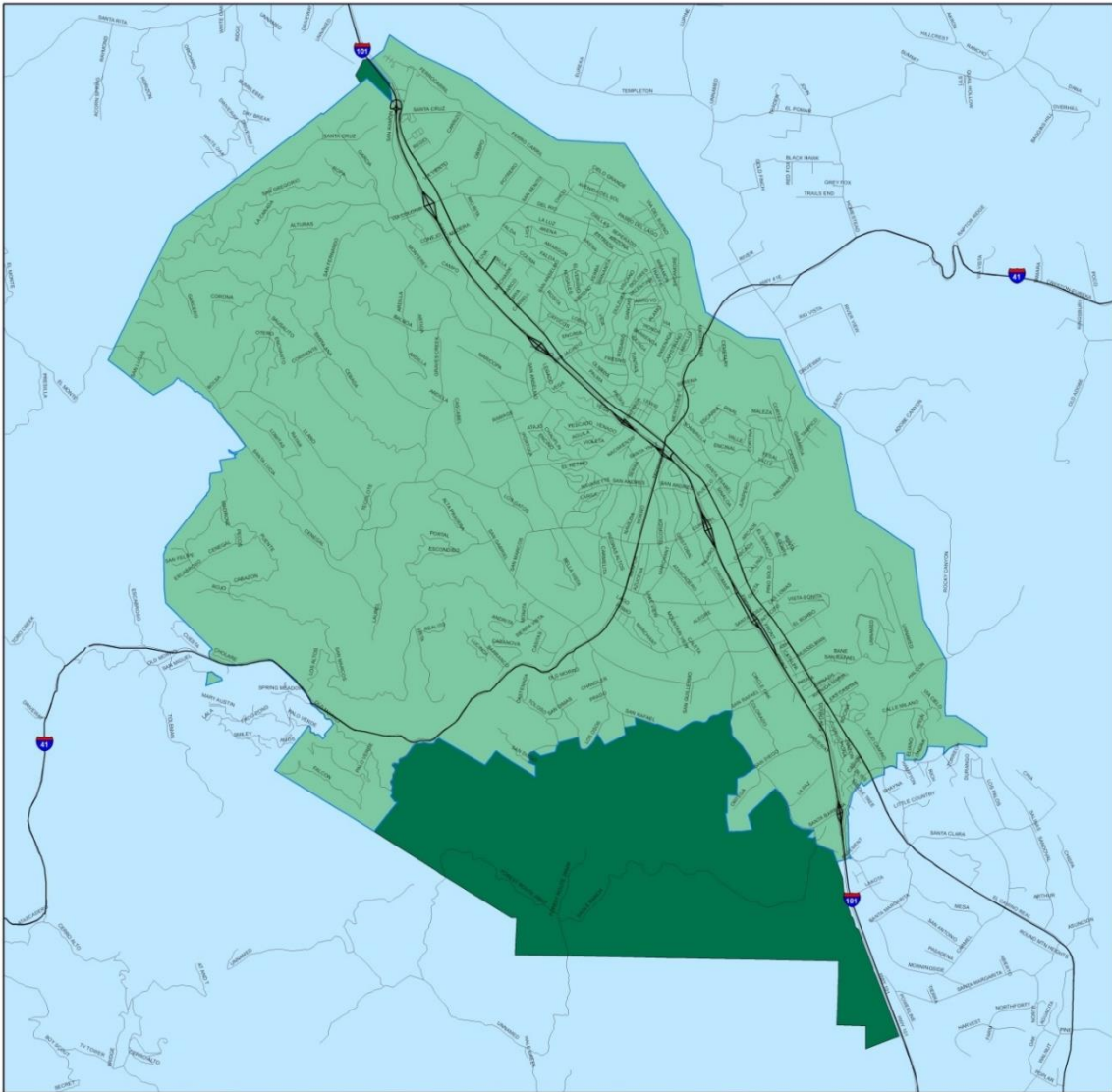
RITA L. NEAL
County Counsel

By: _____
Deputy County Counsel

Dated: _____

EXHIBIT A
SPHERE OF INFLUENCE BOUNDARY MAP

**City of Atascadero
City Limits and Sphere of Influence
Recommendation**



Legend



Major Roads

City Limits

Sphere of Influence



EXHIBIT B
PROVISIONS

The following provisions are agreed to and shall be considered by the City of Atascadero and the County of San Luis Obispo when guiding development within the proposed Sphere of Influence as described in Exhibit A when updating their General Plans.

1. **Intent.** It is the intent of the County and the City to work cooperatively towards the goal of the orderly development of the agreed upon Sphere of Influence (as shown in Exhibit A) 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. **Interagency Cooperation.** The City and the County shall work cooperatively to plan for future land uses and public services and facilities to improve and maintain area circulation connections, and to preserve agricultural land and open space. The City and County will consider the creation and implementation of various assessment and financing mechanisms for the construction and maintenance of public improvements, such as roads, utilities, recreation and trail improvements, parks and open space, and similar improvements that could serve visitors and residents of the City and the County. Discretionary development projects and General Plan Amendments within each agency's jurisdiction shall be referred to the other for review and comment prior to action on a development proposal. The County shall seek the City's comment regarding projects in the referral area identified in Exhibit C. Per provision 12 below a higher level of coordination ~~should~~shall take place for projects in the areas of focus described in that section. The City shall seek the County's comment regarding projects that affect unincorporated areas surrounding the fringe area of the city. Face to face meetings, upon request from either the City or the County, are encouraged for any high-level projects to ensure the goals of each agency are being met. When a discretionary project application is accepted for processing, it shall be referred immediately to the following contact person(s) for early review and comment:

Director,
Department of Planning and Building
County of San Luis Obispo
County Government Center
976 Osos Street, Room 300
San Luis Obispo, CA 93408

Community Development Director
Community Development
City of Atascadero
6500 Palma Ave
Atascadero, CA 93422

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

3. **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. These fees shall be paid to the City and/or the County in proportion to the location and degree of project impacts; however the total fees paid shall not exceed the cost to mitigate the specific project impact. Mitigation to offset significant impacts to fire, law enforcement, emergency medical services, water and wastewater treatment services, roads and streets, other public services, and housing, should be incorporated into the conditions of approval for projects on a case by case basis. Documentation should be provided that identifies the project's fiscal, infrastructure, housing, and service impacts to both the City and the County and shall be considered as part of the development review process. The documentation shall be used to prepare conditions of approval and to allocate impact fees where allowable and as appropriate.

4. **Fire and Law Enforcement Services. Service Levels and** costs associated with fire and emergency response services shall be given special attention. The County and City shall develop a mutual aid agreement specific to the SOI area and the study areas with the City's Police and Fire Department, the County Sheriff, and County Fire/Cal Fire regarding development in the unincorporated areas that would impact fire and emergency response service levels. This agreement should include the provision of those services to include open space and trails. The purpose of this agreement is to identify and discuss fiscal and resource impacts of development related to fire and emergency services, service delivery impacts of development on the fringe, and appropriate mitigation and cost sharing measures.
5. **Mutual Agreements for Study Area #4 (Eagle Ranch).** The County shall limit the development in the Sphere of Influence area to that which is allowed by the current land use designations unless General Plan and land use ordinance amendments are

approved. The County and City acknowledge that the proposed SOI area includes several hundred parcels not under Williamson Act Contracts that could be developed with single-family homes. Residences and other currently allowable uses may be permitted pursuant to the land-use policies, standards and ordinances of the County. Recognizing that the existing Colony lots have entitlements to water supply from Atascadero Mutual Water Company, it is the intent of the City to provide other services to these areas if they are eventually annexed to the City. The County shall consider this when reviewing projects in this SOI area.

Any project proposed in the County and within the proposed SOI area that is subject to an Initial Study under CEQA, may call for a City-County staff conference to discuss a proposed project early in the approval process prior to completion of the Initial Study. The purpose of the conference would be to discuss the City's and County's General Plan policies with regard to the project and to identify any key issues that may need special attention.

6. **City/County Cooperation.** For a County project proposed prior to annexation, the City and County will cooperate to evaluate 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.
7. **Agriculture and Open Space.** The City and the County shall work together to permanently preserve agricultural and open space resources within the SOI area using conservation easements and/or other preservation methods or tools. The open space and agriculture areas shall be identified in the Specific Plan and EIR.
8. **Land Uses.** The areas included in the SOI as described in Exhibit A may include residential, mixed-use, public facilities, visitor-serving, agriculture uses, open space, and/or recreational uses in a manner integrated into the City's plans for annexation and development for this area. The City's adopted General Plan Policies will be used as a basis of preparing plans for the area. The County's policies will be considered by the City with the purpose of supporting and complementing the City's vision for the area. Once annexed, the City's General Plan and/or Specific Plan will be implemented for the Sphere of Influence area. The following goals should be

considered in developing the Specific Plan:

- a. Creation of walkable and bicycle friendly neighborhoods with logical connections and future transit opportunities if feasible.
 - b. Planning for a trail system to accommodate pedestrians, bicyclists and equestrians which connects to the existing community.
 - c. Development of a range of housing opportunities and choices.
 - d. A land use pattern that clusters development in a manner that reduces environmental impacts.
 - e. Evaluate consistencies with San Luis Obispo Council of Governments (SLOCOG) Regional Transportation Plan and Sustainable Communities Strategies.
 - f. A land use pattern that addresses jobs/housing balance and lowers vehicle miles traveled.
9. **General Plan Amendment.** The City intends to complete environmental review, pre-zoning, pre-annexation, and any necessary pre-general plan amendment activities prior to or concurrent with an annexation proposal being processed by LAFCO. The County intends to complete any necessary amendments to its General Plan in the Salinas River Area Plan to reflect the annexation of territory to the City of Atascadero.
10. **Zoning Requirements/Specific Plan.** A Specific Plan, which identifies land uses within the Sphere of Influence areas, shall be prepared and adopted by the City prior to the annexation of the property into the City. In accordance with its General Plan, CEQA review of the Specific Plan shall include analysis of issues related to completing the annexation, such as a reliable and adequate water supply, sewer capacity, affordable housing opportunities, and other services for the proposed project. The Specific Plan for the Sphere of Influence area shall be prepared consistent with Policy 1.2 of the City's General Plan. Programs related to the Sphere of Influence area in the City's General Plan that shall be implemented under policy 1.2 include eight, nine, ten, and eleven.
11. **Property Tax Agreement and Process.** Revenue and Taxation (R&T) Code §99 provides the state law that governs processing tax exchange agreements for annexations. R&T Code §99(b)(6) requires that a resolution approving a negotiated property tax agreement be submitted to LAFCO by both the County and City before

any annexation can be processed. Prior to processing any annexation the City and County are required to approve a property tax agreement. The City and County may use the existing Master Agreement for negotiations, or they may consider a separate agreement that specifies a different property tax allocation formula. This is allowed under the revenue and tax code of the State of California.

The southern area of the City's west side within Study Area #4 which consists of the former Eagle Ranch area has unique circumstances in terms of services and costs. The County and City should negotiate a separate tax agreement for the Eagle Ranch area to address the service issues and costs faced by the City. This special circumstance includes the existing lot configuration with the potential of approximately 452 original colony lots. Therefore much of the Eagle Ranch Area could be developed in the County if access, fire hazard mitigation and other infrastructure can be addressed. Also the area is adjacent to a larger conservation open space easement area with very high fire danger. Much of the study area is also considered a very high fire danger that may increase fire service and risk to the City of Atascadero and surrounding neighbors. Development of this area will need to address both fire response and emergency services such as law enforcement and medical aid.

The City and County should take these factors into consideration along with property tax and tax rate, community facility district contributions, and any other funding mechanisms to support future development if and when negotiations are started for any future annexation of the Eagle Ranch site. A special study funded by the County and City may help identify a tax agreement formula for the agreement.

12. **Areas of Focus (Study Areas #1, #2, & #3 see Referral Map Exhibit C).** Areas surrounding the City's eastern border that includes the Salinas River corridor, Rocky Canyon Road/Templeton Road, the surrounding agricultural lands, sand gravel landscape materials, and horse ranches generally have some impacts to various city services such as roads, recreation, fire and police. Other areas just south of the City are also within the unincorporated county under Residential Suburban. These areas are outside of the City's sphere of influence but within the referral area identified in Exhibit C. Under the County's cannabis ordinance additional negative impacts such as air and visual quality, noise, night sky, pesticide use, water quality, and misconduct and security measures have the potential to affect the City and nearby residents. Any future land use changes in these areas ~~should~~shall have a greater meaning on project referrals for review and comment by

the City during county discretionary permitting.

Salinas River Area east of the City - This area generally covers 1,124 acres located just east of City limits and considered as Study Area Two. A total of 58 parcels exist of which 4 are vacant lots. A total of 199 people reside in the area, average lot size is 19.3 acres. The smallest lot is 0.04 acres and the largest is 175 acres. The average assessed property value is \$589,273. This area includes Mustang Mobile Village consisting of 13 units, Heilmann Salvage & Metals Inc., Ben's Meat Cutting, and cultivation operations. The City expresses concerns for increased density or intensity in the area and that existing residences or mobile home parks are adequately serviced or any new projects approved by the County have adequate services for water, sewer, fire, emergency response and law enforcement needs.

South Atascadero (Eaglet Area) – This area generally covers 2,082 acres and 743 existing residences and considered as Study Area Three. A total of 752 parcels exist of which 69 are vacant lots. A total of 1,911 people reside in the area, average lot size is 2.7 acres. The smallest lot is 0.01 acres and the largest is 21.7 acres. The average assessed property value is \$344,556. This area includes former site of Country Care Convalescent Hospital, which closed in 2017. The City expresses concerns for increased density or intensity in the area and that existing residences or the Convalescent Hospital site are adequately serviced or any new projects approved by the County have adequate services for water, sewer, fire, and emergency response needs.

EXHIBIT C
PROJECT REFERRAL MAP

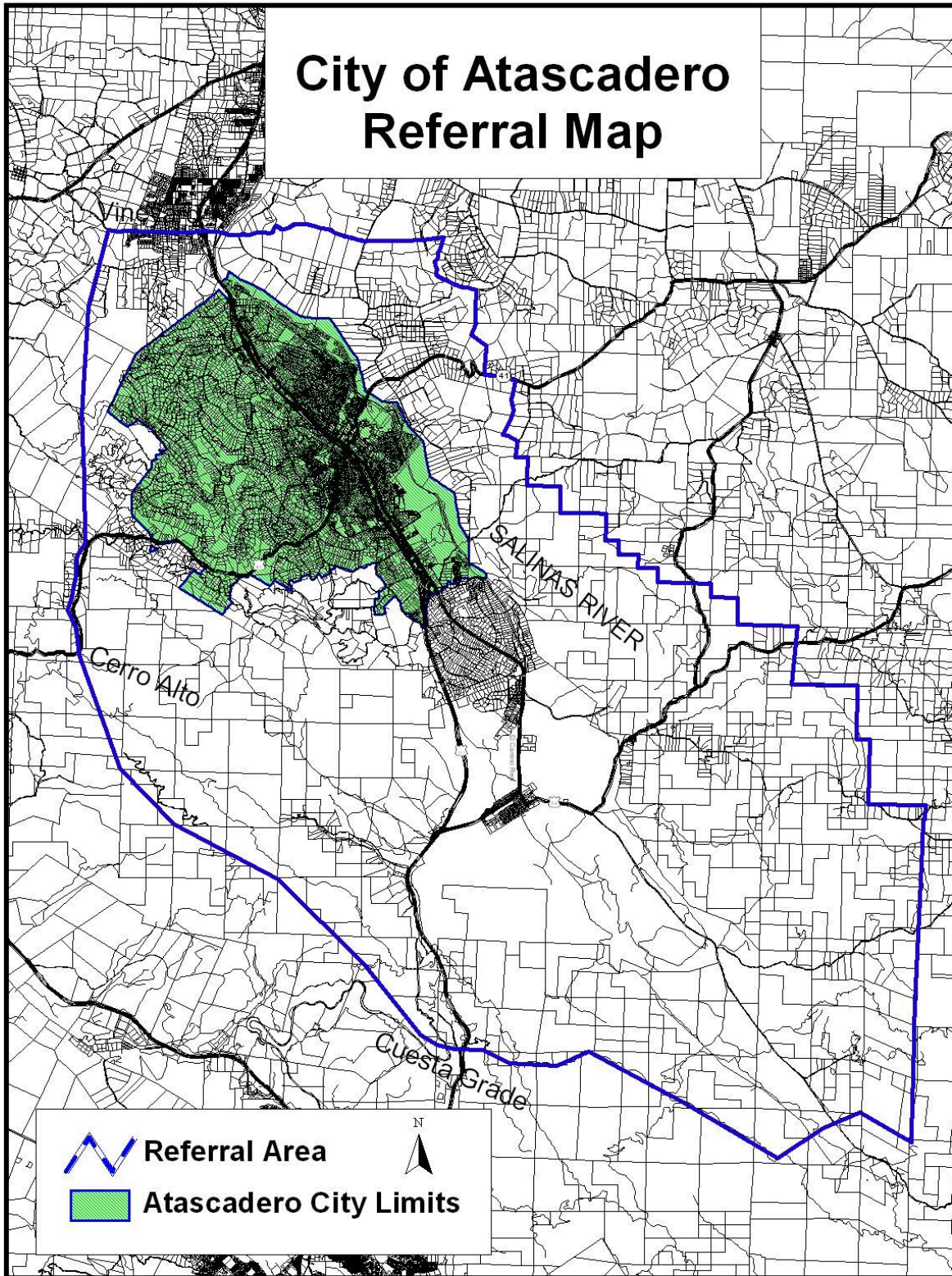
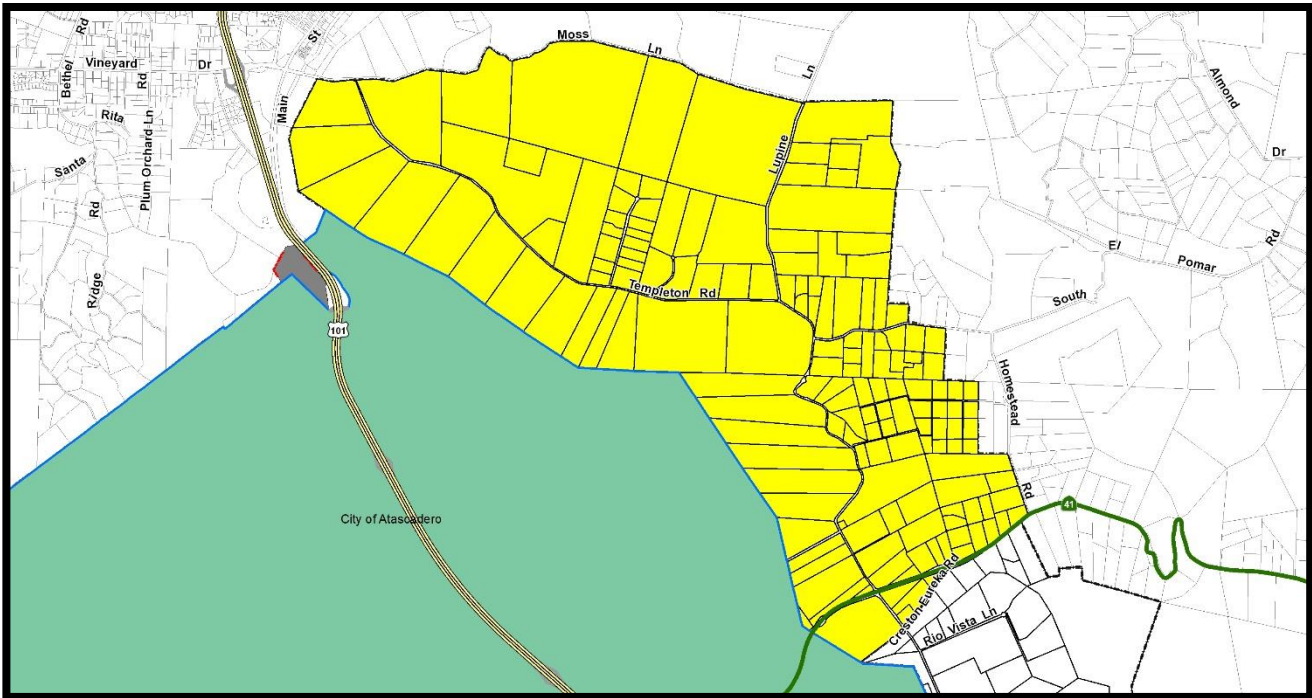
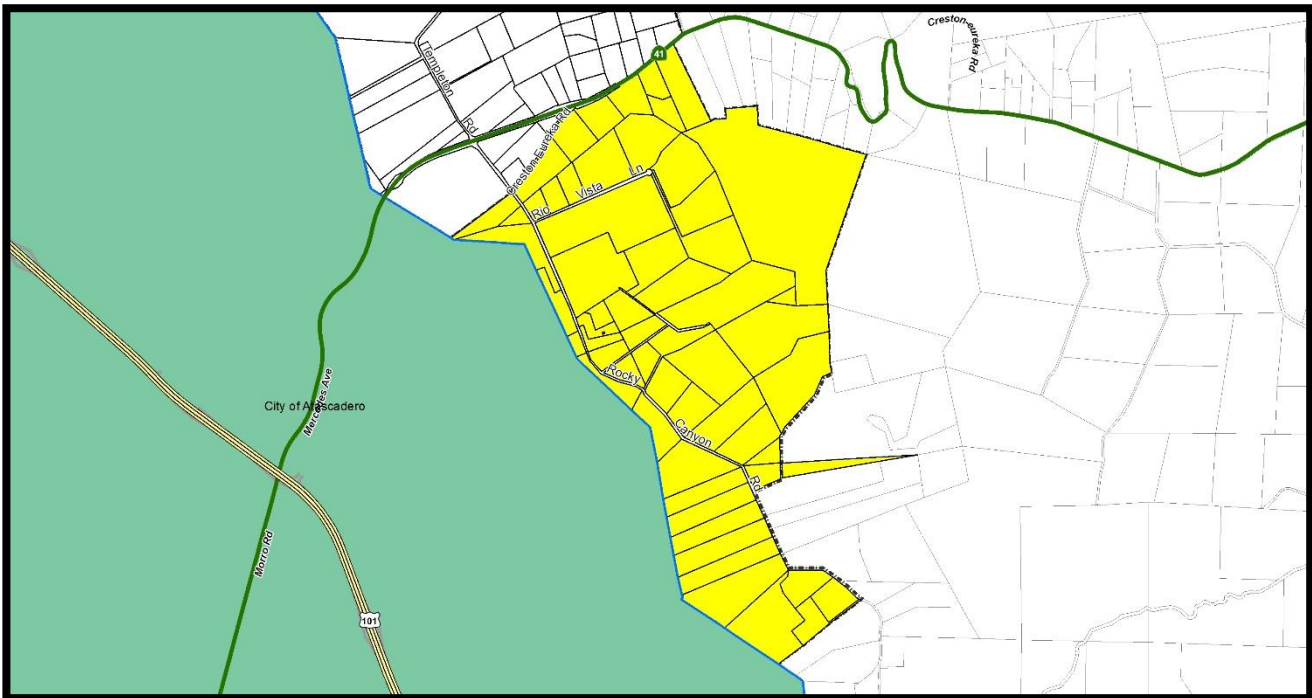


EXHIBIT C
PROJECT REFERRAL MAP

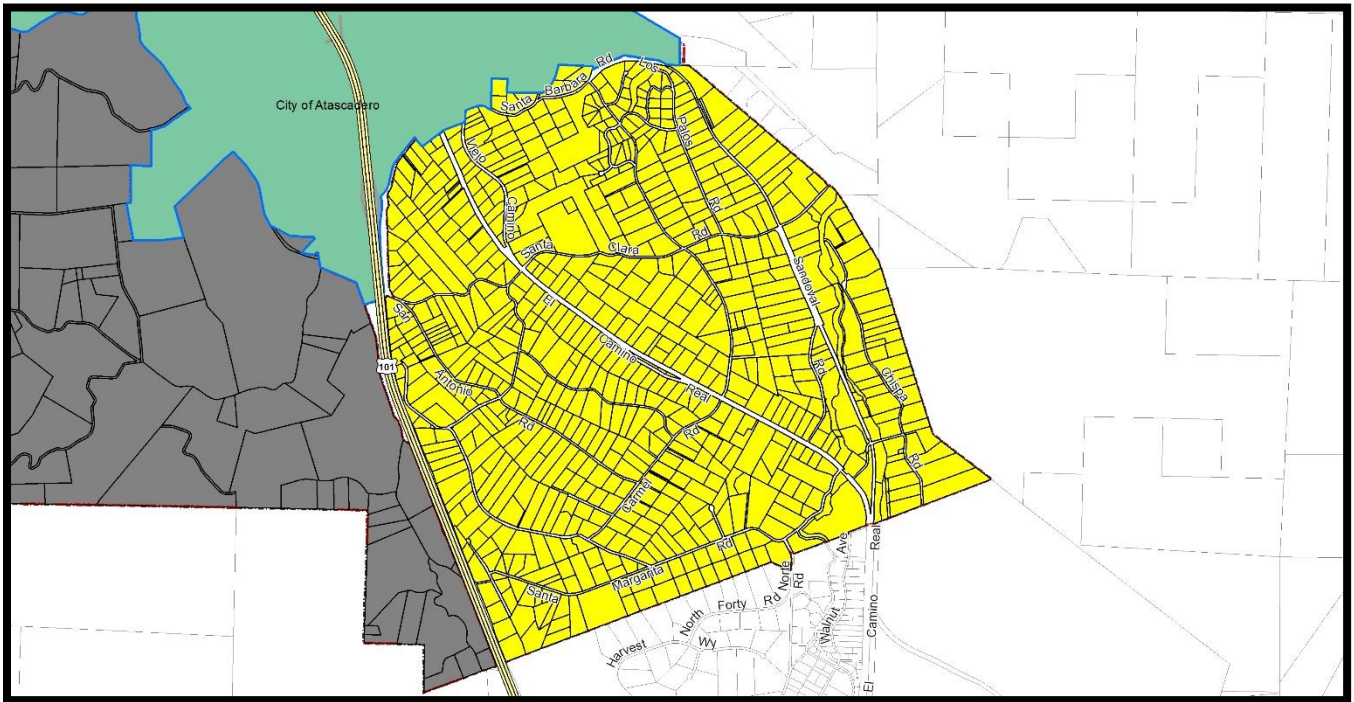


STUDY AREA #1: E. SALINAS RIVER/NORTH HWY 41

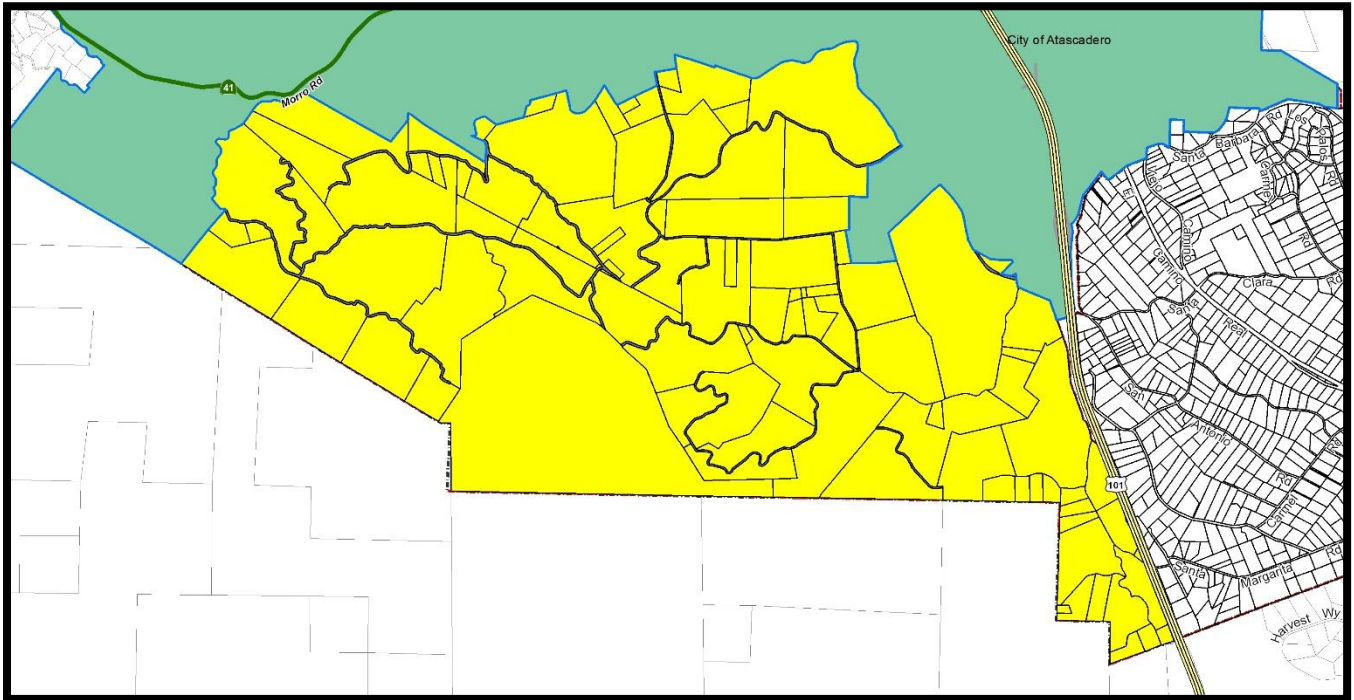


STUDY AREA #2: E. SALINAS RIVER/SOUTH HWY 41

EXHIBIT C
PROJECT REFERRAL MAP



STUDY AREA #3: EAGLET/SOUTH ATASCADERO



STUDY AREA #4: FORMER EAGLE RANCH PROJECT

LAFCO Actions, City of Atascadero 1963-Present

Date	Action	LAFCO File No	Proposal	Acres
2009	SOI Update	5-S-09	City of Atascadero SOI/MSR Update-approved 09/15/11	N/A
2003	SOI Update	1-S-03	City of Atascadero SOI/MSR Update	3,450
10/05/99	Annexation	6-R-99	Anx #5 - Public lands	844
01/15/97	Annexation	1-R-97	Anx #5 - Public lands	97
12/12/88	Dissolution	8-R-88	Dissolution of Atascadero County Sanitation District	
05/07/84	Annexation	6-R-84	Anx #4 - Waste Water Treatment Plant	152
02/17/84	Annexation	3-R-84	Anx #3 - Holiday Inn	109
09/02/82	Annexation	6-R-82	Anx #2 - Summit Hills - Withdrawn	359.2
05/26/81	Dissolution	6-R-81	Dissolution of Atascadero Garbage District	
06/24/80	Reorganization	9-R-80	Reorg #1 to Atascadero Cemetery District - Detaching a portion of Templeton Cemetery District	
08/16/78	Reorganization	6-R-78	Reorganization of Atascadero Community Services District	
09/14/78	Annexation	19-R-78	Dissolution of districts, incorporation Anx Lot 4, Blk 7- Wahlenmaier to Sanitation District	