



THIS MEETING WILL BE CONDUCTED UTILIZING TELECONFERENCING AND ELECTRONIC MEANS PURSUANT TO THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDER N-29-20.

In order to minimize the spread of the COVID-19 virus, please consider the following:

You are strongly encouraged to observe the live stream of the LAFCO Commission meetings at:

<https://us06web.zoom.us/j/85239879959?pwd=QUVzLzVLMU9UFV2FKMEJ3TTIic2dIZz09>

Webinar ID: **852 3987 9959**

Password: **367618**

Call in number: **1 669 900 6833**

1. Submit **written** comment on any matter within the Commission's subject matter jurisdiction, regardless of whether it is on the agenda for Commission consideration or action. Submit your comment via email or U.S. mail. You may submit comments via email to cvuong@slolafco.com. Your comments will be read at the meeting; limited to 3 minutes per item.
2. Submit **verbal** comment by calling (805) 781-5795; state and spell your name, mention the agenda item number you are calling about and leave your comment. Your comments will be read at the meeting; limited to 3 minutes per item.
3. Submit **live** comment by joining the meeting and press the "raise a hand" button or if joining by phone only, press *9 to indicate a desire to make comment. The chair will call you by name or phone number when it is your turn to comment; limited to 3 minutes per item.

* If you are joining by Zoom & phone, still use the Zoom raise hand button as *9 will **not** work.

For detailed information and updates about COVID-19, please visit the County of San Luis Obispo webpage at <https://www.emergencyslo.org/en/covid19.aspx>.

The San Luis Obispo LAFCO thanks you for doing your part to prevent the spread of COVID-19.



SAN LUIS OBISPO LAFCO

Local Agency Formation Commission

Meeting Agenda

November 18, 2021, at 9:00 a.m.

MISSION STATEMENT

The Local Agency Formation Commission is committed to serving the residents of San Luis Obispo County and the State of California by discouraging urban sprawl and encouraging the orderly formation and development of local agencies based on local conditions and circumstances.

COMMISSIONERS

Robert Enns, Chair, Special District
Ed Waage, Vice-Chair, City
Marshall Ochylski, Special District
Steve Gregory, City

Vacant, Public
Debbie Arnold, County
Lynn Compton, County

ALTERNATES

Ed Eby, Special District
Charles Bourbeau, City
Heather Jensen, Public
John Peschong, County

MEETING LOCATION

Zoom meeting information is provided on the Agenda Cover, our website, and down below in Meeting Access and Comments.

CONTACT INFORMATION

Rob Fitzroy, Executive Officer
Phone: (805) 781-5795
Fax: (805) 788-2072
www.slolafco.com

MEETING ACCESS AND COMMENTS

LAFCO Commission Meetings Can be Viewed at:

<https://us06web.zoom.us/j/85239879959?pwd=QUVzLzVLMU9UFV2FKMEJ3TTllc2dIZz09>

Webinar ID: 852 3987 9959

Password: 367618

Call-in Number: 1 669 900 6833

Public Comments: On the agenda cover page

MEETING AGENDA

Call to Order/Roll Call

Approval of the Minutes:

October 21, 2021



Non-Agenda Public Comment Period

This is the period in which the Commission Clerk will read out loud all non-agenda public comments that were submitted on or before 1 p.m. on the Wednesday before the Commission meeting. Following, there will be an opportunity to provide live comments; each speaker will be limited to a three-minute presentation. Go to the Agenda cover for more details on how to submit public comment.

Consent

- A-1:** Resolution Regarding Commission Meetings Held by Teleconference as Provided by AB 361 (Consider Approval of Resolution) (pg 11-17)
- A-2:** 2022 Annual Meeting Schedule (Recommend Review and Approve) (pg 18-20)

Regular Matters

- B-1:** Annexation #90 and Sphere of Influence Amendment to the City of Paso Robles (Gateway) LAFCO File No. 3-R-21 (Recommend Review and Approve) (pg 21-206)
- B--2:** Sphere of Influence Amendment for the City of Morro Bay (Panorama Lots) LAFCO File No. 1-S-21 (Recommend Review and Approve) (pg 207-278)

Commissioner Comments

Legal Counsel Comments

Executive Officer Comments

Adjournment

Note: 1.) In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to participate at this meeting, please contact the Clerk at 805-781-5795. Notification provided a minimum of 48 hours prior to the meeting will enable the Clerk to make reasonable arrangements to ensure accessibility to this meeting. Pursuant to the ADA, the meeting room is accessible to the physically disabled. 2.) It is required by Government Code Section 84308 that a participant in a LAFCO proceeding who has a financial interest in the decision and who has made a campaign contribution of more than \$250 to any Commissioner within (12) months prior, must disclose the contribution. If you are affected, please notify Commission Staff before the hearing.



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
OCTOBER 21, 2021, MEETING MINUTES**

Call to Order

The San Luis Obispo Local Agency Formation Commission (LAFCO) meeting was called to order at 9:01 a.m. on Thursday, October 15, 2021, in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo, California by Chairperson Robert Enns.

Pledge of Allegiance

Roll Call

Present: Chairperson Robert Enns, Vice-Chair Ed Waage, Commissioners Debbie Arnold, Lynn Compton, Steve Gregory, Heather Jensen, Marshall Ochylski, and Alternate Commissioner Ed Eby.

Absent: Alternate Commissioners Charles Bourbeau and John Peschong.

Staff: Rob Fitzroy, LAFCO Executive Officer
Brian Pierik, LAFCO Legal Counsel
Imelda Marquez, LAFCO Analyst
Celine Vuong, LAFCO Commission Clerk

Approval of Minutes

Chairperson Enns announced the consideration of approval for the August 19, 2021, Meeting Minutes.

Chairperson Enns asked for a motion to approve the Meeting Minutes.

Commissioner Waage motioned to approve the minutes.

Commissioner Ochylski seconded the motion.

Chairperson Enns asked for any public comment, announcing it was closed after hearing none.

Chairperson Enns asked **Ms. Vuong** for a roll call vote.

AYES: Commissioners Waage, Ochylski, Arnold, Compton, Gregory, Jensen, and Chairperson Enns

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

Presentation of a Certificate of Appreciation to Commissioner Tom Murray for 20 Years of Service

Mr. Fitzroy presented the Certificate of Appreciation for Tom Murray and thanked him for his services on behalf of the staff and the Commission.

Commissioner Waage spoke highly of Tom Murray and highlighted his accomplishments for the Commission.

Chairperson Enns expressed his enjoyment for Tom Murray’s question whenever they arose and commended him for his knack for detail and thoroughness.

Non-Agenda Public Comment Period

Chairperson Enns asked the public if there were any written or live comments on the non-agenda items, seeing none; closed public comment.

Regular Matters

A-1: Resolution Regarding Commission Meetings Held by Teleconference as Provided by AB 361 (Consider Approval of Resolution)

Mr. Pierik introduced and presented the item.

Chairperson Enns opened the floor for Commissioner comments or questions, hearing none.

Chairperson Enns opened the floor to public comment, hearing none; brought it back for a motion.

Commissioner Waage motioned to approve the resolution.

Commissioner Arnold seconded the motion.

Chairperson Enns asked **Ms. Vuong** for roll call vote.

AYES: Commissioners Waage, Arnold, Compton, Gregory,
Jensen, Ochylski, and Chairperson Enns

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

A-2: First Quarter Fiscal Year 2021-2022 LAFCO Budget Status Report (Recommend Review and Approve)

Mr. Fitzroy introduced and presented the item.

Chairperson Enns opened the item for Commissioner comments or questions, hearing none.

Chairperson Enns opened the floor to public comment, hearing none; brought it back for a motion.

Commissioner Arnold motioned to approve the agenda item.

Commissioner Gregory seconded the motion.

Chairperson Enns asked **Ms. Vuong** for a roll call vote.

AYES: Commissioners Arnold, Gregory, Compton, Jensen, Ochylski, Waage, and Chairperson Enns

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

A-3: Annexation #18 and Sphere of Influence Amendment to the Cayucos Sanitary District (Water Reclamation Facility) LAFCO File No. 2-R-21 (Recommend Review and Approve)

Mr. Fitzroy introduced the item.

Ms. Marquez presented the item.

Chairperson Enns opened the item for Commissioner comments or questions, hearing some.

Commissioner Ochylski complimented **Ms. Marquez** on her presentation.

Commissioner Arnold complimented **Ms. Marquez** on her presentation and had a general question about acreage.

Ms. Marquez answered the question to the best of her knowledge with the assistance of **Mr. Fitzroy**.

Chairperson Enns asked for any additional Commissioner comments, hearing none; asked the District Manager of the project to speak.

Rick Koon, Cayucos Sanitary District Manager, spoke about the project.

Chairperson Enns asked for any other Commissioner comments before opening to public comment. After hearing none from both, closed comment portion of the item.

Chairperson Enns brought it back to Commissioners for motions on the two separate actions involved.

Commissioner Arnold motioned to approve the first action (Environmental Determination).

Commissioner Waage seconded the motion for the first action (Environmental Determination).

Chairperson Enns asked **Ms. Vuong** for a roll call vote.

AYES: Commissioners Arnold, Waage, Compton, Gregory, Jensen, Ochylski, and Chairperson Enns

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

Chairperson Enns moved towards asking Commissioners for approval on action two.

Commissioner Arnold motioned to approve the second action (Sphere of Influence Amendment & Annexation).

Commissioner Compton seconded the motion for the second action (Sphere of Influence Amendment & Annexation).

Chairperson Enns asked **Ms. Vuong** for a roll call vote.

AYES: Commissioners Arnold, Compton, Gregory, Jensen, Ochylski, Waage, and Chairperson Enns

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

A-4: Annexation #82 to the City of San Luis Obispo (Froom Ranch Area)
LAFCO File No. 1-R-21 (Recommend Review and Approve)

Mr. Fitzroy introduced and presented the item.

Chairperson Enns opened the floor to Commissioner comments or questions.

Commissioner Waage had a clarification question about the project in itself.

Mr. Fitzroy answered **Commissioner Waage's** clarification question.

Commissioner Jensen had a comment and question about the proposed mitigation of the project.

Emily Creel, Environmental Consultant for SWCA Environmental Consultants and representative for the City of San Luis Obispo, answered **Commissioner Jensen's** question.

Chairperson Enns opened the floor to public comment, saw none, and moved forward to see if the applicant had any words they wanted to say.

Vic Montgomery, Planning Principal at RRM Design Group, spoke about the history, backstory, and reasoning behind the project.

Chairperson Enns opened the floor to Commissioner comments.

Commissioner Arnold had comments about the project in itself, but no questions.

Commissioner Waage expressed his support for the project, saying the proposal for senior living is needed in this County.

Commissioner Gregory stated general support as well and had additional comments towards the nearby watershed.

Commissioner Compton voiced her support for the project and praised it as well.

Chairperson Enns brought it back to Commissioners for a motion on the two separate actions involved.

Commissioner Arnold asked **Mr. Pierik** for approval to motion both actions rather than one action at a time to which he agreed.

Commissioner Arnold motioned to approve both actions at the same time. By approving both motions, **Commissioner Arnold** also wanted to specify in detail motion two by saying that she would like to utilize LAFCO policies 12a and 12c for this project specifically to mitigate the 18.3 acres of prime soil by conserving 49.4 acres of nonprime soil and referring to it as option 1 in the Staff Report.

Commissioner Gregory followed suit and seconded the motions.

Public Comment

Neil Havlik, resident of San Luis Obispo and member of the California Native Plant Society, San Luis Obispo Chapter submitted a public comment for the project one day prior to the hearing.

Public Comment Closed

Chairperson Enns asked **Ms. Vuong** for a roll call vote.

AYES: Commissioners Arnold, Gregory, Compton, Jensen, Ochylski, Waage, and Chairperson Enns

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

A-5: Public Member Recruitment (Authorize Process and Provide Staff Direction to Recruit)

Mr. Fitzroy introduced and presented the item.

Commissioner Compton had a question regarding the recruitment process.

Mr. Fitzroy answered **Commissioner Compton's** question.

Commissioner Gregory had a question about how the recruitment will be advertised.

Mr. Fitzroy answered **Commissioner Gregory's** question.

Chairperson Enns asked for any more Commissioner comments; seeing none, opened it up to public comment; seeing none, brought it back for a motion.

Commissioner Waage motioned to approve staff recommendation with the time extension suggested by Commissioner Compton.

Mr. Fitzroy announced and clarified to the Commissioners that the motion for the recruitment period should extend to the end of the year as was suggested.

Commissioner Gregory seconded the motion.

Chairperson Enns asked **Ms. Vuong** for a roll call vote.

AYES: Commissioners Waage, Gregory, Arnold, Compton, Jensen, Ochylski, and Chairperson Enns

NAYS: None

ABSTAINING: None

The motion passed with a unanimous roll call vote.

Chairperson Enns concluded the item and moved to comment section.

Commissioner Comments: Ed Waage had comment about January meeting and potentially wanting to move it since he is also attending an RTA ribbon cutting; also wanted to state his appreciativeness of personnel.

Legal Counsel Comments: Brian Pierik had asked a question for Rob Fitzroy on when they approve meeting schedules. Brian followed up with Rob to ask if we can announce meeting schedule in November.

Executive Officer Comments: Mr. Fitzroy answered Mr. Pierik's questions by initially saying the meeting schedule goes out in January followed by saying we can pitch the schedule in November rather than January.

Adjournment: With no further business before the Commission, the meeting adjourned at 10:20 a.m. until the next meeting of the Commission pursuant to Governor's Executive Orders, depending upon the progression of the COVID-19 pandemic.

THESE MINUTES ARE NOT OFFICIAL NOR ARE THEY A PERMANENT PART OF THE RECORD UNTIL THEY ARE APPROVED BY LAFCO COMMISSIONERS AT THE NEXT REGULAR MEETING.

Respectfully submitted,
Celine Vuong, LAFCO Commission Clerk



LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

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Special District Member

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STAFF

ROB FITZROY
Executive Officer

BRIAN A. PIERIK
Legal Counsel

IMELDA MARQUEZ
Analyst

CELINE VUONG
Commission Clerk

TO: MEMBERS, FORMATION COMMISSION

FROM: BRIAN PIERIK, LEGAL COUNSEL

DATE: NOVEMBER 18, 2021

SUBJECT: RESOLUTION REGARDING COMMISSION MEETINGS HELD BY TELECONFERENCE AS PROVIDED BY AB361

Recommendation.

Adopt Resolution of the San Luis Obispo Local Agency Formation Commission Proclaiming The Continuing Need To Meet By Teleconference Pursuant To Government Code Section 54953 (e)

Discussion.

All meetings of the San Luis Obispo Local Agency Formation Commission ("Commission") are open and public as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963).

Before COVID-19, Section 54953(b) of the Brown Act allowed for teleconferencing if the public agency complied with the following requirements:

1. At least a quorum of the members of the legislative body must participate from locations within the boundaries within the jurisdiction of the local agency.
2. An agenda shall be posted at all teleconference locations.
3. Each teleconference location shall be identified in the notice and agenda of the meeting.
4. Each teleconference location shall be accessible to the public.

Due to COVID-19, Governor Newsom temporarily suspended compliance with these requirements and as a result, city officials were allowed to teleconference from locations such as their homes without needing to open up those homes or other locations for entry by members of the public. However, Governor Newsom's temporary suspension of such rules expired on September 30, 2021.

AB 361 was recently signed by the Governor to continue to allow the modified teleconferencing rules, subject to the existence of certain requirements which are listed below in this Staff Report.

Government Code section 54953(e)(1), which was adopted by AB 361, lists the circumstances under which a local agency may use such modified teleconferencing procedures, as follows:

(1) A local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

March 4, 2020, Governor Newsom declared a State of Emergency as a result of the COVID-19 pandemic.

The State of Emergency remains in effect and COVID-19 continues to threaten the health and lives of the public and the Delta variant is highly transmissible in indoor settings. In addition, breakthrough cases are becoming more common.

At the meeting of the Commission on October 21, 2021, the Commission voted to adopt a Resolution of the San Luis Obispo Local Agency Formation Commission Proclaiming The Continuing Need To Meet By Teleconference Pursuant To Government Code Section 54953 (e).

Government Code Section 54953 (e)(3) provides that the legislative body, to continue to teleconference, must adopt a Resolution every 30 days which finds:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person.

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

For these reasons, the recommended action is for the Commission to adopt the Resolution of the San Luis Obispo Local Agency Formation Commission Proclaiming The Continuing Need To Meet By Teleconference Pursuant To Government Code Section 54953 (e), Attachment A to this Staff Report.

The attached Resolution will authorize the Commission to hold teleconference meetings within the requirements of AB 361 but does not prohibit the Commission from holding in person meetings in the future.

If the Resolution is adopted, then the Commission when holding meeting by teleconference must follow the procedures set forth by AB 361, which include the following:

1. Notice of the meeting must still be given in compliance with the Brown Act, and the notice must include the means by which the public may access the meeting and provide public comment.
2. The public must be provided access to the meeting via a call-in option or internet-based service option and allowed to “address the legislative body directly.” The agency does not have to provide an in-person option for the public to attend the meeting.
3. The meeting must be conducted “in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body.”
4. If there is a disruption to the meeting broadcast or in the ability to take call-in or internet-based public comment, no further action can be taken on agenda items until the issue is resolved.
5. The body cannot require comments to be submitted before the start of the meeting. The public must be allowed to make “real time” public comment.
6. Reasonable time for public comment must be provided. If the agency provides a timed public comment period, the public comment period must be left open until the time expires.
7. All votes must be taken by roll call.
8. The legislative body must approve a resolution making findings every 30 days to continue to conduct teleconference meetings under AB 361. The body must find it has reconsidered the circumstances of the state of emergency and either 1) the emergency continues to impact the ability to meet safely in person, or 2) State or local officials continue to impose or recommend social distancing.

If the state of emergency ends or if the Commission decides to rescind the Resolution, then meetings of the Commission must comply with the pre-COVID teleconferencing rules of 54953(b) described earlier in this Staff Report.

Attachment A: Resolution of the San Luis Obispo Local Agency Formation Commission Proclaiming The Continuing Need To Meet By Teleconference Pursuant To Government Code Section 54953 (e)

Attachment A

Resolution of the San Luis Obispo Local Agency Formation
Commission Proclaiming The Continuing Need To Meet By
Teleconference Pursuant To Government Code Section
54953 (e)

**IN THE LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA**

Thursday, November 18, 2021

PRESENT:

ABSENT:

RESOLUTION NO. 2021-XX

**RESOLUTION OF THE SAN LUIS OBISPO LOCAL AGENCY FORMATION COMMISSION
PROCLAIMING THE CONTINUING NEED TO MEET BY TELECONFERENCE PURSUANT
TO GOVERNMENT CODE SECTION 54953 (e)**

WHEREAS, all meetings of the San Luis Obispo Local Agency Formation Commission are open and public as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963); and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, on March 4, 2020, Governor Newsom declared a State of Emergency as a result of the COVID-19 pandemic; and

WHEREAS, such State of Emergency remains in effect; and

WHEREAS, COVID-19 continues to threaten the health and lives of the public; and

WHEREAS, the Delta variant is highly transmissible in indoor settings; and

WHEREAS, breakthrough cases are becoming more common

WHEREAS, on October 21, 2021, the Commission adopted a Resolution Proclaiming The Continuing Need To Meet By Teleconference Pursuant To Government Code Section 54953

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Local Agency Formation Commission of the County of San Luis Obispo, State of California (“Commission”), as follows:

1. Recitals. The Recitals set forth hereinabove are true and correct and are hereby incorporated by this reference.

2. Imminent Risk to Health and Safety. Due to COVID-19, holding meetings of the Commission in person will present imminent risk to the health and safety to attendees.
3. Findings. The Commission has reconsidered the circumstances of the state of emergency and finds that the state of emergency continues to directly impact the ability of the members to meet safely in person.
4. Compliance With Government Code Section 54953. The Commission will continue to meet by teleconference in accordance with Government Code section 54953(e).
5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) the day after the next meeting of the Commission or (ii) such time the Commission adopts a subsequent resolution rescinding this Resolution.
6. Future Resolutions. The Commission expressly reserves the right to adopt Resolutions more than 30 days after this date of adoption of this Resolution to authorize the Commission to continue to meet by teleconference in accordance with Government Code section 54953(e) provided that a State of Emergency exists as of the date of adoption of such Resolutions.

Upon a motion of _____, seconded by Commissioner _____, and on the following roll call vote:

AYES:

NAYS:

ABSTAINING:

The foregoing resolution is hereby adopted.

Robert Enns, Chair Date
Local Agency Formation Commission

ATTEST:

Rob Fitzroy Date
LAFCO Executive Officer



LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

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Analyst

CELINE VUONG
Commission Clerk

TO: MEMBERS, FORMATION COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: NOVEMBER 18, 2021

SUBJECT: 2022 ANNUAL MEETING CALENDAR

Recommendation. It is respectfully recommended that the Commission consider taking the following actions.

Action 1:

Approve, by motion, the tentative 2022 regular meeting calendar (Attachment A).

Discussion. Attachment A includes a tentative calendar for regular LAFCO meetings for 2022. No significant changes are proposed, the Commission will meet the third Thursday of each month at 9am, with the exception of January 20th, the meeting will begin at 1pm.

Attachment A: 2022 Regular Meeting Calendar

Attachment A

2022 Regular Meeting Calendar



San Luis Obispo LAFCO

Tentative 2022 Meeting Schedule

Date	Time	Possible Items
January 20, 2022	1:00 p.m..	2 nd Quarter-Budget Status Report 2021 Annual Report 2022 Work Plan Public Member Appointment Process
February 17, 2022	9:00 a.m.	TBD
March 17, 2022	9:00 a.m.	TBD
April 21, 2022	9:00 a.m.	3 rd Quarter-Budget Status Report Budget 1 st Hearing is required by CKH Act.
May 19, 2022	9:00 a.m.	Budget 2 nd Hearing is required by CKH Act
June 16, 2022	9:00 a.m.	TBD
July 21, 2022	9:00 a.m.	4 th Quarter-Budget Status Report Year-end FY 21-22 Budget Status Report
August 18, 2022	9:00 a.m.	TBD
September 15, 2022	9:00 a.m.	TBD
October 20, 2022	9:00 a.m.	1 st Quarter-Budget Status Report
November 17, 2022	9:00 a.m.	TBD
December 15, 2022	9:00 a.m.	TBD



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CELINE VUONG
Commission Clerk

TO: MEMBERS, FORMATION COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: NOVEMBER 18, 2021

SUBJECT: LAFCO FILE 3-R-21: SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION #90 TO THE CITY OF PASO ROBLES – GATEWAY PROJECT

Recommendation. It is respectfully recommended that the Commission consider taking the following actions.

Action 1:

Acting as the Responsible Agency pursuant to the California Environmental Quality Act (CEQA), find by motion, that the Certified Environmental Impact Report (EIR) State Clearinghouse No.2017071033 adopted by the City of Paso Robles was reviewed, considered and determined to be adequate for purposes specified in Section 15096 of the CEQA Guidelines and for use in considering approval of the proposed annexation.

Action 2:

Approve the Resolution as contained in Attachment A for the proposed Sphere of Influence amendment and Annexation to the City of Paso Robles, and adopt Findings of Fact and a Statement of Overriding Findings for compliance with CEQA (Exhibit A of Attachment A) with the following conditions:

1. Prior to filing the Certificate of Completion with the Clerk Recorder and the State Board of Equalization, the proponent shall submit to LAFCO documentation of a recorded perpetual conservation easement meeting or exceeding LAFCO's 1:1 preservation policy (Policy 12) to offset the approximate 29 acres of prime soils on-site that would be converted to non-agricultural uses.
2. This condition applies to the extent allowed by law. The applicant agrees to defend, indemnify, hold harmless and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys,

or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.

PROJECT OVERVIEW

Project Proponents: City of Paso Robles by Resolution of Application (Attachment E).

Certificate of Filing: Issued on November 8, 2021.

Acreage and General Location: The 170-acre property is located within the unincorporated area of San Luis Obispo, adjacent to the southwest edge of Paso Robles City limits and northwest of the U.S. 101 and Highway 46 West interchange.

APNs: 040-031-001, 040-031-017, 040-031-019, 040-031-020, 040-091-039, and 040-091-041.

Uninhabited Annexation: The area proposed for annexation is legally uninhabited per the definition of the Cortese, Knox Hertzberg Act (CKH) meaning it has less than 12 registered voters. The proposal includes 100% landowner consent, and the landowner has provided a written letter of consent that waives the protest process.

Timeline: On June 16, 2020, the City of Paso Robles certified the EIR for the Gateway Project (State Clearinghouse No.2017071033). As Responsible Agency, LAFCO will rely upon the EIR for compliance with CEQA. At the June 16, 2020, meeting the city also approved the Gateway Project, which included approval of a General Plan Amendment, Zoning Code Amendment, Conceptual Master Development Plan, Lot Line Adjustment, Phased Vesting Tentative Tract Map, Oak Tree Removal Permit and Developer Agreement and Resolution of Application to LAFCO, all in an effort to prepare for the proposed annexation before LAFCO today.

On October 7, 2020, the City applied to LAFCO with the Gateway Project annexation proposal. On November 5, 2020, LAFCO provided the City with a letter noting that additional information was required to proceed with the application. On March 16, 2020, the City provided the requested information with the exception of the tax agreement. As required by CKH, the City and the County of San Luis Obispo must come to an agreement regarding the amount of property tax to be exchanged prior to annexation. The City and County have up to 90 days to come to an

agreement once negotiations commence. The two parties did not come to an agreement within that time frame, and to be consistent with regulation, the application was deemed withdrawn by LAFCO.

On July 8, 2021, the City Council provided city staff direction on how to proceed with the tax negotiation.

On July 29, 2021, the City re-submitted the annexation application.

On August 6, 2021, LAFCO issued the Notice to Commence Negotiation for Property Tax Revenue.

On September 14, 2020, the Board of Supervisors officially commenced negotiations.

On November 2, 2021, both the City and County approved a tax agreement at their respective public meetings.

LAFCO also reviewed this application at two study sessions on August 15, 2019 and October 15, 2020

Property Tax Exchange: On November 2, 2021, both the City of Paso Robles and the Board of Supervisors, at their respective meetings (please refer to their respective websites for a full staff report and copy of the approved agreement), adopted resolutions agreeing to an exchange of property tax revenue, which included the following provisions:

- No base property tax revenue shall be transferred from the County of San Luis Obispo to the City of Paso Robles.
- County will retain all of the future property tax increment, after transfers to the Educational Revenue Augmentation Fund (ERAF), in Fiscal Year 2022-23 and each fiscal year thereafter.

Public Notification: Notice was mailed to property owners within 300 feet of the proposed annexation area. Mailing was sent out at least 21 days in advance of the hearing. In addition, a 1/8 page display advertisement was placed in the Tribune on October 28, 2021, 21 days in advance of today's hearing. Notice has been sent to the proponents, the City, applicable agencies, and other interested parties.

Summary of Gateway Development Plan within Sphere of Influence / Annexation Area:

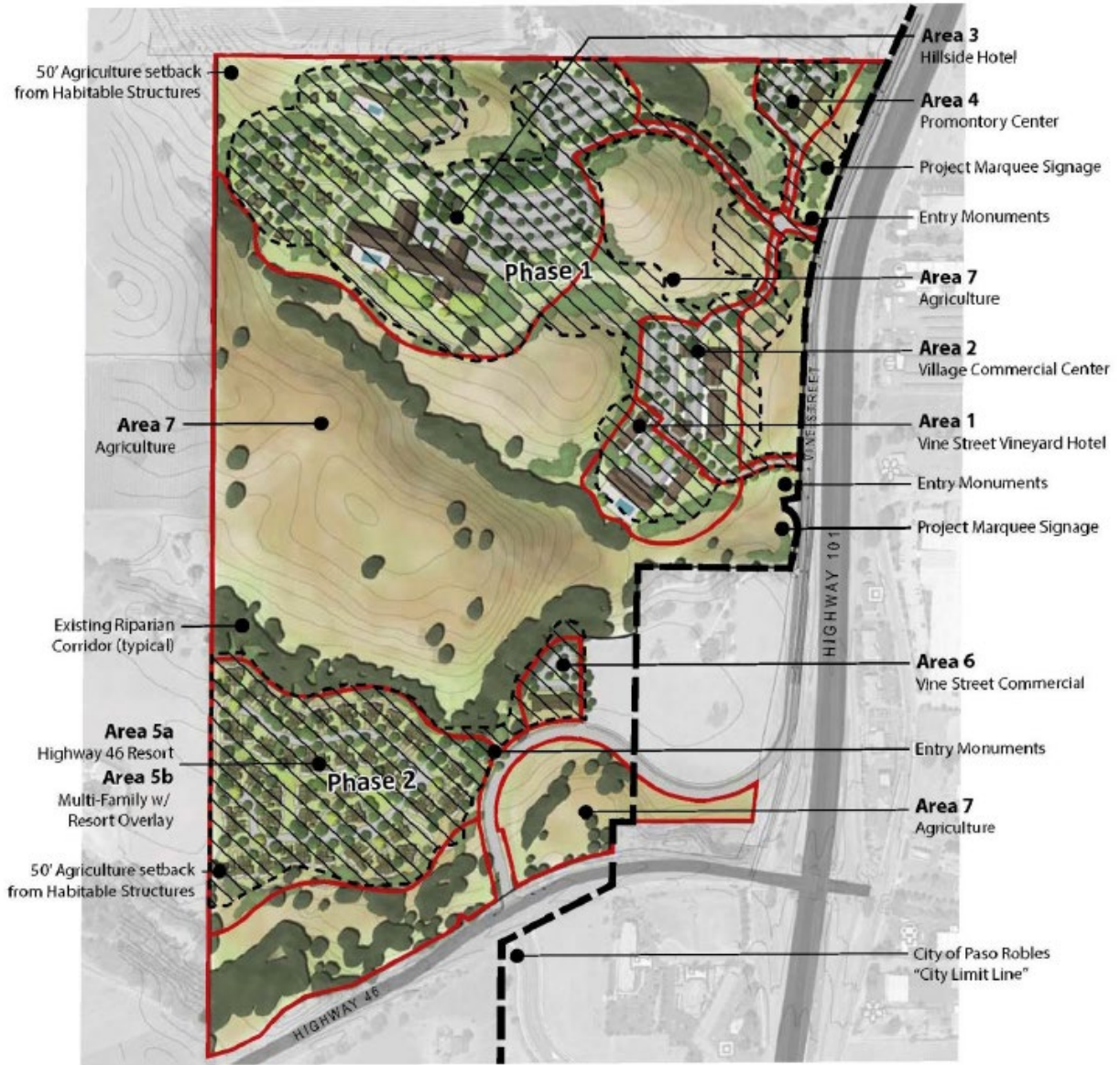
Should the Sphere of Influence (SOI) be amended and the site annexed into the City, the Gateway Project as conditionally approved by the City of Paso Robles would allow for:

- Two hotels/resorts with up to a total 325 rooms combined
- Three commercial centers with a combined total of 73,600 leasable square feet
- Seventeen workforce apartment units

- Up to 80 attached single-family residential resort units that may either be privately owned and/or used as resort rentals
- Approximately 98 acres of agriculture and open space areas
- Conservation of 32.3-acres of prime agricultural soils on-site in perpetuity (within the 98 acres described above) to comply with LAFCO’s Agricultural Policy 12 which requires mitigation at a 1:1 of prime soils converted to non-agricultural uses

Figure 1 below shows the general site plan of the SOI/annexation area. Note, the development plan includes seven key areas each with distinct land uses. It should be noted that Area 5A is no longer being considered, and the applicant has committed to option 5B, which would allow up to 80 attached single-family residential resort units that may either be privately owned and/or used as resort rentals. It is also important to note that Area 7 is the approximate location of the 32.3 acre agricultural conservation easement area. The project will be constructed in two phases, as shown in Figure 1. Table 1 further below describes each key area and associated development.

Figure 1 – Site Plan



Source: FUSCOE ENGINEERING, 2018

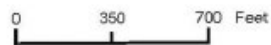
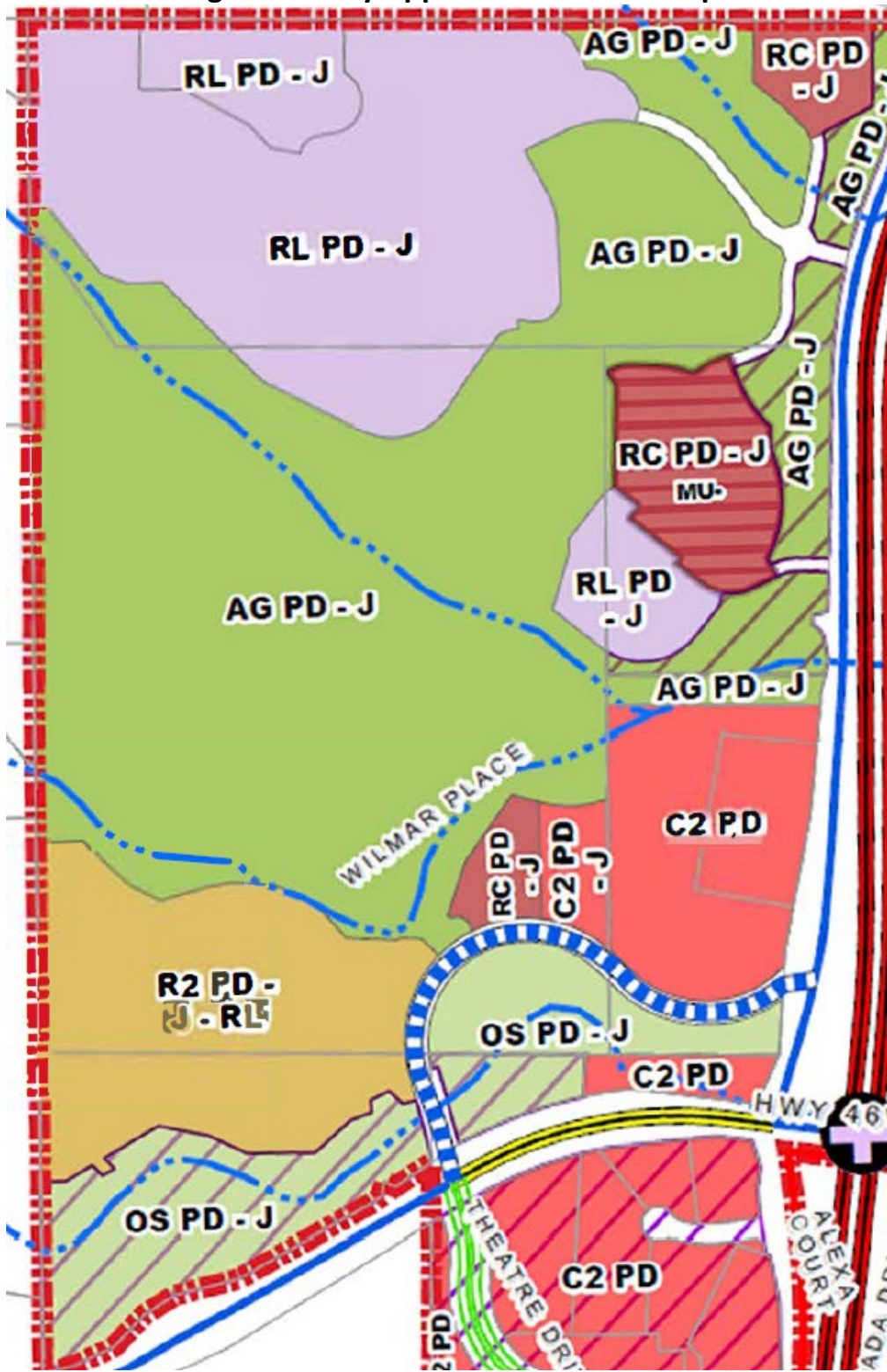


Table 1 – Development Detail of Each Area

Area	Proposed Zoning	Component	Description
1	Regional Lodging (RL)	Vine Street Hotel	100 rooms, 76,000 SF, conference room, pool, 84 parking spaces
2	Regional Commercial (RC)	Village Commercial Center	37,100 SF, retail, restaurants, office, 17 workforce residential units, 159 parking spaces
3	Regional Lodging (RL)	Hillside Hotel	225 rooms, 200,000 SF, restaurants, spa, administration, 581 parking spaces
4	Regional Commercial (RC)	Promontory Commercial Center	24,000 SF commercial/office, 73 parking spaces
5B	Residential Multi-Family (RMF)	Multi-Family w/ Resort Overlay	80 attached units, may be used as resort rentals
6	Regional Commercial (RC)	Vine Street Commercial	22,000 SF, commercial/office, 66 parking spaces
7	Agriculture	Agriculture / Open Space	98 acres, of which includes 32 acres of permanent conservation

The City adopted an ordinance to pre-zone the property. The pre-zoning designations would only become effective upon annexation. The property has been assigned the following zoning designations: Agriculture (AG), Regional Commercial (RC), Resort/Lodging (RL), Residential Duplex/Triplex (R2), and Open Space (OS). The RL zoning district is a new district created for the project, that could also be used for other future resort and hotel projects throughout the city. Figure 2 below shows the city-approved pre-zone map.

Figure 2 – City Approved Pre-Zone Map



ACTION 1 | ENVIRONMENTAL DETERMINATION

Environmental Determination: The City of Paso Robles, the Lead Agency, has certified an EIR for the Gateway Project SCH# 2013101050 (Attachment C). Per the requirements of CEQA, a Responsible Agency relies on the Lead Agency’s environmental documentation to approve the portion of the project under its jurisdiction. LAFCO acting as a Responsible Agency will rely upon the certified EIR for compliance with CEQA with the respect to the SOI amendment and annexation component of the project, and the development project that would subsequently be authorized to proceed. Staff has determined that the EIR is adequate for the proposed annexation action before LAFCO. Prior to taking action to adopt CEQA Findings of Fact and Overriding Considerations, the Commission must, by motion, find that the EIR adopted by the City of Paso Robles was reviewed, considered and determined to be adequate for purposes specified in Section 15096 of the CEQA Guidelines and for use in considering approval of the proposed SOI amendment and annexation.

The EIR includes a discussion of the impacts associated with the future development in the SOI and annexation area. LAFCO commented on these documents during the CEQA review process. These areas were addressed in detail in the EIR certified by the City. The Final EIR completed for the Gateway Project includes mitigation measures and associated findings adopted by the City Council Resolution.

The EIR completed for the Gateway Project includes mitigation measures relative to future development. There is reference provided to the mitigation measures from the EIR that presents a summary of the impacts, mitigation measures, and residual impacts from the implementation of the project. In summary, the proposed project would result in significant and unavoidable (Class I) impacts related to the following issue areas:

- Air Quality and Greenhouse Gas Emissions
 - Clean Air Plan consistency
 - Operational air quality emissions
 - Cumulative air quality impacts
 - Temporary and long-term Increases in GHG emissions
 - GHG emissions reduction plan consistency
 - Cumulative GHG emissions impacts
- Traffic and Circulation
 - Existing + Project traffic impacts at U.S. 101/Main Street interchange
 - General Plan Buildout + Project traffic impacts to U.S. 101 mainline

In addition, the project would result in significant but mitigable (Class II) impacts related to the following issue areas:

- Aesthetics and Visual Resources
 - Scenic vistas and scenic resources

- Visual character
- Light and glare
- Cumulative impacts to scenic vistas and scenic resources
- Cumulative impacts to visual character
- Cumulative impacts to visual resources
- Cumulative impacts to light and glare
- Agricultural and Forestry Resources
 - Conversion of Prime Farmland, Unique Farmland, or Farmland of Statewide Importance to nonagricultural uses
 - Conversion of farmland to non-agricultural use
 - Conflict with existing zoning for forest land or timberland
 - Loss of forest land or conversion of forest land to non-forest use
 - Cumulative impacts due to conversion of farmland to non-agricultural use
 - Cumulative impacts to agricultural resources
 - Construction air quality emissions
- Air Quality and Greenhouse Gas Emissions
 - Exposure of sensitive receptors to *Coccidioides* fungus
 - Climate Action Plan consistency for energy efficiency
 - Cumulative energy impacts
- Biological Resources
 - Impacts to riparian areas
 - Special status wildlife species
 - Special status plant species
 - Wetlands
 - Protected trees
 - Cumulative impacts to biological resources
 - Historical Resources
 - Archaeological Resources
 - Tribal cultural resources
 - Cumulative impacts to Cultural Resources
- Geology / Soils
 - Seismic and geologic hazards
 - Located on a geologic unit or soil that is unstable
 - Paleontological resources
 - Cumulative impacts to Geology and Soils
- Hydrology/Water Quality
 - Soil erosion and loss of topsoil
 - Expansive soils
 - Construction impacts to water quality
 - Operational impacts to water quality
- Hazard
 - Routine transport, use, or disposal of hazardous materials
 - Accidental release of hazardous materials
 - Located on a site included on a list of hazardous materials sites

- Residual pesticides and agricultural chemicals hazards
- Noise
 - Operational noise
 - Long-term traffic noise
 - Construction noise
 - Groundborne vibration
 - Cumulative noise impacts
- Utilities / Service Systems
 - Wastewater treatment facilities and capacity

The impacts highlighted above will require specific Findings and adoption of a Statement of Overriding Consideration because certain impacts associated with future development are considered significant and unavoidable, or are considered significant but mitigable (Exhibit A, Attachment A), which will be considered as a part of Action 2 described below.

ACTION 2 | SPHERE OF INFLUENCE AND ANNEXATION

Sphere of Influence Analysis

The SOI is a plan for the probable physical boundaries of the City as determined by LAFCO. Prior to the Gateway annexation being completed, the SOI must be amended to include the annexation area. CKH defines the SOI as follows:

GC 56076. "Sphere of Influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.

A SOI and Municipal Service Review (MSR) Update were prepared in 2013 to meet the requirements of CKH. The SOI/MSR Update anticipated a process for possible inclusion of the Gateway Annexation as a Study Area as described below in Chapter two of the SOI/MSR Update:

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

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

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

At that time, LAFCO accepted this approach to consider amending the SOI and Annexation so that more information would be available to make a decision regarding both actions. This additional information is more detailed than what is normally provided with just a SOI Amendment or an update of the MSR. The following conditions of approval were adopted by LAFCO based on the 2013 MSR. These were adopted as a part of the 2013 MSR update and are applicable to this annexation. It is important to note that compliance with these conditions has been satisfied based on the materials submitted for the currently proposed SOI and annexation for the Gateway Project.

WATER

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

WASTEWATER

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

AGRICULTURE & OPEN SPACE

The City shall identify all agricultural and open space lands to be protected in the SOI areas when rezoning or preparing land use entitlements for an area.

Prior to LAFCO filing the certificate of completion (if an annexation is approved), conservation easement(s) or other appropriate mitigation measures as listed in LAFCO's Agricultural Policy 12, shall be recorded on the deed(s) of the properties affected by the annexation specifying the areas to be protected in perpetuity.

Sphere of Influence Factors. In order to amend the City's Sphere of Influence, CKH Section 56425(e) requires that the following five factors be discussed, considered and documented during the approval process.

1. **Present and Planned Land Use.** The present and planned land uses identified in Study Area Five as described above. The Gateway properties cover 170 acres that are immediately adjacent to the City boundary within the urban reserve line. The City has approved a development plan for the site that preserves some open space and agricultural lands, as well as provides some housing and commercial resort development. The present and planned land uses are clearly articulated in the city-approved General Plan Amendment, Zoning Code Amendment, Conceptual Master Development Plan, Lot Line Adjustment, Phased Vesting Tentative Tract Map, Oak Tree Removal Permit, Developer Agreement and Resolution of Application to LAFCO.
2. **Present and Probable Need for Public Services.** The present and probable need for public services for the proposed land uses is clearly identified in the approval of a General Plan Amendment, Zoning Code Amendment, Conceptual Master Development Plan, Lot Line Adjustment, Phased Vesting Tentative Tract Map, Oak Tree Removal Permit and Developer Agreement and Resolution of Application to LAFCO. The City's Plan for Services identifies how the City would provide services to the proposed land uses (Attachment D). The annexation areas current use is agriculture and open space purposes. The City of Paso Robles would provide water, sewer, fire, police and other services to the area. The City has documented its ability to provide services to the Gateway project in its Plan for Services, EIR, and other associated documents.
3. **Present Capacity of Public Facilities and Adequacy of Public Services.** The City has confirmed its capability to provide services to the annexation area in a variety of documents throughout their entitlement approval process. The attached Plan for Services (Attachment D) is the City's statement of its ability to provide services. It provides detailed information about the provision of services to the proposed future land uses that are developed in the area. The Plan also references studies completed during the CEQA process to further document the City's ability to serve. The plan is summarized in this staff report and incorporated by references into this written statement that the City is capable of providing adequate public services.
4. **Social and Economic Communities of Interest.** The City of Paso Robles has a broad range of social and economic communities of interest, including numerous business, schools, churches, public sector facilities, and other Community Service programs. If the Gateway SOI amendment is managed pursuant to the policies of the City, the development of these areas would benefit the social and economic communities of interest. The existing social fabric of the City will change if the Gateway area is added to the SOI and annexed. However, it is likely that this change will be positive, bringing in new jobs, economic opportunities and financial buying power as well as new business opportunities for a variety of people, as documented in the Economic Analysis prepared for the project (Attachment H). The mix of land uses provide for a variety of economic and social opportunities.
5. **Present and Probable need for Public Facilities and Services of Disadvantaged**

Unincorporated Communities. A disadvantaged community means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. The City of Paso Robles Sphere of Influence does not qualify under the definition of disadvantage community for the present and probable need for public facilities and services.

Local Sphere of Influence Policies. CKH requires that each commission establish written policies and procedures. CKH also states that LAFCOs are to exercise their powers consistent with those policies and procedures. The San Luis Obispo LAFCO's policies encourage and provide for well-ordered, efficient urban development patterns, balanced with preserving open space and agriculture land while discouraging urban sprawl.

The SOI amendment provides for the orderly logical development of an area adjacent to the City. The pre-zoning also encourages the preservation of open space and agriculture land. Prime Agricultural Land that is proposed for development is offset at a 1:1 per acre ratio. This preserves in perpetuity prime agricultural land consistent with SLO LAFCO's policies. Inclusion in the City's SOI also provides for the efficient provision of public services and promotes the economic stability of the City. The additional studies and documentation provided by the City of Paso Robles in regard to the Gateway SOI Amendment and Annexation document the City's current ability to provide services to this area.

SOI Analysis Conclusions. The SOI for the City of Paso Robles should be amended to include the proposed Gateway Annexation area. This is based on the information, application, studies and documents provided and approved by the City and contained or referenced by this staff report. The City has carefully considered the impacts of this SOI Amendment and Annexation on its service capacities. The Plan for Services and other documentation confirms the City's ability to provide services to this area (discussed further below). This type of urban development should be guided towards Cities where services are available and proximate. Other documents such as the Master Development Plan, Environmental Impact Report, Economic Studies and Water Supply Assessment provide a sound information base for decision making.

Annexation Analysis

LAFCO Factors Government Code 56668: Government Code Section 56668 identifies a number of factors that must be considered by LAFCO in reviewing a proposal for annexation. A select number of the key applicable factors for the Gateway project are discussed in the body of this staff report for the Commission's consideration, as these particular issue areas were discussed in detail at past study sessions held by the Commission. All other remaining factors are addressed in in detail in Attachment B of this staff report. All factors include the following, note the factors listed in **bold** are discussed in detail in this staff report.

• Population and Land Use	• Need for Services	• Impact on Adjacent Areas
• Commission Policies	• Agricultural Lands	• Definite Boundaries
• Consistency with General Plans and Reg. Trans. Plan	• Sphere of Influence	• Other Agency Comments
• Ability to provide services	• Availability of water supplies	• Housing
• Comments from landowner, voters or residents	• Existing information about existing land use	• Environmental Justice

Agriculture. The project would convert approximately 29 acres of prime soils to non-agricultural uses. However, the project would provide an on-site agricultural conservation easement of 32 acres. This agreement was reviewed and approved by the City as to form and affect (though not fully executed as of this date), and incorporated into the Developer Agreement. The intent of the agreement is to meet the requirements of LAFCO Policy 12 which requires 1:1 mitigation for the loss of prime soils. In addition, Mitigation measure AG-1 in the EIR included the following language “In order to constitute prime agricultural land for a 1:1 offset to meet LAFCO annexation requirements, the area recorded in a permanent agricultural/conservation easement shall be planted with a fruit bearing crop (i.e. vineyards) that will have a commercial value of at least \$400.00 per acre.” to help compensate for soil quality.

An additional 49.7 acres identified in the Master Development Plan would be used as a vineyard or other agricultural use; these additional acres would not be under a conservation easement but would support agricultural operations. See the table below for a summary of Agriculture and Open Space areas. Table 2 shows the breakdown of agricultural / open space on site. Figure 2 further below shows the area being converted to non-agricultural uses (shown in blue) and the area being conserved (shown in green).

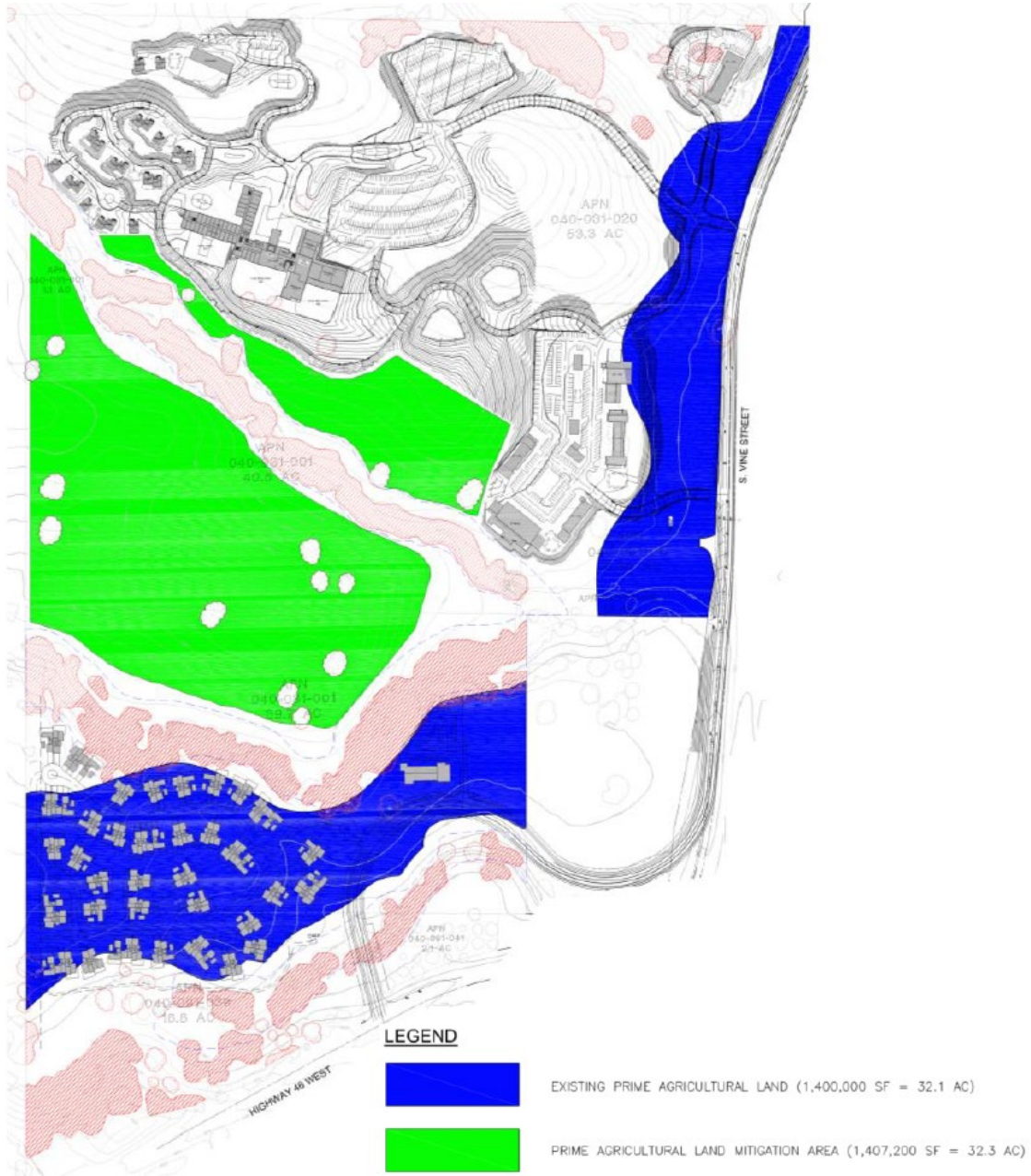
Table 2 - Agricultural and Open Space Areas within Gateway Project Area

Land Type	Acres
Agriculture in Conservation Easement	32.3
Agriculture not in Conservation Easement	49.7
Open Space	16.6
Total	98.6

Additionally, the agricultural uses and vineyard would provide a minimum 50-foot buffer between active agricultural land uses outside of the Project site along the northwestern and

southwestern boundaries. A right-to-farm notification would also be required to reduce conflicts. These mitigations are adequate for the location and type of operations proposed.

Figure 2 – Agricultural Area to be Conserved Show in Green, Agricultural Soils Being Convert to Non-Agricultural Uses Shown in Blue



Water. According to the Water Supply Assessment (WSA) (Attachment I), proposed development in the annexation area would result in an estimated water use of 138.5 to 144 AFY for commercial and transient lodging uses. The City has relied primarily on water supply from Lake Nacimiento, the Paso Robles groundwater basin and water from the Salinas River. Table 3 below shows the City’s projected population and water demands to buildout in 2045.

Development of the annexation area was not considered in the water demand and supply projections in the City’s 2015 Urban Water Management Plan (UWMP). The estimated maximum water use of the annexation area of up to 144 AFY would increase the City’s projected demand at buildout in 2045. However, the City would continue to have the necessary water supply to meet the projected demand, of 9,663 AFY with the project. If less groundwater is available to the city from the basin than anticipated at that time, the City’s water portfolio provides for additional water availability to meet all of the City’s demand (e.g., through increased delivery and treatment of Nacimiento water).

The City holds a 6,488 AFY delivery entitlement from Lake Nacimiento water. In order to directly use the Nacimiento entitlement, the City constructed a surface water treatment plant with an anticipated yield of approximately 2,017 AFY at City buildout in 2045. The treatment plant operation could be increased to provide up to 2,688 AFY of water for City use, or 617 AFY more than currently anticipated by the 2045 demand.

The EIR concluded the City has adequate potable supply to provide a reliable long-term water supply for the project under normal and drought conditions. Also noted in the WSA, (Attachment I) the Paso Robles Groundwater Basin is currently facing legal challenges (Quiet Title) with the next phase of the case to determine how much water is allocated to the various users. The City is prepared for this by diversifying its water portfolio which allows the City to serve its existing and future residents.

Table 3 - City of Paso Robles Supply & Demand Projections (Source 2015 UWMP)

Water Source	Acre Feet per year
Paso Robles Groundwater Basin	4,000
Salinas River – Surface Wells	4,558
Nacimiento Water/Treatment & Recovery Well	6,488
Recycled Water for Potable Offset	2,200
Total Water Supply Available	17,246
Water Demand in 2045-General Plan Build-Out with Project	9,663
Available Surplus in 2045 with Project	7,583

Traffic and Circulation. The traffic impact study concluded that the Gateway Project would result in significant impacts to the circulation system at the intersection of South Vine Street and Highway 46. However, various roadway improvements are planned for this area, many of which have been studied and planned for since 2003. Upon implementation of these improvements, impacts directly related to the Gateway project would be fully mitigated. Figure 3 shows the improvement phasing plan, note Phase I has already been completed.

Improvements to the U.S. 101/SR 46 West interchange, at the southeast corner of the project site, were reviewed through a Project Study Report conducted by the California Department of Transportation (Caltrans) in 2009. The Caltrans project included the westward realignment of South Vine Street from its current location, so that it would cross the unnamed creek in the southern area of the Gateway property and intersect SR 46 West across from the existing intersection at Theater Drive.

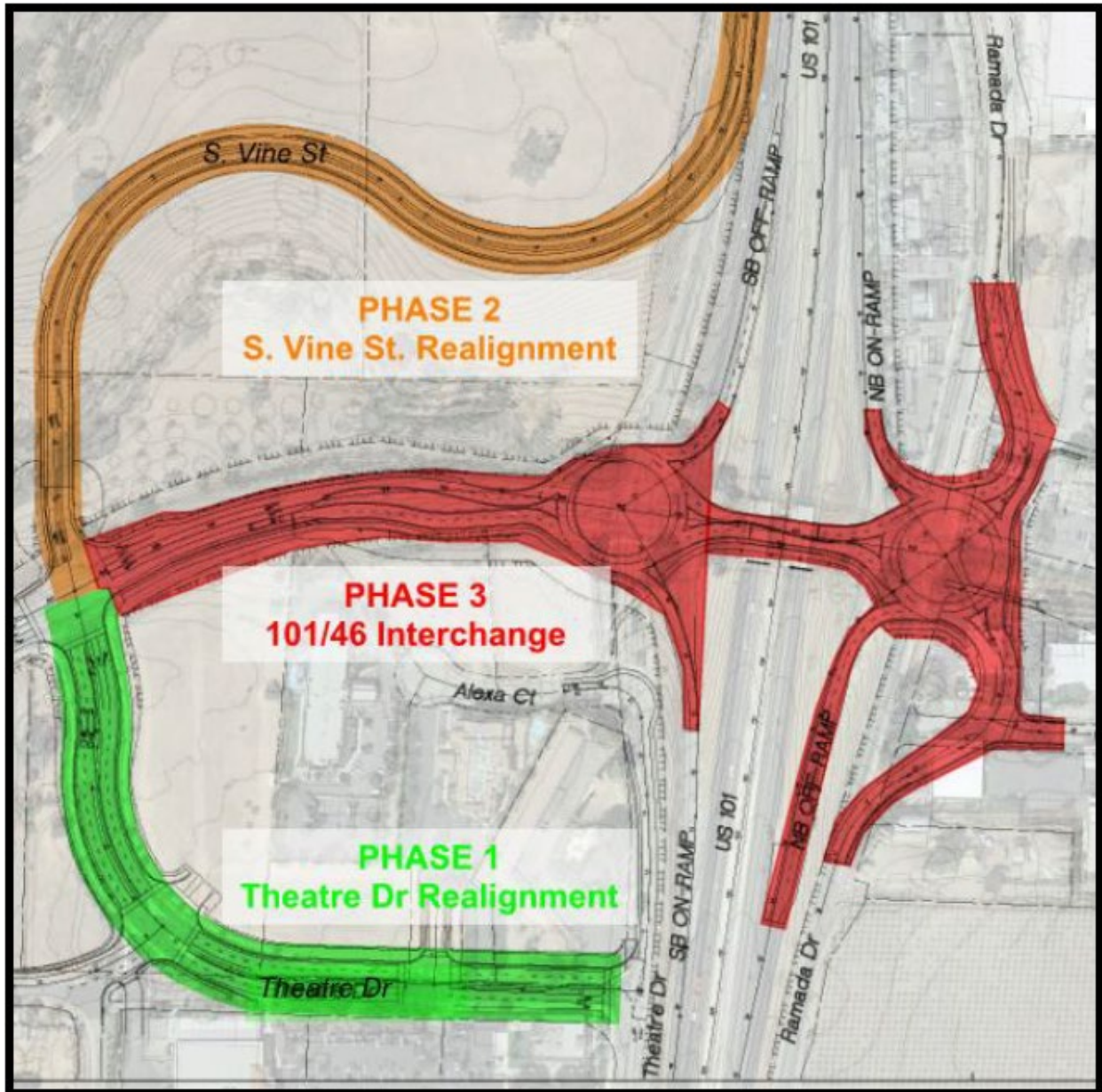
The realignment of South Vine Street is only one part of U.S. 101/SR 46 W interchange improvement project. Phase 1, which included the relocation of Theater Drive west of the original intersection location, has been completed.

Phase 2 includes the realignment of South Vine Street to align with the new Theater Drive intersection. Phase 2 will be facilitated by annexation of the Gateway project into the City of Paso Robles. The Gateway project has been conditioned such that Phase 2 must be completed before the project is issued final occupancy clearance by the City, thereby ensuring impacts will be mitigated by the time the project is operations.

Phase 3 includes converting the existing compact diamond, signal-controlled ramp intersections into two roundabouts. Phase 3 cannot begin until the South Vine Street realignment improvements have been completed.

The City, Furlotti and CENCO entered a Settlement Agreement on August 2, 2016, which outlines the design, construction and improvement obligations of these parties. Several obligations are outlined in the Settlement Agreement in order to complete the project. These obligations are divided between the City and Quorum Realty Fund IV, LLC if the Quorum property is annexed into the City. The Development Agreement between the City and the developer further reinforces the terms of the Settlement Agreement and sets forth the terms of the design, engineering, and construction of the South Vine Street realignment. The applicant and the City have agreed to work diligently and cooperatively to identify sources of financing for the City's share of costs, so that the realignment can be completed within seven years after successful annexation.

Figure 3 – Phased Traffic Improvements



Housing Affordability. The residential components of the proposed project would include 17 workforce housing units and would allow an additional 80 attached and multi-family residential units with resort overlay to be sold at market rate. The 17 workforce housing units are intended to be “affordable by design” and are not intended to meet the definition of “affordable” as per the Housing Element. However, these units will be deed restricted such that the owners may not occupy the units rather make them available as rentals only. This will further ensure that the units are available to the workforce.

In recognition of the need for additional affordable housing in the City, the Developer agrees to pay an affordable housing in-lieu fee, currently estimated at approximately \$500,000, in connection with the development of the Project. The City does not have an affordable housing

in-lieu fee program; therefore, the amount of the Affordable Housing Fee to be assessed has been calculated in accordance with the schedule set forth in Section 29.04.020 of the County Code of San Luis Obispo County, further detail can be found in the Developer Agreement. The Affordable Housing Fees collected are to be used by the City for the purpose of planning, increasing, and/or improving the City's supply of affordable housing within the City. In addition, the affordable housing planned for the in Certified Housing Element is anticipated to meet the demand for affordable housing generated by the Gateway project.

Fire Protection. The level of service that will be provided to the proposed Gateway annexation area will be better than other parts of the City because the area is located within 5 miles of a Fire station. The project area is in close proximity to the Downtown fire station, where the City's Insurance Service Office (ISO) report gave its best rating. The staffing and location of the station has a 4 minutes response time and includes firefighter and Emergency Medical Service staffing. Staff discussed the ISO Report with the City Fire Chief who did not express concerns for this area or the annexation in general as it relates to fire and emergency services. Of note, The City has a 1 cent Tax Measure on the November Ballot to assist in addressing the deficiencies and locating a new fire station in the Airport Area/ Northeast Area of the City. This will help address and increase the overall score for the City.

Plan for Services. The City's approved Plan for Services is found in Attachment D of this staff report. The Plan for Services provides documentation regarding the City's capability to provide services to the area proposed for annexation. CKH and SLO LAFCO policy 3.1.3 requires that a Plan for Services be submitted that describes the level and range of services to be provided by the annexing jurisdiction. In general, the Plan is the City's statement and commitment to providing services to the annexation area. For this project, the City plans to cover the costs of providing services with the Transient Occupancy Tax (TOT) generated from the project and the special taxes assessed through the city-wide Community Facilities District (CFD). Overall, the submitted Plan for Services meet the intent of CKH and LAFCO policies. The Plan for Services addresses the following topics and services in a detailed and comprehensive manner:

- Water Supply
- Wastewater
- Solid Waste & Recycling
- Affordable housing
- Fire Protection
- Government Services
- Law Enforcement
- Parks and Recreation
- Public Areas
- Public Library
- Public Transit
- Schools
- Stormwater
- Transportation
- Utilities

Developer Agreement. The property owner and the City entered into a Development Agreement to address funding and timing of various aspects of the project (Attachment G). The agreement is a legally binding contract to delineate the terms and conditions of a proposed development project. Since large developments often take many years to complete, these

agreements provide assurances to the applicant relative to their investment. Some of components of the Development Agreement include, but are not limited to:

- As provided in the Settlement Agreement, the developer and CENCO will exchange property in a manner that will enable the developer to irrevocably dedicate the necessary right-of-way for the realignment of South Vine Street to connect to SR Highway 46
- Payment by the developer for a portion of the South Vine Street realignment
- The parties will use their best efforts to complete the South Vine Street realignment within seven years after annexation
- The phased development includes (1) the Vine Street Vineyard Hotel; (2) a Village commercial center and 17 units of workforce housing; (3) a premium destination resort hotel; (4) a Promontory commercial center; (5) either resort use or 80 multi-family units with resort overlay; and (6) approximately 98 acres of agriculture and open space uses
- A Conservation Easement Agreement providing for the permanent protection of 32.3 acres of prime agricultural lands
- The developer will contribute funds to the City to be used for planning and development of affordable housing within the City. The affordable housing fee will be assessed upon the issuance of building permits for any structure in the project and paid prior to certificate of occupancy for that structure
- Local preference: The Applicant is to give preference to local laborers and buyers/tenants
- The project will be annexed to the City's existing Community Facilities District to help pay for the cost of City services
- The initial term of the DA shall be for seven (7) years after the completion of the South Vine Street Realignment. If the developer has poured the foundation for the resort hotel within the initial term, the term shall be extended for an additional 10 years
- The developer will be permitted to use water from two existing wells for agriculture uses only, a portion of which are outside the City. However, there are specific limits on the amount of well water that can be used both within and outside the City.

Economic Considerations. The Gateway project is primarily a visitor-serving, tourist oriented development project. As such, it is anticipated that the project would generate significant short and on-going economic benefits. The following summarizes these benefits as provided by the economic analysis report for the Gateway Project (Attachment H).

Short term economic benefits Include:

- Increase economic output by \$103.9 million, with \$81.9 million generated in the City of Paso Robles and \$21.9 million elsewhere in San Luis Obispo County
- Support 684 jobs, with 549 jobs supported in Paso Robles and 135 elsewhere in San Luis Obispo County

- Increase labor income by \$48.5 million, with \$41.8 million generated in Paso Robles and \$6.7 million elsewhere in San Luis Obispo County
- Increase local tax revenue by \$1.4 million, with \$584,600 generated in Paso Robles and \$789,900 elsewhere in San Luis Obispo County.

On-going economic benefits include:

- Increase economic output by \$183.3 million, with \$105.6 million generated in Paso Robles and \$77.6 million elsewhere in San Luis Obispo County
- Support 2,028 jobs, with 1,279 jobs in Paso Robles and 800 elsewhere in San Luis Obispo County
- Increase labor income by \$65.7 million, with \$38.6 million generated in Paso Robles and \$27.1 million elsewhere in San Luis Obispo County
- Increase local tax revenue by \$9.3 million, with \$6.5 million generated in Paso Robles and \$2.7 million elsewhere in San Luis Obispo County.

Other Agencies: The San Luis Obispo Air Pollution Control District provided a letter in which they requested to reiterate their comments provided on the EIR. Their comments were addressed in the EIR. No other agency comments were received during the referral process pertaining to the proposed annexation. Various agencies commented on the EIR prepared by the City during the public comment period and those comments were addressed accordingly.

Term of the Approval: The Cortese-Knox-Hertzberg Act (GC 57001) allows up to one year for a Certificate of Completion to be filed with the Clerk Recorder, otherwise the action is deemed abandoned. LAFCO may grant extensions based on a reasonable request by the proponent or applicant. The time frame for an extension is at LAFCO's discretion based on the circumstances of the proposal.

STAFF RECOMMENDATION

At the conclusion of its consideration, the Commission may approve the request, with or without amendment, wholly, partially, or conditionally, or disapprove the request. The Commission has discretion in light of the whole record to make its decision. If your Commission moves to approve the annexation, staff recommends that one roll call vote be taken for each of the following actions:

Action 1:

Acting as the Responsible Agency pursuant to the California Environmental Quality Act (CEQA), find by motion, that the Certified Environmental Impact Report (EIR) State Clearinghouse No.2017071033 adopted by the City of Paso Robles was reviewed, considered and determined to be adequate for purposes specified in Section 15096 of the CEQA Guidelines and for use in considering approval of the proposed annexation.

Action 2:

Approve the Resolution as contained in Attachment A for the proposed SOI amendment and annexation to the City of Paso Robles, and adopt Findings of Fact and a Statement of Overriding Findings for compliance with CEQA (Exhibit A of Attachment A) with the following conditions:

1. Prior to filing the Certificate of Completion with the Clerk Recorder and the State Board of Equalization, the proponent shall submit to LAFCO documentation of a recorded perpetual conservation easement meeting or exceeding LAFCO's 1:1 preservation policy (Policy 12) to offset the approximate 29 acres of prime soils on-site that would be converted to non-agricultural uses.
2. This condition applies to the extent allowed by law. The applicant agrees to defend, indemnify, hold harmless and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.

Attachment A: LAFCO Resolution Approving the Annexation

Exhibit A: Findings of Fact & Overriding Considerations

Exhibit B: Map of Annexation No. 82 and Legal Description

Attachment B: LAFCO Legislative Factors-Government Code Section 56668

Attachment C: Environmental Impact Report – Gateway Project (available on LAFCO website due to size)

Attachment D: Plan for Services

Attachment E: City of Paso Robles Resolution of Application

Attachment F: SOI / Annexation Boundary Maps

Attachment G: Developer Agreement

Attachment H: Economic Analysis and Supplemental Memo

Attachment I: Water Supply Assessment

Attachment A

Draft LAFCO Resolution Approving the Annexation

IN THE LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

Thursday, November 18, 2021

PRESENT:

ABSENT:

RESOLUTION NO. 2021-XX

**RESOLUTION APPROVING ANNEXATION NO. 90 TO THE CITY OF PASO ROBLES
(GATEWAY)**

The following resolution is now offered and read:

WHEREAS, on _____, the Executive Officer filed a Certificate of Filing regarding a request to consider a proposal for Annexation No. 90 to the City of Paso Robles (Gateway Annexation); and

WHEREAS, the Executive Officer has given the notices required by law and forwarded copies of his report to officers, persons and public agencies prescribed by law; and

WHEREAS, a staff report was prepared, and the public hearing was duly conducted under the Covid-19 modified meetings laws pursuant to the Governor's order;

WHEREAS, the matter was set for public hearing at 9:00 a.m. on _____, and the public hearing was duly conducted and determined and a decision was made on _____; and

WHEREAS, at said hearing this Commission heard and received all oral and written protests, objections and evidence, which were made, presented or filed, and all persons present were given the opportunity to hear and be heard in respect to any matter relating to the proposal and report; and

WHEREAS the Commission as a Responsible Agency determined that the environmental review documentation adopted by the City of Paso Robles meets the requirements of the California Environmental Quality Act (CEQA); and

WHEREAS the Commission determined that the environmental mitigations, the Findings of Fact and Statement of Overriding Considerations adopted by the City of Paso Robles are applicable, and acting as a Responsible Agency LAFCO adopts its own Findings of Fact and Statement of

Overriding Considerations pursuant to the CEQA and as found in Exhibit A; and

WHEREAS, the Commission has considered all factors required to be considered by Government Code Sections 56668 et seq. and adopts as its written statements of determinations and record therein, the determinations set in the Executive Officer's Staff report, attachments and testimony dated _____, and said record is incorporated by reference herein as though set forth in full; and

WHEREAS, the Commission duly considered the proposal and finds that the proposal to annex the area known as the Gateway Annexation to the City of Paso Robles should be approved.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Local Agency Formation Commission of the County of San Luis Obispo, State of California, as follows:

1. That the recitals set forth hereinabove are true, correct, and valid.
2. That the map and legal description approved by this Commission is attached hereto, marked as Exhibits B and C and incorporated by reference herein as though set forth in full.
3. That the Executive Officer of this Commission is authorized and directed to mail copies of this resolution in the manner provided by law.
4. That Annexation No. 90 to the City of Paso Robles is hereby approved with the following conditions:
 1. Prior to filing the Certificate of Completion with the Clerk Recorder and the State Board of Equalization, the proponent shall submit to LAFCO documentation of a recorded perpetual conservation easement meeting or exceeding LAFCO's 1:1 preservation policy (Policy 12) to offset the approximate 29 acres of prime soils on-site that would be converted to non-agricultural uses.
 2. This condition applies to the extent allowed by law. The applicant agrees to defend, indemnify, hold harmless and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO

expressly reserves the right to provide its own defense at the reasonable expense of the applicant.

Upon a motion of _____, seconded by Commissioner _____, and on the following roll call vote:

AYES:

NAYS:

ABSTAINING:

The foregoing resolution is hereby adopted.

Robert Enns, Chair Date
Local Agency Formation Commission

ATTEST:

Rob Fitzroy Date
LAFCO Executive Officer

APPROVED AS TO FORM AND LEGAL EFFECT:

Brian Pierik Date
LAFCO Legal Counsel

Exhibit A: CEQA Findings of Fact & Overriding Considerations

Exhibit A

San Luis Obispo Local Agency Formation Commission

LAFCO No. 3-R-20

Annexation #90 to the City of Paso Robles – Gateway

CEQA FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS

Prepared by San Luis Obispo LAFCO

1. Consideration of the Environmental Impact Report

The Commission, as a Responsible Agency, has reviewed and considered the information in the Final Environmental Impact Report ((EIR); State Clearinghouse Number 2013101050), 2020 General Plan amendment, and among other documents and has concluded that the EIR is adequate for the purposes of the Commissions' compliance with CEQA (pursuant to Public Resources Code Section 21000 et seq., and CA Code of Regulations Section 15000 et seq.) for the proposed action. The Commission has reached its own conclusion whether and how to approve the proposed Paso Robles Gateway Project.

As a Responsible Agency, the Commission must rely upon the EIR prepared for the project and concur with its conclusions relative to the action before the Commission. The action of the Commission would allow the City to amend the sphere and annex the area known as the Paso Robles Gateway Project area into its boundaries. As such, the EIR was reviewed in this context to ensure the annexation and sphere of influence would adequately address any potential environmental impacts. The Commission concluded that no substantial changes are proposed in the project which will require major revision of the previously certified EIR, no substantial changes have occurred with respect to the circumstances under which the project is undertaken which will require major revision of the previously certified EIR, and no new information of substantial importance has been identified which was not known at the time that the previous EIR was certified.

The Paso Robles Gateway Project would result in significant and unavoidable impacts related to the following issue areas:

- Clean Air Plan consistency
- Operational air quality emissions
- Cumulative air quality impacts
- Temporary and long-term Increases in GHG emissions
- GHG emissions reduction plan consistency
- Cumulative GHG emissions impacts
- Existing + Project traffic impacts at U.S. 101/Main Street interchange
- General Plan Buildout + Project traffic impacts to U.S. 101 mainline

In addition, the project would result in significant but mitigable impacts related to the following issue areas:

- Scenic vistas and scenic resources
- Visual character
- Light and glare
- Cumulative impacts to scenic vistas and scenic resources
- Cumulative impacts to visual character
- Cumulative impacts to visual resources
- Cumulative impacts to light and glare
- Conversion of Prime Farmland, Unique Farmland, or Farmland of Statewide Importance to nonagricultural uses
- Conversion of farmland to non-agricultural use

-
- Conflict with existing zoning for forest land or timberland
 - Loss of forest land or conversion of forest land to non-forest use
 - Cumulative impacts due to conversion of farmland to non-agricultural use
 - Cumulative impacts to agricultural resources
 - Construction air quality emissions
 - Exposure of sensitive receptors to *Coccidioides* fungus
 - Impacts to riparian areas
 - Special status wildlife species
 - Special status plant species
 - Wetlands
 - Protected trees
 - Cumulative impacts to biological resources
 - Historical Resources
 - Archaeological Resources
 - Tribal cultural resources
 - Cumulative impacts to Cultural Resources
 - Climate Action Plan consistency for energy efficiency
 - Cumulative energy impacts
 - Seismic and geologic hazards
 - Located on a geologic unit or soil that is unstable
 - Soil erosion and loss of topsoil
 - Expansive soils
 - Paleontological resources
 - Cumulative impacts to Geology and Soils
 - Routine transport, use, or disposal of hazardous materials
 - Accidental release of hazardous materials
 - Located on a site included on a list of hazardous materials sites
 - Residual pesticides and agricultural chemicals hazards
 - Construction impacts to water quality
 - Operational impacts to water quality
 - Operational noise
 - Long-term traffic noise
 - Construction noise
 - Groundborne vibration
 - Cumulative noise impacts
 - Wastewater treatment facilities and capacity

Overriding findings are proposed for impacts that were determined to be significant and unavoidable. These findings and determinations constitute the independent findings and determinations by the Commission in all respects and are fully and completely supported by substantial evidence, both oral and written, in the entire record relating to the proposal before the Commission.

2. Record of Proceedings

Supporting documentation and other materials (including documents maintained in electronic format) that constitute the record of proceedings upon which this determination is based can be found online and in the custody of the Commission's Executive Officer at office address:

San Luis Obispo Local Agency Formation Commission
1042 Pacific Street, Suite A
San Luis Obispo, CA 93401

The record of proceedings for Commission decisions on the proposal includes, but is not limited to, the following documents:

- a) Preparation of Municipal Service Review Determinations and Sphere of Influence update statements of its determinations:
 - LAFCO prepared a Municipal Service Review pursuant to Government Code section 56430 in 2013.
 - Written determination has been prepared pursuant to Government Code section 56430 (a) and section 56425 (e).
- b) Public notices issued by the Commission associated with the proposal.
 - LAFCO prepared and distributed a notice to the affected agencies and landowners on October 28, 2021, consistent with Government Code section 56427, and provided notice in a newspaper of general circulation per Government Code section 56153.
- c) List all resolutions and ordinances provided by the City of Paso Robles associated with the proposal's land use development approvals, service delivery, and environmental effects.
 - On June 16, 2020, the Paso Robles City Council adopted:
 - **Resolution A** Certifying the Environmental Impact Report (SCH # 2013101050), Adoption of Environmental Findings, a Mitigation Monitoring and Reporting Program, and a Statement of Overriding Considerations Pursuant to the California Environmental Quality Act
- a. Exhibit A – CEQA Findings and Statement of Overriding Considerations
 - Exhibit A1 – Paso Robles Gateway Economic and Fiscal Impact Analysis
 - b. Exhibit B1 – Mitigation Monitoring Reporting Program (MMRP)
 - Exhibit B2 – Response to Comments
 - c. Exhibit C1 – Final Environmental Impact Report
 - Exhibit C2 – EIR Technical Appendices
 - d. Exhibit D – Templeton Area Advisory Group Comment Letter and Response
- **Resolution B** Initiating Proceedings to Annex Property
 - a. Exhibit A – Legal Description Text
 - b. Exhibit B – Legal Description Diagram
 - c. Exhibit C – Plan for Services

Exhibit C1 – Water Supply Assessment

- **Resolution C** Approving Lot Line Adjustment PR/COAL 18-0098
 - a. Exhibit A – Map PR/COAL 18-0098
 - b. Exhibit B – Settlement Agreement
 - c. Exhibit C – South Vine Street Realignment Preliminary Plan and Profile

- **Resolution D** Approving General Plan Amendment 17-03
 - a. Exhibit A – Land Use Element Text Amendment
 - b. Exhibit B – Land Use Element Diagram Amendments (B1, B2, B3, B4, B5)
 - c. Exhibit C – Open Space Element Text Amendment
 - d. Exhibit D – Open Space Element Diagram Amendment
 - e. Exhibit E – Conservation Element Diagram Amendment
 - f. Exhibit F – Safety Element Diagram Amendment (F1 – F9)
 - g. Exhibit G – Parks and Recreation Element Diagram Amendment

- **Ordinance A** Adopting Pre-Zoning/Zoning Code Amendment 17-003
 - a. Exhibit A – Zoning Code Text Amendment
 - b. Exhibit B – Zoning Code Diagram Amendment

- **Resolution E** Approving Conceptual Master Development Plan 17-009
 - a. Exhibit A – Conditions of Approval
 - b. Exhibit B – Site Plan – Project Statistics
 - c. Exhibit C – Conceptual Landscape Plan
 - d. Exhibit D – Conceptual Architectural Plans
 - e. Exhibit E – Preliminary Parking Plan
 - f. Exhibit F – Character Renderings
 - g. Exhibit G – Conceptual Highway Oriented/Free Standing Sign Program
 - h. Exhibit H - Phasing Plan

- **Resolution F** Approving Oak Tree Removal Permit OTR 20-043
 - a. Exhibit A – Arborist Report
 - b. Exhibit B – Oak Tree Protection and Removal Map
 - c. Exhibit C – FEIR Oak Tree Mitigation Measures

- **Resolution G** Approving VVTM TR 3120
 - a. Exhibit A – Conditions of Approval
 - b. Exhibit B – Map TR 3120
 - c. Exhibit C – Preliminary Grading and Drainage
 - d. Exhibit D – Preliminary Stormwater Quality Plan
 - e. Exhibit E – Preliminary Utility Plan

- **Ordinance B** Adopting Development Agreement between the City and Quorum Realty Fund IV
 - a. Exhibit A – Draft Pre-Annexation Development Agreement

Although the findings below identify specific pages within the record in support of various conclusions, the Commission incorporates by reference and adopts as its own, the reasoning set forth in the EIR and related documents, and thus relies on that reasoning, even where not specifically mentioned or cited below, in reaching the conclusions herein.

3. Significant Impacts Identified in the EIR (Section 15091)

The City of Paso Robles certified the EIR for the Paso Robles Gateway Project in May 2020, which evaluated environmental impacts associated with future development on the annexation site. The EIR identified certain significant environmental effects for the project. Other than approving the project analyzed in the EIR, changes and alterations to avoid or substantially lessen the significant environmental effects as identified in the EIR are within the responsibility and jurisdiction of the City of Paso Robles and not the Commission.

The Commission's jurisdiction to impose conditions on the project is limited under Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) and CEQA Guidelines sections 15050 (Lead Agency Concept) and 15096 (Process for a Responsible Agency). As a responsible agency, the Commission has responsibility for mitigating or avoiding only the direct or indirect environmental effects of those parts of the project that it decides to carry out, finance, or approve (CEQA Guidelines, section 15096(g)(1)).

The Commission hereby makes the following findings regarding the significant effects of the project, pursuant to Public Resources Code section 21081, and section 15091 of the CEQA Guidelines. The discussion below does not attempt to describe the full analysis of each environmental impact contained in the EIR. Instead, the discussion provides a summary of each potentially significant impact, describes the applicable mitigation measures, if any, identified in the Draft EIR or Final EIR as adopted by the City of Paso Robles, and states the Commission's findings on the significance of each impact after imposition of the adopted mitigation measures. A full explanation of these environmental findings and conclusions can be found in the EIR, and these findings hereby incorporate by reference the discussion and analysis in those documents supporting the EIR's determinations regarding mitigation measures and the project's impacts and mitigation measures designed to address those impacts.

In order for LAFCO to consider the proposed annexation and SOI, a Statement of Findings is provided for the following impacts identified in the EIR as significant and unavoidable. LAFCO, as a Responsible Agency, has prepared the following Findings as required per CEQA Guidelines section 15096 (h).

The EIR identified several less than significant impacts (Class III), which the Commission has reviewed and considered and concurs with the conclusions of those respective impact analyses. The findings below, as required by CEQA Guidelines Section 15091, are associated with significant impacts, which includes significant impacts that are mitigable and significant impacts that are not mitigable.

CLASS I - SIGNIFICANT AND UNAVOIDABLE IMPACTS

Air Quality

Impact AQ - 1: **The project would not be consistent with the VMT assumptions and does not incorporate all applicable land use strategies and transportation control measures contained in the SLOAPCD 2001 CAP resulting in project inconsistency with the 2001 CAP. This impact would be Class I, significant and unavoidable.**

- a. Mitigation Measures: Prior to issuance of grading permits, the applicant shall include applicable VMT-reducing measures from the SLOAPCD CEQA Air Quality Handbook on project plans. Consistent with SLOAPCD guidance, VMT-reducing measures shall include, but would not be limited to:
- a. Expand San Luis Obispo County Regional Transit Authority Paso Express Routes with new stops on the project site or along South Vine Street to ensure the project site is within ¼ mile of a transit stop.
 - b. Provide public transit amenities (e.g., covered transit turnouts, direct pedestrian access, bicycle racks, covered bench, smart signage, route information displays, lighting, etc.) on the project site or along South Vine Street to facilitate expansion of Paso Express Routes prior to building permit issuance.
 - c. Develop an educational program with San Luis Obispo Regional Rideshare to provide occupants with alternative transportation and smart commute information (e.g., transportation board, electronic kiosk, new hire packets, web portal, newsletters, social media, etc.).
 - d. Implement programs to reduce employee vehicle miles traveled at non-residential uses (e.g., incentives; SLO Regional Rideshare trip reduction program; bicycle share programs; shuttles/vanpools; on-site employee lockers, showers, housing; alternative employee schedules 9e.g., 9–80s or 4–10s work schedules, telecommuting, satellite worksites, etc.).
 - e. Implement circulation design elements in parking lots for non-residential uses to reduce vehicle queuing and improve the pedestrian environment.
 - f. Exceed CalGreen standards for providing on-site bicycle parking at non-residential uses by 25 percent.

Plan Requirements and Timing. The project applicant shall incorporate Alternative Transportation and Transportation Demand Management Measures into Project plans. Developers of projects on the Project site shall incorporate applicable transportation demand measures into project plans and submit documentation to the city that employers in non-residential components of the Project have either implemented trip reduction measures or provided proof that applicable measures are infeasible.

Monitoring. The city shall verify that Alternative Transportation and Transportation Demand Management Measures have been incorporated into Project plans and that applicable improvements are included in developments on the Project site prior to issuance of occupancy permits. The city shall verify that public transit amenities have been installed prior to the issuance of the first occupancy permit. The city shall verify that onsite circulation design elements in parking lots and required on-site bicycle parking have been installed prior to the issuance of occupancy permits for non-residential uses.

- b. Finding: The Commission finds that specific economic, social, legal, technological, or other considerations make the mitigation measures or project alternatives identified in the Final EIR infeasible. Therefore, impacts related to consistency with the assumptions for VMT in the 2001 CAP would be significant and unavoidable (Refer to pages 4.3-11 through 4.3-16 of the Final EIR).

Impact AQ - 3: Operation of the project would generate long-term operational air pollutant emissions that would exceed SLOAPCD daily emissions thresholds for ROG + NOX and Fugitive PM10. Implementation of SLOAPCD's standard mitigation measures would reduce emissions to the extent feasible. However, impacts would remain Class I, significant and unavoidable.

- a. Mitigation Measures: Prior to issuance of grading permits, the applicant shall include standard emission reduction measures from the SLOAPCD CEQA Air Quality Handbook to reduce ROG, NOX, DPM, and PM10 emissions below SLOAPCD threshold levels on project plans. Consistent with SLOAPCD guidance, land use emission reduction measures shall include, but would not be limited to:
- a. Install electric fireplace in place of U.S. EPA certified Tier 2 residential wood-burning appliances.
 - b. Provide shade over 50 percent of parking spaces in parking areas to reduce evaporative emissions from parked vehicles. Shade may be provided by trees, overhangs, shading structures, or other means, as appropriate.
 - c. Reduce fugitive dust from roads and parking areas with the use of paving or other materials.
 - d. Implement driveway design standards (e.g., speed bumps, curved driveway) for self-enforcement of reduced speed limits on unpaved driveways.
 - e. Use a SLOAPCD-approved suppressant on unpaved roads, driveways, and parking areas applied at a rate and frequency that ensures compliance with SLOAPCD Rule 401 (Visible Emissions) and ensures off-site nuisance impacts do not occur.
 - f. Encourage non-residential land uses to provide a childcare facility on-site.
 - g. Meet or exceed applicable building standards at the time of development for building energy efficiency with a goal of achieving zero net energy (ZNE) buildings.
 - h. Meet or exceed applicable building standards at the time of development for utilizing recycled content materials.
 - i. Meet or exceed applicable building standards at the time of development for reducing cement use in the concrete mix as allowed by local ordinance and conditions.
 - j. Meet or exceed applicable building at the time of development standards for the use of greywater, rainwater, or recycled water.
 - k. Meet or exceed applicable building standards at the time of development for using shading, trees, plants, cool roofs, etc. to reduce the "heat island" effect.

- l. All built-in appliances shall comply with California Title 20, Appliance Efficiency Regulation.
- m. Utilize on-site renewable energy systems (e.g., solar, wind, geothermal, biomass, and/or biogas) sufficient to meet or exceed applicable building standards at the time of development with a goal of achieving ZNE buildings.
- n. Design roof trusses to handle dead weight loads of standard solar-heated water and photovoltaic panels.

Plan Requirements and Timing. The Project applicant shall submit proof that the Land Use Emission Reduction Measures have been incorporated on Project plans, or proof that implementation of one or more measures is infeasible.

Monitoring. City shall verify that the Land Use Emission Reduction Measures are included on site and building plans prior to issuance of building permits. A qualified Air Quality Analyst shall confirm that land use emissions reductions can be satisfied with land use emissions reduction measures.

- b. Finding: The Commission finds that specific economic, social, legal, technological, or other considerations make the mitigation measures or project alternatives identified in the Final EIR infeasible. Therefore, the project would result in a long-term increase in criteria pollutants for which the SCCAB is in nonattainment, and long-term operational impacts would be significant and unavoidable (Refer to pages 4.3-20 through 4.3-23 of the Final EIR).

Greenhouse Gas Emissions

Impact GHG - 1: **Construction and operation of the project would generate temporary and long-term increases in GHG emissions. These emissions would result in a significant contribution to global climate change. This impact would be Class I, significant and unavoidable.**

- a. Mitigation Measures: Prior to permit issuance, the developer shall prepare a GHG Emissions Reduction Program that reduces annual GHG emissions from the development by a minimum of approximately 3,146 MT of CO₂e per year (5.5 MT of CO₂e per person per year) over the operational life of the proposed development. A qualified GHG Analyst shall confirm that GHG emissions reductions can be satisfied with GHG Emissions Reduction Program measures. The plan shall be implemented on-site by the developer and may include, but is not limited to, components such as:
 - a. Installation of renewable energy facilities;
 - b. Construction of buildings that achieve energy and water efficiencies beyond CCR, Title 24 requirements;
 - c. Implementation of green building practices and/or cool roofs;
 - d. Installation of energy-efficient equipment and appliances exceeding California Green Building Code standards;

- e. Installation of outdoor water conservation and recycling features, such as smart irrigation controllers and reclaimed water usage;
- f. Installation of low-flow bathroom and kitchen fixtures and fittings;
- g. Installation of light emitting diode (LED) lights;
- h. Implementation of waste reduction programs that may include waste minimization, waste diversion, composting, and material reuse/recycling;
- i. Provision of incentives and outreach that promote alternative transportation and transit use to future employees and patrons;
- j. Construction of bicycle and pedestrian-oriented facilities (e.g., bicycle parking spaces);
- k. Promotion of alternative fuel vehicles, including through the installation of electric vehicle charging infrastructure; or
- l. Implementation of carbon sequestration measures, such as tree planting; or
- m. Purchase carbon offsets to reduce GHG emissions below threshold levels.

Plan Requirements and Timing. The GHG Emissions Reduction Program shall be submitted by the developer and reviewed and approved by City staff. Applicable elements of the approved GHG Emissions Reduction Program shall be reflected on site plans and building permits prior to permit approval. Purchase of carbon offsets shall be approved by City staff prior to permit approval. The purchase of carbon offsets would not subject the Project to California's cap-and-trade program.

Monitoring. City staff shall verify compliance with this measure prior to the issuance of grading permits and building permits. The qualified GHG Analyst shall confirm GHG emissions reductions achieved with implementation of GHG Emissions Reduction Program measures.

- b. Finding: The Commission finds that specific economic, social, legal, technological, or other considerations make the mitigation measures or project alternatives identified in the Final EIR infeasible. No other feasible mitigation measures are available that would further reduce this impact to a less than significant level. Therefore, impacts related to GHG emissions would remain significant and unavoidable (Refer to pages 4.7-18 through 4.7-20 of the Final EIR).

Impact GHG - 2: **The project would be inconsistent with the City's Climate Action Plan, 2019 RTP, and the 2017 Scoping Plan. This impact would be Class I, significant and unavoidable.**

- a. Mitigation Measures: The developer shall incorporate GHG emission reduction measures into the project plans that are consistent with the "mandatory" measures identified in the Paso Robles Climate Action Plan (CAP). To the extent possible, "voluntary" measures identified in the city's CAP should also be incorporated. Consistent with the city's CAP, GHG reduction measures shall include, but would not be limited to:

- a. All public improvement plans and on-site improvement plans shall utilize LED high-efficiency lights for parking lots, streets, trails, and other public areas. (CAP Measure E-5)
- b. Building permit plans for all commercial buildings shall include only LED high-efficiency lights in parking areas and other exterior spaces. (CAP Measure E-5)
- c. Building permit plans for all commercial, mixed-use resort residential, and hotel development shall include on-site bicycle parking beyond that required by the California Green Building Standards Code (e.g., lockers or a locked room with standard racks and access limited to bicyclists only). (CAP Measure TL-1)
- d. The project site's internal circulation network shall minimize barriers to pedestrian access and interconnectivity and shall incorporate traffic calming improvements as appropriate (e.g., marked crosswalks, count-down signal timers, curb extensions, speed tables, raised crosswalks, median islands, minicircles, tight corner radii, etc.). (CAP Measure TL-2)
- e. The project site's internal circulation network shall be designed accommodate a future public transit bus stop, or the project shall coordinate with the City to provide a future transit stop along South Vine Street. (CAP Measure TL-3)
- f. Project development shall comply with CALGreen Tier 1 or Tier 2 standards for water efficiency and conservation. (CAP Measure W-1)
- g. Project plans shall include infrastructure to accommodate recycled water when it becomes available. (CAP Measure W-1).
- h. The project shall utilize recycled water to the maximum extent feasible when recycled water becomes available. (CAP Measure W-1)
- i. Construction activity on the project site shall divert a minimum of 65 percent of non-hazardous construction or demolition debris. (CAP Measure S-1)
- j. Electrically powered appliances (e.g., water heaters, clothes dryers, cooking appliances, pool heating systems) shall be used in new development to the extent practicable. Where gas appliances are installed, electrical services shall be provided to accommodate future retrofit to electrical appliances.

Plan Requirements and Timing. The Project applicant shall incorporate Greenhouse Gas Emission Reduction Measures into Project plans and submit documentation to the city that measures have been implemented or provide proof to the city that equivalent reductions have been achieved through other city-approved emissions reduction practices.

Monitoring. The Project applicant shall retain a third-party greenhouse gas consultant to provide a statement to the city that verifies that Greenhouse Gas Reduction Measures have been incorporated into the Project prior to issuance of building permits and again prior to issuance of occupancy permits.

- b. Finding: The Commission finds that specific economic, social, legal, technological, or other considerations make the mitigation measures or project alternatives identified in the Final EIR infeasible. No other feasible mitigation measures are available that would further reduce this

impact to a less than significant level. Therefore, the project would be inconsistent with these GHG reduction plans, and this impact would be significant and unavoidable (Refer to pages 4.7-21 through 4.7-23 of the Final EIR).

Transportation/Traffic

Impact T - 1: **The project would add traffic to the U.S. 101/Main Street interchange, where the Level of Service currently exceeds the county LOS D target. Project impacts on county transportation facilities would be Class I, significant and unavoidable.**

- a. **Mitigation Measures:** The project Applicant shall contribute an equitable share to the Templeton Road Improvements fee program, in the amount specified for Area C of the Areas of Benefit of the Templeton Traffic Circulation Study, for the six (6) project-added PM peak hour trips at the U.S. 101/Main Street northbound off-ramp, and the three (3) project-added PM peak hour trips at the U.S. 101/Main Street southbound off-ramp.

Plan Requirements and Timing. Proof of payment to the County of San Luis Obispo of the fair share contribution for required improvements shall be submitted prior to final of the first building permit for the Project.

Monitoring. The city shall ensure compliance prior to final of the first building permit.

- b. **Finding:** The Commission finds that specific economic, social, legal, technological, or other considerations make the mitigation measures or project alternatives identified in the Final EIR infeasible. No other feasible mitigation measures are available that would further reduce this impact to a less than significant level (Refer to pages 4.13-20 through 4.13-29 of the Final EIR). Therefore, project impacts to these intersections would be significant and unavoidable.

Impact T - 5: **Under General Plan Buildout + Project conditions, U.S. 101 mainline segments and intersection operations would exceed the Caltrans LOS C target. Therefore, the project's contribution to impacts to deficient General Plan Buildout transportation system conditions would be Class I, significant and unavoidable.**

- a. **Mitigation Measures:** The project applicant shall fund improvements to transportation facilities in the project vicinity prior to issuance of building permits. As described in the Development Agreement for the project, the project will secure the right-of-way necessary to facilitate the construction of the South Vine Street realignment and will also contribute to a portion of the cost of the South Vine Street realignment. The Development Agreement further provides that, to the extent the Developer dedicates land, funds, or constructs public facilities that exceed the size or capacity required to serve the Property for the benefit of other properties, the Developer may be reimbursed for oversizing as credits against impact fees that the Developer or the project would otherwise be required to pay for the type of infrastructure that is required to be oversized. Here, the right-of-way contributions identified in the Development Agreement are intended to offset General Plan buildout transportation improvement funding requirements for the project and will

be credited toward such requirements. Any funding paid by the project applicant, as required by this measure, would not fund U.S. 101 improvements or alternative transportation measures where impacts are identified on U.S. 101 Northbound North of SR 46 West because funding programs are not available for improvements within the Caltrans right-of-way.

Plan Requirements and Timing. Any funds required of the applicant beyond those credited for securing the South Vine Street right-of-way and contribution to improvements shall be submitted, as agreed upon in the Development Agreement, prior to final of the first building permit.

Monitoring. The city shall ensure compliance with this measure prior to final of the first building permit.

- b. Finding: The Commission finds that specific economic, social, legal, technological, or other considerations make the mitigation measures or project alternatives identified in the Final EIR infeasible. No other feasible mitigation measures are available that would further reduce this impact to a less than significant level. Because of the lack of feasible mitigation to address this impact and because of uncertainty associated with timing and implementation, identified impacts to the impacted Caltrans intersection and freeway segments would be significant and unavoidable (Refer to pages 4.13-35 through 4.13-39 of the Final EIR).

CLASS II - SIGNIFICANT BUT MITIGABLE

Aesthetics and Visual Resources

Impact AES-1: **The Project would change views of scenic resources on the Project site, including oak covered hillsides and riparian corridors, to include urban development, as experienced from an identified Visual Corridor and Gateway to the City along SR 46 West, and eligible state scenic highways. This impact would be Class II, potentially significant but mitigable.**

- a. Mitigation Measure: A Master Landscape Plan shall be prepared for coordinated design and implementation of landscaping throughout the Project site. The Master Landscape Plan shall indicate specific best practices for landscaping on the Project site, including as landscape buffers between residential/hotel and non-residential development and open space/agricultural areas, plantings that screen outdoor parking areas and residential and non-residential structures, and shielded lighting. The Master Landscape Plan shall be developed in coordination with the requirements in Mitigation Measures BIO-4(a) and BIO-4(b) for the replacement and protection of oak trees on the Project site.
 - a. Retaining/barrier walls and other vertical boundaries shall be in tones compatible with surrounding terrain using textured materials or construction methods which create a textured effect. Walls shall be landscaped to provide screening from adjacent open space areas, visual corridors, and gateways (SR 46 West), using drought-tolerant, low-maintenance, and native species where appropriate. Perimeter landscaping of retention/drainage basins shall consist of low maintenance trees and shrubs.
 - b. Retaining/barrier walls shall be limited to 5 feet in height, measured from the top of grade in front of the wall to the top of the wall cap. Where retaining conditions require walls to

- be higher than 5 feet, the wall shall be separated into two or more walls with a minimum of 3 feet between each wall for screen planting.
- c. Landscaping using native oak trees, shrubs, and groundcover shall be preferred to perimeter fencing to the maximum extent feasible. Where required, perimeter fencing shall be decorative and designed to minimize interference with wildlife movement.
 - d. All medians and strips designated for landscaping shall utilize drought-tolerant species to the maximum extent feasible, consisting of low maintenance trees, shrubs, and groundcover that do not obstruct views for motorists, bicyclists, and pedestrians.
 - e. Decorative natural turf is prohibited.
 - f. The extent, height, and quantity of cut and fill shall be minimized to the extent feasible to preserve natural components of the existing landscape, including existing oak trees.

Plan Requirements and Timing. These requirements shall be reflected on the Master Landscape Plan and on subsequent grading and building plans for review by the City prior to issuance of permits or approval or improvement plans that are submitted in conjunction with improvement plans for each development area, public improvement plans, on-site improvement plans, and commercial, hotel and residential plot plans.

Monitoring. City staff shall verify the submittal of landscape plans with any permits listed above and review all landscape plans for consistency with Project development plans as applicable. Prior to all building permit finals or improvement plans, City staff shall inspect all landscape installations.

- b. Finding: The Commission finds that Mitigation Measures BIO-4(a), BIO-4(b), and AES-1 are feasible, are adopted, and will further reduce impacts to scenic resources, including oak covered hillsides and riparian corridors. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts to scenic resources (Refer to pages 4.1-13 through 4.1-15 of the Final EIR.)

Impact AES-3: The Project would introduce new sources of light and glare that would increase light levels in the vicinity of the Project site with the possibility of adversely affecting daytime and nighttime views. This impact would be Class II, potentially significant but mitigable.

- a. Mitigation Measure: The Project applicant shall provide an overall lighting plan that demonstrates that the Project complies with the General Plan Policy LU-2D, which requires that:
 1. New lighting shall be shielded and directed downward, and that light and glare not adversely affect adjacent properties.
 2. For all development located near adjacent properties, exterior lighting shall be designed and constructed in such a manner to direct light overflow away from those properties.
 3. All lighting shall be International Dark Sky Association compliant to reduce impacts to nighttime views in the area.
 4. All lighting fixtures shall be fully shielded and fully cut-off.
 5. Lighting shall be of low intensity, the minimum wattage required and of minimum height.

6. Project building surfaces shall incorporate low-reflectivity window glass and architectural materials.

Plan Requirements and Timing. The owner/applicant shall develop a lighting plan incorporating the above requirements for City staff review. The lighting plan shall show the locations and height of all exterior lighting fixtures and the direction of light being cast by each fixture. This requirement and glare reduction requirements shall be reflected on building plans and improvement plans, subject to review and approval by City staff. City staff shall review the lighting plan for compliance with this condition prior to approval of building permits and development plans. Lighting shall be installed in compliance with this condition prior to final building inspection clearance.

Monitoring. City staff shall site inspect upon installation to ensure that exterior lighting fixtures have been installed consistent with their depiction and specifications on the final lighting plan and that building surfaces are low-reflectivity consistent with building plans.

- b. Finding: The Commission finds that Mitigation Measure AES-3 is feasible, is adopted, and will further reduce impacts of lighting and glare on the project site. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts associated with lighting and glare (Refer to pages 4.1-20 through 4.1-22 of the Final EIR).

Agriculture and Forestry Resources

Impact AG-1: **Implementation of the Project would require conversion of approximately 28.9 acres of land with a soil type classified as farmland of statewide importance to non-agricultural uses. This impact would be Class II, potentially significant but mitigable.**

- a. Mitigation Measure: Of the 82 acres on the Project site designated within the Agricultural land use category, as shown on the Land Use Plan in Figure 2-3 in Section 2, Project Description, at least 28.9 acres of vineyard shall be recorded in a permanent agricultural/conservation easement and the remaining acreage shall be used as additional vineyard or other agricultural use. The land to be recorded in permanent agricultural/conservation easement is not currently designated as prime farmland. In order to constitute prime agricultural land for a 1:1 offset to meet LAFCO annexation requirements; the area recorded in a permanent agricultural/conservation easement shall be planted with a fruit bearing crop (i.e., vineyards) that will have a commercial value of at least \$400.00 per acre.

Plan Requirements and Timing. The Project applicant shall demonstrate on Project plans the areas of the Project site that will be designated for agricultural use before final plan approval. The Project applicant shall also submit proof of permanent agricultural/conservation easement prior to final plan approval. Agricultural planting within the agricultural easement areas shall be installed and verified prior to the final inspection of the first building permit for the Project.

Monitoring. The recordation of the agricultural conservation easement shall occur prior to, or concurrently with, the filing of the Certificate of Completion by LAFCO. The City shall verify that

the agricultural areas are designated on plans prior to final plan approval. City shall verify that the crops have been planted uses prior to the final inspection of first building permit.

- b. Finding: The Commission finds that Mitigation Measures AG-1 is feasible, is adopted, and will further reduce impacts regarding conversion of prime farmland to non-agricultural uses. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts related to the conversion of prime farmland. (Refer to pages 4.2-13 through 4.2-15 of the Final EIR).

Impact AG-2: The Project would result in development of new resort residential, hotel, and commercial uses adjacent to existing vineyards, which may result in conflicts that would adversely affect the long-term viability of agricultural uses on adjacent properties. This impact would be class II, potentially significant but mitigable.

- a. Mitigation Measure: **(a) Agricultural Buffers:** Agricultural buffer easements, berms, and/vegetative screening shall be implemented on newly recorded lots of the Project site adjacent to active agricultural uses outside of the Project site. Agricultural buffer easements, berms, and/vegetative screening shall provide a minimum of 50 feet between active agricultural land uses outside of the Project site along the northwestern and southwestern boundaries between proposed development areas 3 and 5 and adjacent properties. These buffers between the proposed uses and surrounding properties would reduce and/ or avoid noise, dust, light impacts, odors, chemical use, and pesticide drift to new resort residential and hotel uses on the Project site. The requirement will be a condition of approval of discretionary development applications, consistent with the requirements of Action Item 10 under Policy OS-1A and Action Item 4 under Policy LU-2E in the City's General Plan and will include City-approved measures to reduce availability of public access to agricultural cultivation areas adjacent to the Project site (e.g., fencing, signs). Future residents and hotel/commercial lessees shall be notified of agricultural buffers as part of purchase or lease agreements.

Plan Requirements and Timing. The applicant shall clearly identify buffers and access restrictions on the development plans and Vesting Tentative Tract Map (TTM 3120).

Monitoring. The city shall review and approve the agricultural buffers prior to approval of TTM 3120 for the Project and shall ensure that buffers are implemented in compliance with General Plan Policy OS-1A and Policy LU-2E. The city shall review the development plans and TTM 3120 to ensure that design includes buffers and access restrictions as required under Mitigation Measure AG-2(a). Field inspections at appropriate phases of project construction shall confirm compliance with Mitigation Measure AG-2(a).

(b) Right to Farm Notification: Development within the Project site would also be required to comply with the city's right to farm ordinance, to reduce conflicts with nearby agricultural operations by notifying prospective purchasers of land in close proximity to agricultural operations of the inherent problems, including agriculture-related sounds, dust, odor, fertilizers, pesticides, smoke, and vibrations, associated with such purchases. In accordance with the city's

right to farm ordinance (Municipal Code Section 21.16J.220), upon the transfer of real property on the project site, the transferor shall deliver to the prospective transferee a written disclosure statement that shall make all prospective property owners and lessees on the Project site aware that although potential impacts or discomforts between agricultural and non-agricultural uses may be lessened by proper maintenance, some level of incompatibility between the two uses would remain. This notification shall include disclosure of potential nuisances associated with on-site agricultural uses, including the frequency, type, and technique for pesticide spraying, frequency of noise-making bird control devices, dust, and any other vineyard practices that may present potential health and safety effects. In addition, comprehensive supplemental notification information regarding vineyard operations shall be provided to prospective property owners prior to property transfer, based on consultation with the San Luis Obispo County Department of Agriculture/Weights and Measures. Should vineyard maintenance practices change substantially (e.g., through the use of new agricultural chemicals or application techniques), notification shall be provided to existing and prospective Project residents.

Plan Requirements and Timing. The applicant shall prepare and distribute right to farm notifications to prospective property owners and lessees upon all property transfers.

Monitoring. The city shall verify inclusion of right to farm notifications upon review and approval of all property transfers.

- b. Finding: The Commission finds that Mitigation Measures AG-2(a), AG-2(b) and AQ-2(g) are feasible, are adopted, and will further reduce impacts regarding agricultural conflicts. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts related to the conversion of agricultural conflicts (Refer to pages 4.2-15 through 4.2-18 of the Final EIR).

Impact AG-4: The Project may result in the conversion of forest land to non-forest uses. This impact would be Class II, less than significant with implementation of mitigation.

- a. Mitigation Measure: Mitigation Measures BIO-4(a) and BIO-4(b) would provide for preservation and compensatory mitigation for the loss of oak trees on the Project site.
- b. Finding: The Commission finds that Mitigation Measures BIO-4(a) and BIO-4(b) are feasible, are adopted, and will further reduce impacts regarding conversion of forest land to non-forest uses. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts related to the conversion of forest land (Refer to pages 4.2-19 through 4.2-20 of the Final EIR).

Air Quality

Impact AQ-2: Construction of the Project would generate temporary increases in criteria air pollutant emissions. Construction emissions of ROG and NOX would not exceed SLOAPCD construction thresholds. However, SLOAPCD requires any project with grading areas greater than 4.0 acres or that are within 1,000 feet of any

sensitive receptor to implement standard fugitive dust mitigation measures. Impacts would be Class II, potentially significant but mitigable.

- a. **Mitigation Measure: Construction Activity Management Plan and Fugitive Dust Control Measures.** The following SLOAPCD-recommended dust control measures shall be implemented to reduce construction generated fugitive dust. A Construction Activity Management Plan (CAMP) shall be prepared for the Project and shall include these measures. These measures shall also be shown on Project grading and building plans.
- a. Reduce the amount of the disturbed area where possible.
 - b. Use water trucks, SLOAPCD-approved dust suppressants, or sprinkler systems in sufficient quantities to prevent airborne dust from leaving the site and from exceeding the SLOAPCD's limit of 20 percent opacity for greater than 3 minutes in any 60-minute period. Increased watering frequency would be required whenever wind speeds exceed 15 mph and during summer months (i.e., June through September). Reclaimed (non-potable) water should be used whenever possible. Please note that since water use is a concern due to drought conditions, the contractor or builder shall consider the use of a SLOAPCD-approved dust suppressant where feasible to reduce the amount of water used for dust control.
 - c. All dirt stockpile areas shall be sprayed with water, or a SLOAPCD-approved dust suppressant daily as needed.
 - d. Permanent dust control measures identified in the approved project revegetation and landscape plans shall be implemented as soon as possible following completion of any soil disturbing activities;
 - e. Exposed ground areas that are planned to be reworked at dates greater than one month after initial grading shall be sown with a fast germinating, native erosion control seed mix and watered until vegetation is established.
 - f. All disturbed soil areas not subject to revegetation shall be stabilized using approved chemical soil binders, jute netting, or other methods approved in advance by the City of Paso Robles.
 - g. All roadways, driveways, sidewalks, etc. to be paved shall be completed as soon as possible. In addition, building pads should be laid as soon as possible after grading unless seeding or soil binders are used.
 - h. Vehicle speed for all construction vehicles shall not exceed 15 mph on any unpaved surface at the construction site.
 - i. All trucks hauling dirt, sand, soil, or other loose materials shall be covered or shall maintain at least two feet of freeboard (minimum vertical distance between top of load and top of trailer) in accordance with California Vehicle Code Section 23114.
 - j. Wheel washers shall be installed at the construction site entrance/exist, tires or tracks of all trucks and equipment leaving the site shall be washed, or other SLOAPCD-approved track-out prevention devices sufficient to minimize the track-out of soil onto paved roadways shall be implemented.
 - k. Streets shall be swept at the end of each day if visible soil material is carried onto adjacent paved roads. Water sweepers with reclaimed water shall be used where feasible.
 - l. The burning of vegetative material shall be prohibited.
 - m. The contractor or builder shall designate a person or persons to monitor the fugitive dust emissions and enhance the implementation of the measures as necessary to minimize dust

complaints, reduce visible emissions below 20 percent opacity, and to prevent transport of dust off-site. Their duties shall include holidays and weekend periods when work may not be in progress. The name and telephone number of such persons shall be provided to the SLOAPCD Compliance Division and City of Paso Robles prior to the start of any grading, earthwork, or demolition.

- n. When applicable, portable equipment, 50 horsepower or greater, used during construction activities shall be registered with the statewide Portable Equipment Registration Program (issued by CARB) or be permitted by SLOAPCD. Such equipment may include power screens, conveyors, internal combustion engines, crushers, portable generators, tub grinders, trammel screens, and portable plants (e.g., aggregate plant, asphalt plant, concrete plant).

Plan Requirements and Timing. The CAMP shall be submitted by the developer and reviewed and approved by City staff. Fugitive dust control measures in the CAMP shall be included on grading plans, as applicable. The Project applicant shall submit proof of implementation of SLOAPCD-approved measures before final inspection of grading. For measures that include a feasibility component, the Project applicant shall submit proof of implementation, or proof that implementation was determined to the satisfaction of the City or City-approved third-party air quality consultant to be infeasible.

Monitoring. City staff shall verify compliance with this measure prior to the issuance of grading permits and building permits. City staff verify compliance with fugitive dust control measures periodically during construction activities.

- b. Finding: The Commission finds that Mitigation Measure AQ-2 is feasible, is adopted, and will further reduce impacts to air quality. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts to air quality (Refer to pages 4.3-16 through 4.3-20 of the Final EIR).

Impact AQ-5: Grading and other earthmoving activities during Project construction would have the potential to expose sensitive receptors to Coccidioides fungus, which can cause Valley Fever. This impact would be less Class II, potentially significant but mitigable.

- a. Mitigation Measure: **Valley Fever Suppression Measures:** The Project applicant and contractor(s) shall implement the following measures during construction activities to reduce impacts related to valley fever.
 - a. If peak daily wind speeds exceed 15 mph or peak daily temperatures exceed 95 degrees Fahrenheit for three consecutive days, additional dust suppression measures (such as additional water or the application of additional soil stabilizer) shall be implemented prior to and immediately following ground disturbing activities. The additional dust suppression shall continue until winds are 10 mph or lower and outdoor air temperatures are below a peak daily temperature of 90 degrees for at least two consecutive days. The additional dust suppression measures shall be incorporated into the Construction Activity Management Plan (CAMP) (see Mitigation Measure AQ-2).

- b. Heavy construction equipment traveling on un-stabilized roads within the Project site shall be preceded by a water truck to dampen roadways and reduce dust from transportation along such roads. This measure shall be incorporated into the CAMP (see Mitigation Measure AQ-2).
- c. The Project developer(s) shall notify the San Luis Obispo County Public Health Department and the City of Paso Robles Community Development Department not more than 60 nor less than 30 days before construction activities commence to allow the San Luis Obispo County Public Health Department opportunity to provide educational outreach to community members and medical providers, as well as enhanced disease surveillance in the area both during and after construction activities involving grading.
- d. Prior to any Project grading activity, the Project construction contractor(s) shall prepare and implement a worker training program that describes potential health hazards associated with Valley Fever, common symptoms, proper safety procedures to minimize health hazards, and notification procedures if suspected work-related symptoms are identified during construction, including the fact that certain ethnic groups and immune-compromised persons are at greater risk of becoming ill with Valley Fever. The objective of the training shall be to ensure the workers are aware of the danger associated with Valley Fever. The worker training program shall be included in the standard in-person training for Project workers and shall identify safety measures to be implemented by construction contractors during construction. Prior to initiating any grading, the Project applicant shall provide the City of Paso Robles and the San Luis Obispo County Public Health Department with copies of all educational training material for review and approval. No later than 30 days after any new employee or employees begin work, the project applicant shall submit evidence to City staff that each employee has acknowledged receipt of the training (e.g., sign-in sheets with a statement verifying receipt and understanding of the training).
- e. The applicant shall work with a medical professional, in consultation with the San Luis Obispo County Public Health Department, to develop an educational handout for on-site workers and surrounding residents within three miles of the Project site that includes the following information on Valley Fever:
 - Potential sources/causes
 - Common symptoms
 - Options or remedies available should someone be experiencing these symptoms
 - The location of available testing for infection

Prior to construction permit issuance, this handout shall have been created by the applicant and reviewed by City staff. No less than 30 days prior to any surface disturbance (e.g., grading, filling, trenching) work commencing, this handout shall be mailed to all existing residences within three miles of the Project site.

Plan Requirements and Timing. The Project applicant shall submit the CAMP, including the Valley Fever Suppression Measures, to the City of Paso Robles and SLOAPCD for review prior to the issuance of grading permits for the first Project phase. The applicant shall submit proof that San Luis Obispo County Public Health Department has been notified prior to commencement of construction activities; a worker training program has

been conducted; and the educational handout has been mailed to existing residences and businesses within three miles of the Project site.

Monitoring. City staff shall verify compliance with the CAMP, including the Valley Fever Suppression Measures, through review of the third-party consultant evaluation reports. City staff shall also verify notification of the San Luis Obispo County Public Health Department, implementation of the worker training program, and mailing of the educational handout via applicant-submitted materials.

- b. Finding: The Commission finds that Mitigation Measures AQ-2, AQ-3, and AQ-5 are feasible, are adopted, and will further reduce impacts related to exposure of sensitive receptors to *Coccidioides* fungus, which can cause Valley Fever. Mitigation measures will further reduce impacts related to exposure of sensitive receptors to *Coccidioides* fungus, which can cause Valley Fever (Refer to pages 4.3-24 through 4.3-26 of the Final EIR).

Biological Resources

Impact BIO-1: The project would result in impacts to special status species including shining navarretia, northern California legless lizard, lesser slender salamander, Cooper's hawk, white-tailed kite, golden eagle, loggerhead shrike, Monterey dusky-footed woodrat, Salinas pocket Mouse, and American badger, if present. Ground disturbing activities could result in injury or mortality to individuals of these species and remove suitable habitat. This impact would be Class II, significant but mitigable.

- a. Mitigation Measure: **BIO-1(a) Special Status Plant Pre-construction Surveys:** Prior to construction (including staging and mobilization) and when plants with potential to occur are in a phenological stage conducive to positive identification (i.e., usually during the blooming period for the species), a qualified botanist (retained by the applicant and approved by the City) shall conduct surveys for special status plant species within suitable habitat across the Project site. Within the portion of the Project site previously surveyed by Althouse and Meade on June 21, 2019 (Appendix D), these surveys shall target the early blooming (spring) time period and be combined with the late season botanical survey previously conducted. For all portions of the Project site not previously surveyed for special-status plants, a complete botanical survey (i.e. two surveys spread out during the time period within which any special-status plants with potential to occur are in a phenological stage conducive to positive identification) shall be conducted. Reference sites shall be visited to document that target species are detectable prior to site surveys and/or confirm that phenology of species known to bloom and co-occur with target species is suitable for detection if a publicly accessible reference site is not available for a given species. Valid botanical surveys will be considered current for up to five years; if construction has not commenced within five years of the most recent survey, botanical surveys shall be repeated.

Plan Requirements and Timing. This measure shall be implemented prior to issuance of grading permits and/or initiation of site disturbance/construction.

Monitoring. The City shall review and approve documentation of compliance with the conditions outlined in the measure.

BIO-1(b) Special Status Plant Species Avoidance: If state listed, federally listed, or non-listed CRPR 1B.1 species are discovered within the survey area, an impact analysis to evaluate how the Project would impact the special status plants shall be completed. If feasible, development would be re-designed in coordination with a qualified biologist to avoid impacting these plant species. Special status plants that are not within the immediate disturbance footprint, but are located within 50 feet of disturbance limits will be flagged and fenced off by a qualified biologist before construction activities start, to avoid impacts to special status plant species. If avoidance of state listed or federally listed plants species is not feasible, impacts must be fully offset through implementation of a restoration plan that results in no net loss (see measure BIO-1(c)). Note that prior to implementing activities that result in impacts to listed plants, consultation with CDFW and/or USFWS and acquisition of any required permits and/or authorizations must also be completed.

Plan Requirements and Timing. If required, the components of this measure shall be implemented prior to issuance of grading permits and/or initiation of site disturbance/construction.

Monitoring. The City shall review and approve documentation of compliance with the conditions outlined in the measure.

BIO-1(c) Restoration Plan for Special Status Plant Species: If avoidance of state listed, federally listed, and/or non-listed CRPR 1B.1 species is not feasible, all impacts shall be mitigated at a minimum ratio of 2:1 (number of acres/individuals restored to number of acres/individuals impacted) for each species as a component of habitat restoration. The restoration plan shall include, at a minimum, the following components:

- a. Description of the project/impact site (i.e., location, responsible parties, areas to be impacted by habitat type);
- b. Goal(s) of the compensatory mitigation project [type(s) and area(s) of habitat to be established, restored, enhanced, and/or preserved; specific functions and values of habitat type(s) to be established, restored, enhanced, and/or preserved];
- c. Description of the proposed compensatory mitigation site (location and size, ownership status, existing functions and values);
- d. Implementation plan for the compensatory mitigation site (rationale for expecting implementation success, responsible parties, schedule, site preparation, planting plan [including species to be used, container sizes, seeding rates, etc.]);
- e. Maintenance activities during the monitoring period, including weed removal and irrigation as appropriate (activities, responsible parties, schedule);
- f. Monitoring plan for the compensatory mitigation site, including no less than quarterly monitoring for the first year, along with performance standards, target functions and values, target acreages to be established, restored, enhanced, and/or preserved, and annual monitoring reports for a minimum of five years at which time the project

- proponent shall demonstrate that performance standards/success criteria have been met;
- g. Success criteria based on the goals and measurable objectives; said criteria to be, at a minimum, at least 80% survival of container plants and 70% absolute cover by vegetation type. Absolute cover will be determined in comparison to a reference plot for native species.
 - h. An adaptive management program and remedial measures to address any shortcomings in meeting success criteria;
 - i. Notification of completion of compensatory mitigation; and
 - j. Contingency measures (e.g. initiating procedures, alternative locations for contingency compensatory mitigation, funding mechanism).

Plan Requirements and Timing. If required, the components of this measure shall be implemented prior to issuance of grading permits and/or initiation of site disturbance/construction.

Monitoring. The City shall review and approve documentation of compliance with the conditions outlined in the measure.

BIO-1(d) Northern California Legless Lizard and Lesser Slender Salamander Impact Avoidance and Minimization. Pre-construction surveys for northern California legless lizard and lesser slender salamander shall be conducted, as applicable, prior to primary grubbing and other construction activities that affect previously undisturbed habitat. The surveys shall be conducted at appropriate times of day or night to locate each species, and shall be conducted within 3 weeks of the start of work. If no special status species are found, construction activities may begin immediately. If non-listed special status species are found, a qualified biologist shall move them to the nearest safe location. The Project biologist shall have the authority to stop work if special status species are found in the Project areas during construction.

Plan Requirements and Timing. This measure shall be implemented prior to issuance of grading permits and/or initiation of site disturbance/construction.

Monitoring. The City shall review and approve documentation of compliance with the conditions outlined in the measure.

BIO-1(e) Special Status Birds, Nesting birds, and Raptors Impact Avoidance and Minimization. If initial ground disturbing activities and vegetation removal occurs during the typical avian nesting period, between March 15 and August 15, nesting bird surveys shall be conducted by a qualified biologist within one week prior to initial ground disturbance activities or removal of vegetation. Surveys shall continue to be conducted within the timeframes specified above until all vegetation removal activities are completed. If surveys do not locate nesting birds, construction activities may be conducted. If nesting birds are located, no construction activities shall occur within 100 feet of nests of passerine species and 300 feet of nests of raptor species until chicks are fledged. A pre-construction survey report shall be submitted to the City upon completion of the survey. The report shall detail appropriate fencing or flagging of the buffer zone and make

recommendations on additional monitoring requirements. A map of the Project area and nest locations shall be included with the report. The biologist conducting the nesting survey shall have the authority to reduce or increase the recommended buffer depending upon site conditions and tolerance of the species in question to Project activities where normal attendance of the nest is not affected.

Plan Requirements and Timing. The survey is required if initial ground disturbing activities or vegetation removal occurs between March 15 and August 15. If a survey is required, results of the survey shall be submitted to the City within one week of conducting the survey. The Owner/Applicant shall establish avoidance buffers prior to commencement of construction activities, as required.

Monitoring. The City shall review and approve the survey results and provide confirmation of compliance with the conditions outlined in the measure. The City shall ensure the avoidance buffers are established and maintained as needed.

BIO-1(f) Monterey Dusky-footed Woodrat Impact Avoidance and Minimization. Where practicable a 25-foot setback from known woodrat nests shall be established for all Project activities. Planned construction would avoid known woodrat nests. However, if during construction it is found that a woodrat nest cannot be avoided, it shall be dismantled prior to land clearing activities, to allow animals to escape harm and to reestablish territories for the next breeding season. Dismantling of woodrat nests shall be conducted under the supervision of a qualified biologist. Woodrat nests shall be dismantled outside the breeding season, between September 1 and December 31. Dismantling shall be done by hand or mechanized equipment, but techniques shall be employed that allow any animals to escape toward available habitat. If a litter of young is found or suspected, woodrat nest material should be replaced, and the nest left undisturbed for 2-3 weeks before a re-check to verify that young are capable of independent survival before proceeding with woodrat nest dismantling.

Plan Requirements and Timing. The Owner/Applicant shall establish avoidance buffers prior to commencement of construction activities, as required. Woodrat nest dismantling, if required, shall occur between September 1 and December 31.

Monitoring. The City shall review and approve documentation of compliance with the conditions outlined in the measure.

BIO-1(g) American Badger Impact Avoidance and Minimization. A pre-construction survey for American badger dens shall be conducted by a qualified biologist within 15 days prior to the start of construction for any specific phase of the Project. If potential badger dens are identified, they shall be inspected by the qualified biologist to determine whether they are occupied. The survey shall cover all Project areas included in the respective construction phase, and shall examine both old and new dens. If potential badger dens are too long to completely inspect from the entrance, a fiber optic scope may be used to examine the den to the end, or other means of determining occupancy such as motion-activated wildlife cameras may also be utilized, under the direction of the qualified biologist. If the camera method is used, cameras must be used for four consecutive

nights to make a determination on den activity and occupancy status. Inactive dens may be excavated by hand with a shovel to prevent re-use of dens during construction. If badgers are found in dens between February and July, nursing young may be present. To avoid disturbance and the possibility of direct loss of adults and nursing young, and to prevent badgers from becoming trapped in burrows during construction activity, no grading shall occur within 100 feet of active badger dens between February 1 and July 1. Between July 1 and February 1 all potential badger dens shall be inspected by a qualified biologist to determine if badgers are present. If present, they may be encouraged to vacate the den by a qualified biologist, and after the biologist has confirmed the animal has vacated the den, excavated by hand with a shovel to prevent re-use of the den during construction.

Plan Requirements and Timing. The Owner/Applicant shall establish avoidance buffers prior to commencement of construction activities, as required. Potential badger den destruction, if required, shall occur between July 1 and February 1.

Monitoring. The City shall review and approve documentation of compliance with the conditions outlined in the measure.

BIO-1(h) Worker Environmental Awareness Program Training. Prior to the initiation of construction activities (including staging and mobilization), the Owner/Applicant shall ensure all personnel associated with project construction attend a Worker Environmental Awareness Program (WEAP) training. The initial training shall be conducted by a qualified biologist, to aid workers in recognizing special status resources that may occur in the project area. Additional trainings for new personnel may be given through an electronic presentation prepared by the qualified biologist. The specifics of this program shall include identification of the sensitive species and habitats, a description of the regulatory status and general ecological characteristics of sensitive resources, and review of the limits of construction and avoidance measures required to reduce impacts to biological resources within the work area. A fact sheet conveying this information shall also be prepared for distribution to all contractors, their employers, and other personnel involved with construction of the project. All employees shall sign a form provided by the trainer documenting they have attended the WEAP and understand the information presented to them.

Plan Requirements and Timing. The training shall occur prior to construction activities. The Owner/Applicant shall provide the signed form of all attendees within one week of the training to the City to document compliance.

Monitoring. The City shall verify that the worker awareness program conforms to the required conditions.

BIO-1(i) Open Space Management Plan. The Owner/Applicant shall develop an Open Space Management Plan (OSMP) that describes the maintenance and management of open spaces and riparian habitats on the property post-construction. The OSMP shall be focused on the open space area that is a subset of the 98 acres of Area 7 (see Table 2-1) that are not designated to either remain in agricultural production or be converted to agricultural production. The OSMP will

address weed control as well as protection of nesting birds and special status species during routine maintenance and other allowed uses within the open space (e.g., vegetation management activities that may be required as part of a fuels management program, etc.). In addition, the OSMP will address protection of riparian corridors adjacent to agricultural use areas, and protection of any native oak trees that are to remain within the open space. The OSMP will be a tool to guide approved future uses within the open space area, such as allowed recreational uses ensuring that required on-site mitigation measures are implemented as they relate to the above mentioned resources.

The OSMP shall be prepared by a qualified biologist and shall include the following:

- Introduction, including a summary of applicable conditions of approval that make the plan necessary; the stated purpose and goal of the OSMP, and a discussion of financial mechanisms and any necessary agreements required to support the open space management area;
- Survey and Mapping Methods, including habitat type references such as A Manual of California Vegetation, Second Edition (Sawyer et al. 2009);
- Description of environmental setting (topography, soils, vegetation, wildlife, functions and values of habitats, etc.);
- Management goals and objectives; (examples include: [1] to ensure long-term protection of native plant communities and wildlife habitat in the open space areas on site; [2] to establish baseline conditions upon which adaptive management will be determined and success will be measured; and [3] to provide an overview of the operation, maintenance, administrative and personnel requirements to implement management goals);
- Provisions for Adaptive Management, including remedial actions if necessary;
- Incorporation of applicable mitigation measures as they relate to sensitive biological resources that are present or may be present in open space areas in the context of the allowable uses;
- Incorporation of any compensatory mitigation requirements (if required) that would occur within the open space for on-site mitigation pursuant to a habitat restoration plan (Mitigation Measures BIO-2[b])

Plan Requirements and Timing. The OSMP shall be reviewed by the City prior to issuance of grading permits and/or initiation of site disturbance/construction.

Monitoring. The City shall review and approve documentation of compliance with the conditions outlined in the measure.

- b. Finding: The Commission finds that Mitigation Measures BIO-1(a) through BIO-1(i) are feasible, are adopted, and will further reduce impacts to sensitive species. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts to sensitive species (Refer to pages 4.4-16 through 4.4-24 of the Final EIR).

Impact BIO-2: **The project may result in impacts to riparian areas. This impact would be Class II, significant but mitigable.**

- a. **Mitigation Measure: BIO-2(a) Jurisdictional Delineation and Agency Permits:** A jurisdictional delineation shall be conducted on the Project site according to state and federal standards to determine the extent of CWA Section 404 wetlands and waters under jurisdiction of the USACE, CWA Section 401 waters and wetlands under jurisdiction of the State Water Resources Control Board and Regional Water Quality Control Board, and CFGC Section 1600 et seq. for any streams and/or riparian vegetation under CDFW jurisdiction. Based on the results of the jurisdictional delineation, if impacts are determined to any jurisdictional feature or habitat, the proponent shall apply for and obtain required permits from the USACE, RWQCB, and/or CDFW as applicable prior to the start of construction.

Plan Requirements and Timing. The Owner/Applicant shall provide the City with results of the jurisdictional delineation prior to issuance of grading permits, and provide copies of any applicable agency permits acquired before the start of construction.

Monitoring. The City shall review and approve documentation of compliance with the conditions outlined in the measure.

BIO-2(b) Mitigate for Loss of any Riparian Areas: Based on the results of the jurisdictional delineation (BIO-2(a)), and determination of impacts (if any) to riparian vegetation, the Owner/Applicant shall mitigate the loss of riparian habitat as required by the permits issued by USACE, RWQCB, and/or CDFW, as applicable, but at minimum ratio of 1:1 (number of acres restored to number of acres impacted). A habitat restoration plan shall be prepared and submitted to the City for approval upon completion of the Project. The plan shall incorporate monitoring and maintenance of the restored habitat for a period of no less than 3 years.

Plan Requirements and Timing. The habitat restoration plan shall be submitted to and approved by the City prior to issuance of grading permits.

Monitoring. The Owner/Applicant shall contract with a qualified biologist to prepare and submit annual monitoring reports to the City. The City shall review the monitoring reports and determine whether the restoration has successfully mitigated for impacts to riparian habitat at the required ratio.

- b. **Finding:** The Commission finds that Mitigation Measure BIO-2(a) and BIO-2(b) are feasible, are adopted, and will further reduce impacts to riparian areas. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts to riparian areas (Refer to pages 4.4-24 through 4.4-25 of the Final EIR).

Impact BIO-3: **The project may impact state and federally protected wetlands through direct removal, filling, or hydrological interruption. This impact would be Class II, significant but mitigable.**

- a. **Mitigation Measure: BIO 3(a) Agency Coordination:** If after completion of BIO-2(a) jurisdictional delineation, it is determined that Impacts to drainages and wetlands will occur, the Project will require permits from USACE, RWQCB, and/or CDFW, as applicable. The Owner/Applicant shall comply with all state and federal permitting requirements. The Owner/Applicant shall obtain and produce for the City correspondence from applicable state and federal agencies regarding compliance of the proposed development with state and federal laws.

Plan Requirements and Timing. The applicant shall submit copies of correspondence and/or permits (as applicable) with applicable agencies to the City prior to issuance of grading permits.

Monitoring. The City shall ensure that grading permits conform to the conditions of any permits issued by state and federal agencies.

BIO-3(b) Wetland and Drainage Mitigation: If applicable and as determined after completion of BIO-2(a), impacts to federal wetland areas and drainages (as defined by the CWA Section 404) and state wetlands and drainages shall be mitigated at a minimum ratio of 1:1 (acres restored to acres impacted) or enhanced at a minimum ratio of 3:1 ratio (enhancement to impacted area). The mitigation program shall be developed by a qualified biologist and be incorporated into and conform with the habitat restoration plan requirements under Mitigation Measure BIO-2(b). The mitigation shall be implemented for no less than 3 years after construction or until the local jurisdiction and/or the permitting authority (e.g., USACE) has determined that compensatory mitigation has been successful.

Plan Requirements and Timing. The habitat restoration plan shall be submitted to and approved by the City prior to issuance of grading permits.

Monitoring. The Owner/Applicant shall contract with a qualified biologist to prepare and submit annual monitoring reports to the City. The City shall review the monitoring reports and determine whether the restoration has successfully mitigated for impacts to riparian habitat at the required ratio.

BIO-3(c) Jurisdictional Areas Best Management Practices During Construction: The following best management practices shall be required for grading and construction within jurisdictional areas or wetlands where impacts are authorized. In addition, the measures shall be required at locations where construction occurs within 100 feet from jurisdictional areas or wetlands.

- a. Access routes, staging, and construction areas shall be limited to the minimum area necessary to achieve the project goal and minimize impacts to other waters (federal and state) including locating access routes and ancillary construction areas outside of jurisdictional areas.
- b. To control erosion and sediment runoff during and after project implementation, appropriate erosion control materials shall be deployed and maintained to minimize adverse effects on jurisdictional areas in the vicinity of the project.
- b. Project activities within the jurisdictional areas should occur during the dry season (typically between May 1

- c. and September 30) in any given year, or as otherwise directed by the regulatory agencies. Deviations from this work window can be made with permission from the relevant regulatory agencies.
- d. During construction, no litter or construction debris shall be placed within jurisdictional areas. All such debris and waste shall be picked up daily and properly disposed of at an appropriate site.
- e. All project-generated debris, building materials, and rubbish shall be removed from jurisdictional areas and from areas where such materials could be washed into them.
- f. Raw cement, concrete or washings thereof, asphalt, paint or other coating material, oil or other petroleum products, or any other substances which could be hazardous to aquatic species resulting from project related activities, shall be prevented from contaminating the soil and/or entering jurisdictional areas.
- g. All refueling, maintenance, and staging of equipment and vehicles shall occur at least 100 feet from bodies of water and in a location where a potential spill would not drain directly toward aquatic habitat (e.g., on a slope that drains away from the water source). Prior to the onset of work activities, a plan must be in place for prompt and effective response to any accidental spills. All workers shall be informed of the importance of preventing spills and of the appropriate measures to take should an accidental spill occur.

Plan Requirements and Timing. These measures shall be implemented during grading and construction and shall be included on all land use, grading, and building plans. The Owner/Applicant shall retain a qualified biologist to assist with the preparation of plans, monitor compliance with the above measures and provide to monthly monitoring reports to the City to document compliance.

Monitoring. The City shall ensure the above measures are implemented and included on all land use grading, and building plans. The City shall review documentation and confirm compliance with the above measures. If the qualified biologist and/or the City determines construction activities are out of compliance, work shall stop until measures are fully implemented.

- b. Finding: The Commission finds that Mitigation Measures BIO-2(a), BIO-2(b), and BIO-3(a) through BIO-3(c) are feasible, are adopted, and will further reduce impacts to wetlands. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts to wetlands. (Refer to pages 4.4-25 through 4.4-27 of the Final EIR).

Impact BIO-4: The project would result in impacts to protected trees. This impact would be Class II, significant but mitigable.

- a. Mitigation Measure: **BIO-4(a) Oak Tree Compensatory Mitigation:** The Owner/Applicant shall ensure the following actions are implemented to compensate for impacts to protected oak trees:
 - a. Impacted (but not removed) oaks shall be mitigated for by planting one 24-inch boxed tree with at least a 1.5-inch diameter for impacts less than 50 percent of the critical root zone (CRZ; area of root space that is within a circle circumscribed around the trunk of a

tree using a radius of one foot per inch diameter at breast height [DBH]) as defined by the City Oak Tree Protection Ordinance. Two 24-inch boxed trees shall be planted for trees with impacts of 50 percent or greater of the tree. The mitigation trees shall be planted on the Project site and incorporated into the landscape plan. If boxed trees are not available, or are not sourced from California's central coast region, smaller caliper trees may be planted at a ratio of 5:1 for each tree removed. Additional trees may be planted from acorns collected on site, protected from below and above-ground browse damage, and counted as mitigation trees if they reach a height of three feet by Year 7 and exhibit high vigor.

- b. Oak trees removed by the project shall be replaced in accordance with the Paso Robles Oak Tree Protection Ordinance. Replacement oaks for removed trees must be equivalent to 25 percent of the diameter of the removed tree(s). For example, the replacement requirement for removal of two trees of 15 inches DBH (30 total diameter inches), would be 7.5 inches (30 inches removed x 0.25 replacement factor). This requirement could be satisfied by planting five 1.5-inch trees, or three 2.5-inch trees, or any other combination totaling 7.5 inches. A minimum of two 24-inch box, 1.5-inch trees shall be required for each oak tree removed.

Replacement trees shall be seasonally maintained (browse protection, weed reduction and irrigation, as needed) and monitored annually for at least 7 years by a City-approved arborist. The arborist shall prepare an annual report detailing the condition of each replacement tree and any maintenance activities conducted. Any trees that are dead or in decline during the 7-year monitoring will be replaced and monitored for an additional 7 years after the replacement is planted.

Plan Requirements and Timing. Replacement trees shall be installed with site landscaping during the Phase of construction in which they are impacted or removed. The Owner/Applicant shall submit the annual reports to the City by December 31 of each year of monitoring.

Monitoring. The City shall review and approve the Tree Protection Plan and ensure the replacement trees are consistent with the requirements in the above measure.

BIO-4(b) Oak Tree Protection: The Owner/Applicant shall ensure the following actions are implemented to avoid and minimize potential impacts to protected oak trees:

- a. Tree canopies and trunks within 50 feet of proposed disturbance zones shall be mapped and numbered by a City-approved arborist or biologist and a licensed land surveyor. Data for each tree shall include date, species, number of stems, DBH of each stem, CRZ diameter, canopy diameter, tree height, health, habitat notes, and nests observed.
- b. An oak tree protection plan shall be prepared and approved by the City that outlines the specific tree protection measures that will apply to each protected oak tree on the Project site.
- c. Impacts to the oak canopy or CRZ shall be avoided where practicable. Impacts include pruning, any ground disturbance within the dripline or CRZ of the tree (whichever distance is greater), and trunk damage.

- d. Protective fencing shall be installed at the edge of the critical root zone or line of encroachment for each tree or group of trees that will not be removed. The fence shall be installed before any construction or earth moving begins. The proposed fencing shall be shown on the grading plan. It must be a minimum of 4-foot high chain link, snow or safety fence staked (with t-posts 8 feet on center). The Owner/Applicant shall be responsible for maintaining an erect fence throughout the construction period. The arborist(s), upon notification, will inspect the fence placement once it is erected. After this time, fencing shall not be moved without arborist inspection/approval. If the orange plastic fencing is used, a minimum of four zip ties shall be used on each stake to secure the fence. Weatherproof signs shall be permanently posted on the fences every 50 feet, with the following information: Tree Protection Zone: No personnel, equipment, materials, or vehicles allowed.
- e. Oil, gasoline, chemicals and other construction materials or equipment which might be harmful to oak trees shall not be stored within the CRZ of the tree.
- f. Slopes and drains shall be installed according to the city specifications so as to avoid harm to the oak trees due to excess watering. All impacts within the CRZ (e.g., grading, trenching, pruning, utility placement) shall be supervised by a certified arborist approved by the city or the arborist's designated biologist.
- g. Damage to any tree during construction shall be immediately treated, as appropriate, by an arborist approved by the city to prevent disease or pest infestation. Damage will be reported to the city during each month of construction. The property owner shall be responsible for correcting any damage to oak trees on the property in a manner specified by an arborist approved by the city at the Owner/Applicant's expense.
- h. No paint thinner, paint, plaster or other liquid or solid excess or waste construction materials or waste water shall be dumped on the ground or into any grate between the outer edge of the CRZ and the base of the oak trees, or uphill from any oak tree where such substance might reach the roots through a leaching process.
- i. Wires, signs and other similar items shall not be attached to the oak trees.
- j. All root pruning shall be completed with sharpened hand pruners. Pruned roots shall be immediately covered with soil or moist fabric.
- k. Oak tree impacts, record of treatment, and protection methods shall be included in a monthly report to the city during active construction periods.

Plan Requirements and Timing. These measures shall be implemented prior to and/or during grading and construction and shall be included on all land use, grading, and building plans. The Owner/Applicant shall retain a City-approved arborist or biologist to monitor compliance with the above measures.

Monitoring. The City shall ensure the above measures are implemented and included on all land use grading, and building plans. The City shall review documentation and confirm compliance with the above measures.

- b. Finding: The Commission finds that Mitigation Measures BIO-4(a) and BIO-4(b) are feasible, are adopted, and will further reduce impacts to protected trees. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts to protected trees. (Refer to pages 4.4-27 through 4.4-30 of the Final EIR.)

Cultural and Tribal Cultural Resources

Impact CUL-1: Project grading and other grounddisturbing activities could result in impacts to previously unidentified archaeological resources that may be considered historical resources. Therefore, this impact would be Class II, potentially significant but mitigable.

- a. **Mitigation Measure: CR-1(a) Cultural Resources Monitoring Plan and Qualified Principal Investigator/Native American Monitor.** A qualified principal investigator, defined as an archaeologist who meets the Secretary of the Interior’s A qualified principal investigator, defined as an archaeologist who meets the Secretary of the Interior’s Standards for professional archaeology (hereafter qualified archaeologist), and a Native American monitor shall be retained to carry out all mitigation measures related to archaeological resources.

A cultural resource monitoring plan (CRMP) will be developed by the principal investigator in consultation with the Native American Tribes that identifies the locations and activities that require monitoring. The principal investigator shall inspect initial subsurface construction disturbance at locations that may harbor subsurface resources that were not identified on the site surface. The monitor(s) shall be on-site during initial earthmoving activities, including grading, trenching, vegetation removal, or other excavation activities as specified by the CRMP.

Plan Requirements and Timing. The CRMP shall be submitted to the city for review and approval prior to issuance of a grading permit. The Owner/Applicant shall retain a qualified archaeologist and Native American to implement the above measures.

Monitoring. The city will review the CRMP prior to issuance of grading permits. The city will monitor compliance during construction.

CR-1(b) Unanticipated Discovery of Archeological Resources. The CRMP will describe that in the event that archaeological resources are exposed during construction activity, all work shall be halted in the vicinity of the archaeological discovery until a qualified archaeologist can visit the site of discovery and assess the significance of the resource. In the event that any artifact or an unusual amount of bone or shell is encountered during construction, work shall be immediately stopped within 100 feet of the exposed resource until a qualified archaeologist can evaluate the find. Examples of such resources might include: ground stone tools such as mortars, bowls, pestles, and manos; chipped stone tools such as projectile points or choppers; flakes of stone not consistent with the immediate geology such as obsidian or fused shale; historic trash pits containing bottles and/or ceramics; or structural remains. If the resources are found to be significant, they must be avoided or mitigated pursuant to the qualified archaeologist’s direction and in consultation with appropriate Native American tribal representatives. Mitigation may involve preservation in place or documentation and excavation of the resource. A report by the archaeologist evaluating the find and identifying mitigation actions taken shall be submitted to the city.

Plan Requirements and Timing. These requirements shall be described in the CRMP and reflected on grading and building plans and implemented during construction.

Monitoring. The city will review the CRMP prior to issuance of grading permits. The city will monitor compliance during construction.

- b. Finding: The Commission finds that Mitigation Measures CR-1(a) and CR-1(b) are feasible, are adopted, and will further reduce impacts to archeological resources. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts to archeological resources. (Refer to pages 4.5-11 through 4.5-13 of the Final EIR.)

Impact CUL-3: Grading and other ground-disturbing activities could result in impacts to previously unidentified tribal cultural resources. Impacts would be Class II, potentially significant but mitigable.

- a. Mitigation Measure: **CR-3 Unanticipated Discovery of Tribal Cultural Resources.** In the event that cultural resources of Native American origin are identified during construction activity all work shall be halted in the vicinity of the discovery until the significance of the resource can be assessed. The city shall begin or continue Native American consultation procedures, in coordination with a qualified archaeologist, if appropriate. If the city, in consultation with local Native Americans, determines that the resource is a tribal cultural resource and thus significant, a mitigation plan shall be prepared and implemented in accordance with state guidelines and in consultation with local Native American group(s). The mitigation plan may include but would not be limited to capping and avoidance, excavation and removal of the resource, interpretive displays, sensitive area signage, or other mutually agreed upon measure.

Plan Requirements and Timing. These requirements shall be described in the CRMP and reflected on grading and building plans.

Monitoring. These measures shall be implemented during grading and construction. The Owner/Applicant shall retain a qualified archaeologist and Native American monitor to monitor compliance with the above measures.

- b. Finding: The Commission finds that Mitigation Measure CR-3 is feasible, is adopted, and will further reduce impacts to tribal cultural resources. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts to tribal cultural resources (Refer to pages 4.5-14 through 4.5-15 of the Final EIR).

Geology and Soils

Impact GEO-1: Development on the project site would be exposed to risks associated with geological hazards including settlement; slope instability; and liquefaction that could cause damage to structures, property, utilities, road access, and people. Impacts would be Class II, potentially significant but mitigable.

- a. Mitigation Measure: GEO-1(a) Geotechnical Investigation and Reporting. The recommendations of the Geotechnical Report, including those pertaining to site-specific geotechnical engineering investigations for each of the major components/improvements included in the Project and intended to reduce impacts from soil instability and settlement, shall be incorporated into the project plans and specifications.

Plan Requirements and Timing. To be confirmed by the city prior to issuance of grading permits.

Monitoring. The Geotechnical Engineer is to perform testing and field observation as necessary to confirm that design, construction, and cost specifications to withstand potential geologic hazards conform to the findings and recommendations of the site-specific geotechnical engineering investigations, to the satisfaction of the Building Official and the City Engineer.

GEO-1(b) Earthwork Program. The recommendations of the Geotechnical Report and update thereto, including those pertaining to preparation of an earthwork program shall be incorporated into the project plans and specifications.

Plan Requirements and Timing. To be confirmed by the city prior to issuance of grading permits.

Monitoring. The Geotechnical Engineer shall verify preparation of an earthwork program as necessary to ensure that design and construction conform the recommendations of the Geotechnical Report and update thereto to the satisfaction of the City Engineer.

- b. Finding: The Commission finds that Mitigation Measure GEO-2 is feasible, is adopted, and will further reduce impacts regarding geological hazards. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts regarding geological hazards (Refer to pages 4.6-6 through 4.6-8 of the Final EIR).

Impact GEO-2: **Portions of the project site contain soils that are moderate to highly erodible. On-site development may increase soil erosion on the project site during and after construction. This impact would be Class II, potentially significant but mitigable.**

- a. Mitigation Measure: GEO-2 Moisture Conditioning & Fill Compaction. The recommendations of the Geotechnical Report, including those pertaining to grading and soils compaction operations shall be incorporated into the project plans and specifications.

Plan Requirements and Timing. To be confirmed by the city prior to issuance of grading permits.

Monitoring. The Geotechnical Engineer shall perform observation and testing as necessary to ensure that grading operations conform the recommendations of the Geotechnical Report to the satisfaction of the City Engineer.

- b. Finding: The Commission finds that Mitigation Measure GEO-2 is feasible, is adopted, and will further reduce impacts regarding soil erosion. Therefore, impacts are considered less than

significant. Mitigation measures will further reduce impacts regarding soil erosion (Refer to pages 4.6-8 through 4.6-11 of the Final EIR).

Impact GEO-3: Expansive soils are present on the Project site. Development on expansive soils could damage slabs and foundations. This impact would be Class II, potentially significant but mitigable.

- a. Mitigation Measure: GEO-3 Geotechnical Report Measures. The recommendations of the Geotechnical Report, including those intended to reduce impacts from expansive soils, shall be incorporated into the project plans and specifications.

Plan Requirements and Timing. To be confirmed by the city prior to issuance of grading permits.

Monitoring. The Geotechnical Engineer is to perform field observation and testing as necessary to confirm that grading and construction the recommendations of the Geotechnical Report to the satisfaction of the Building Official and the City Engineer.

- b. Finding: The Commission finds that Mitigation Measures GEO-1(a), GEO-1(b), GEO-2 and GEO-3 are feasible, are adopted, and will further reduce impacts regarding expansive soil. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts regarding expansive soil. (Refer to pages 4.6-11 through 4.6-12 of the Final EIR.)

Impact GEO-4: Paleontological resources may be present in fossilbearing soils that underlay the Project site. Grounddisturbing activities could damage resources that may be present below the surface. This impact would be Class II, potentially significant but mitigable.

- a. Mitigation Measure: GEO-4(a) Worker Paleontological Resource Awareness Session. A qualified City-approved consultant selected by the Owner/Applicant shall develop a worker awareness program to educate all workers regarding the protection of any paleontological resources that may be discovered during project development, as well as appropriate procedures to enact should paleontological resources be discovered. The qualified consultant shall develop appropriate training materials including a summary of geologic units present at the development site, potential paleontological resources that may be encountered during development, and worker attendance sheets to record workers' completions of the awareness session. The worker awareness session for paleontological resources shall occur prior to project development, and as new employees are added to the project site workforce. The qualified consultant shall provide awareness session sign-in sheets documenting employee attendance to the City for review as requested.

Plan Requirements and Timing. The worker awareness program shall be reviewed and approved by city staff prior to grading/building permit issuance. The Owner/Applicant shall provide city staff with the name and contact information for the qualified consultant prior to grading/building permit issuance and pre-construction meeting.

Monitoring. The Owner/Applicant shall demonstrate that the worker awareness program conforms to the required conditions.

GEO-4(b) Paleontological Monitoring and Handling of Resources Inadvertently Discovered During Grading. If unrecorded paleontological resources are uncovered during ground disturbance or construction activities, the Owner/Applicant, under the direction of the qualified consultant identified in Mitigation Measure GEO-4(a) shall:

- Temporarily halt construction or excavation activities within 50 feet of the find and redirect activity to other work areas;
- Immediately notify the City of Paso Robles Community Development and City Engineer Departments regarding the resource and redirected grading activity; and
- Obtain the services of a professional paleontologist who shall assess the significance of the find and provide recommendations as necessary for its proper disposition for review and approval by the City of Paso Robles. All significance assessment and mitigation of impacts to the paleontological resource and verification shall be reviewed by the City of Paso Robles prior to resuming grading in the area of the find. Mitigation may involve preservation in place or documentation and excavation of the resource.

Upon discovery of potentially significant paleontological resources and completion of the above measures, the Owner/Applicant shall submit to city staff a report prepared by the qualified paleontologist documenting all actions taken.

Plan Requirements and Timing. This condition shall be printed on all building and grading plans.

Monitoring. City staff shall confirm monitoring by the qualified consultant.

- b. Finding: The Commission finds that Mitigation Measures GEO-4(a) and GEO-4(b) are feasible, are adopted, and will further reduce impacts to paleontological resources. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts to paleontological resources (Refer to pages 4.6-12 through 4.6-13 of the Final EIR).

Hazards and Hazardous Materials

Impact HAZ-1: **Hazardous materials associated with former residential structures and agricultural operations may be present in soils on the Project site. This impact would be Class II, potentially significant but mitigable.**

- a. Mitigation Measure: **HAZ-1 Soil Sampling and Remediation.** Prior to issuance of any grading permits or site disturbance/tract improvements, a Phase I environmental site assessment shall be completed in portions of land to be graded for each development area on the Project site. Soil samples shall be collected under the supervision of a professional geologist or environmental professional to determine the presence or absence of contaminated soil in these areas. The sampling density shall be in accordance with guidance from the County of San Luis Obispo Environmental Health Services Division, so as to define the volume of soil that may require remediation. Laboratory analysis of soil samples shall be analyzed for the presence of

organochlorine pesticides, in accordance with EPA Test Method SW8081A, and heavy metals in accordance with EPA Test Methods 6010B and 7471A. If soil sampling indicates the presence of pesticides or heavy metals exceeding applicable environmental screening levels, the soil assessment shall identify the volume of contaminated soil to be excavated.

If concentrations of contaminants exceed EPA action levels and therefore warrant remediation, the applicant shall prepare a Contaminated Soils Assessment and Remediation Plan. The plan shall identify the contaminant, the volume of contaminated soil, treatment or remediation methods, and regulatory permits required to complete the remediation. Remediation activities shall require implementation of all applicable project construction requirements, including other construction-related mitigation measures identified in this EIR. All necessary reports, regulations and permits shall be followed to achieve cleanup of the site. The contaminated materials shall be remediated under the supervision of an environmental consultant licensed to oversee such remediation and under the direction of the lead oversight agency. The remediation program shall also be approved by a regulatory oversight agency, such as the County of San Luis Obispo Environmental Health Services Division, the RWQCB, or DTSC. All proper waste handling and disposal procedures shall be followed. Upon completion of the remediation, the environmental consultant shall prepare a report summarizing the Project, the remediation approach implemented, and the analytical results after completion of the remediation, including all waste disposal or treatment manifests.

Plan Requirements and Timing. Prior to issuance of any grading permits or site disturbance/tract improvements, a Phase I environmental site assessment shall be completed in the portions of land to be graded for development. The Contaminated Soils Assessment and Remediation Plan, if necessary, shall be submitted and approved by the city and applicable regulatory oversight agency prior to the issuance of Project grading permits or site disturbance/tract improvements, whichever comes first.

Monitoring. As applicable, the city shall ensure implementation of a remediation program according to the measures included therein and as approved by a regulatory oversight agency.

- b. Finding: The Commission finds that Mitigation Measure HAZ-1 is feasible, is adopted, and will further reduce impacts regarding exposure to hazardous materials. Mitigation measures will further reduce impacts regarding exposure to hazardous materials (Refer to pages 4.8-9 through 4.8-11 of the Final EIR).

Impact HAZ-2: **Access to the Project site from South Vine Street could interfere with emergency response plans or emergency evacuation plan with extended use or blockage of this roadway. This impact would be Class II, potentially significant but mitigable.**

- a. Mitigation Measure: **HAZ-2 Construction Traffic Control Plan.** The applicant shall include a traffic control plan within grading plans submitted to the City for approval. The Traffic Control Plan shall include provisions for notification to all emergency services and affected property owners, designated construction traffic routes, and identify all improvements, equipment and personnel to provide continuous safe routing of traffic during construction.

Plan Requirements and Timing. The Construction Traffic Control Plan shall be prepared and approved prior to issuance of a grading permit for any development area on the Project site.

Monitoring. The Owner/Applicant shall demonstrate that the submitted plans conform to the required conditions. City staff shall ensure compliance in the field prior to issuance of permits.

- b. Finding: The Commission finds that Mitigation Measure HAZ-2 is feasible, is adopted, and will further reduce impacts regarding emergency response. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts regarding emergency response (Refer to page 4.8-11 of the Final EIR).

Hydrology and Water Quality

Impact HWQ-1: **During Project construction, surface soil would be subject to erosion which may cause pollution of the downstream watershed. The Project's impact on water quality during construction would be Class II, significant but mitigable.**

- a. Mitigation Measure: **HWQ-1(a) Stormwater Pollution Prevention Plan.** All grading and construction activities shall be implemented pursuant to the SWPPP(s) to be prepared for mass
- b. grading/tract improvements on the Project site. The SWPPP(s) shall be prepared by the Project applicant and submitted by the city to the Central Coast RWQCB under the NPDES Phase II program. At a minimum, the SWPPP shall include the BMPs/source control measures and maintenance requirements included in the Preliminary Stormwater Control Plan for the Project.

Plan Requirements and Timing. The Project applicant shall prepare a SWPPP that identifies construction-related staging and maintenance areas, and at a minimum, the BMPs/source control measures and maintenance requirements included in the Preliminary Stormwater Control Plan. The SWPPP and notices shall be submitted for review and approval by the city prior to the initiation of tract improvements, grading, or construction.

Monitoring. The city shall ensure compliance with the SWPPPs. A Geotechnical Engineer or an Engineering Geologist shall monitor technical aspects of the grading activities, including installation of the drainage outlets and associated headwalls and aprons. The city shall also inspect the site during grading to monitor runoff and after conclusion of grading activities.

HWQ-1(b) Berms and Basins. As specified in the SWPPP(s), the Project applicant shall be required to manage and control runoff by constructing temporary berms, sediment basins, runoff diversions, or alternative BMPs as approved by the Central Coast RWQCB as part of the SWPPP submittal(s) to avoid unnecessary siltation into local streams during construction activities where grading and construction shall occur in the vicinity of such streams.

Plan Requirements and Timing. Berms and basins shall be constructed when grading commences. The Project applicant shall sufficiently document, to the Central Coast RWQCB's satisfaction, the proper installation of such berms and basins during grading.

Monitoring. City staff shall ensure berms, sediment basins, runoff diversions, or alternative BMPs are included on Project construction plans prior to approval. City staff shall also inspect the site during grading to monitor compliance with this measure.

HWQ-1(c) Erosion and Sediment Control Plan

As specified in the SWPPP(s) and the City's Stormwater Control ordinance, the Project applicant shall be required to prepare and submit site-specific erosion and sediment control plans for mass grading as well as for development of each development area within the Project site. The plans shall be designed to minimize erosion and water quality impacts, to the extent feasible, and shall be consistent with the requirements of the Project's SWPPP(s). The plans shall include the following:

- a. Graded areas shall be revegetated with deep-rooted, native, non-invasive drought tolerant species to minimize slope failure and erosion potential. Geotextile fabrics shall be used as necessary to hold slope soils until vegetation is established;
- b. Temporary storage of construction equipment shall be limited to a minimum of 100 feet away from drainages on the Project site;
- c. Erosion control structures shall be installed;
- d. Demonstrate peak flows and runoff for each phase of construction; and
- e. Be coordinated with habitat restoration efforts, including measures to minimize removal of riparian and wetland habitats and trees (Mitigation Measures BIO-2[a], BIO-2[b], BIO-3[a] through BIO-3[c], BIO-4[a], and BIO-4[b]).

Erosion and sediment control plans shall be submitted for review and approval by City staff. The Project applicant shall ensure installation of erosion control structures prior to beginning of construction of any structures, subject to review and approval by the City.

Plan Requirements and Timing. The Project applicant shall prepare site-specific erosion and sediment control plans consistent with the requirements of the SWPPP(s). The erosion and sediment control plans shall be submitted for review and approval by City staff prior to the initiation of grading and/or construction.

Monitoring. City staff shall ensure compliance with the erosion and sediment control plans. City staff shall also inspect the site during grading to monitor runoff and after conclusion of grading activities.

Finding: The Commission finds that Mitigation Measures HWQ-1(a) through HWQ-1(c) are feasible, are adopted, and will further reduce impacts to water quality. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts to water quality. (Refer to pages 4.9-11 through 4.9-13 of the Final EIR).

Impact HWQ-3: **During operation, the proposed resort and commercial uses would increase the quantities of pollutants associated with urban uses. The Project's impact to water quality would be Class II, significant but mitigable.**

- a. Mitigation Measure: HWQ-3(a) Stormwater Quality Treatment Controls. BMP devices shall be incorporated into the stormwater quality system depicted in the erosion and sediment control plan (refer to Mitigation Measure HWQ-1[c]). BMPs shall include, at a minimum, the BMPs/source control measures and maintenance requirements included in Stormwater Control Plans. These measures include permanent and operation source control BMPs for landscaping, waste disposal, outdoor equipment storage, and parking.

Plan Requirements and Timing. The BMPs for stormwater quality shall be shown on Project SWPPP(s). The SWPPP and notices shall be submitted for review and approval by the city prior to the initiation of tract improvements, grading, or construction.

Monitoring. The city shall ensure compliance with the SWPPPs. A Geotechnical Engineer or an Engineering Geologist shall monitor technical aspects of the grading activities, including installation of the drainage outlets and associated headwalls and aprons. The city shall also periodically inspect the site during and after grading to monitor runoff.

HWQ-3(b) Stormwater Best Management Practice Maintenance Manual

The Project applicant shall prepare a development maintenance manual for the stormwater quality system/LID BMPs. The maintenance manual shall include detailed procedures for maintenance and operations of all stormwater facilities to ensure long-term operation and maintenance of post-construction stormwater controls. The maintenance manual shall require that stormwater BMP devices be inspected, cleaned, and maintained in accordance with the manufacturer's or designer's maintenance specifications. The manual shall require that devices be cleaned annually prior to the onset of the rainy season (i.e., October 15) and immediately after the end of the rainy season (i.e., May 15). The manual shall also require that all devices be checked after major storm events.

Plan Requirements and Timing. The Project applicant shall prepare development maintenance manual as specified in this measure. The development maintenance manual shall be submitted for review and approval by the city prior to approval of grading and public improvement plans.

Monitoring. The City shall ensure compliance with the requirements in the development maintenance manual as required by the state. The City may also inspect the site after occupancy to ensure implementation of the requirements in the development maintenance manual.

HWQ-3(c) Stormwater BMP Semi-Annual Maintenance Report. The property manager(s) or acceptable maintenance organization shall submit to the City of Paso Robles Public Works Department a detailed report prepared by a licensed Civil Engineer addressing the condition of all private stormwater facilities, BMPs, and any necessary maintenance activities on a semi-annual basis (October 15 and May 15 of each year). The requirement for maintenance and report submittal shall be recorded against the property.

Plan Requirements and Timing. The Project applicant shall demonstrate inclusion of BMPs within the tentative tract maps, and utilities plans, which shall be submitted for review and approval by the City prior to development plan approval and final tentative tract map recordation.

Monitoring. The City shall review and approve the required plans and maintenance report with tentative tract map approval.

- b. Finding: The Commission finds that Mitigation Measures HWQ-3(a) through HWQ-3(c) are feasible, are adopted, and will further reduce impacts regarding pollutants associated with the project's urban uses. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts regarding pollutants from urban uses (Refer to pages 4.9-15 through 4.9-18 of the Final EIR).

Noise

Impact N-1: The Project would introduce new noise sensitive uses, including workforce housing, to an area where future exterior noise levels would exceed City standards. This impact would be Class II, potentially significant but mitigable.

- a. Mitigation Measure: N-1 Exterior Noise Abatement: Prior to issuance of a building permit for the worker housing component of the Village Commercial Center (building 7) or for the Vine Street Vineyard Hotel, the developer shall provide a site-specific noise analysis to demonstrate that outdoor use areas would be located and designed to achieve CNEL values of 65 dBA or less, and that structural insulation measures would result in hotel room interior CNEL values of 45 dBA or less. Such noise reduction measures may include but are not limited to, the incorporation of setbacks, sound barriers, berms, hourly limitations, or equipment enclosures. The emphasis of such noise reduction measures shall be placed upon site planning and project design.

Plan Requirements and Timing. Site-specific noise analyses shall be submitted to the city for approval prior to building permit issuance for the worker housing component of the Village Commercial Center (building 7) and the Vine Street Vineyard Hotel.

Monitoring. City staff shall confirm that noise reduction measures are incorporated in plans prior to approval of building permit issuance. City staff shall ensure compliance prior to building occupancy.

- b. Finding: The Commission finds that Mitigation Measure N-1 is feasible, is adopted, and will further reduce impacts regarding noise exposure. Mitigation measures will further reduce impacts regarding exposure to noise (Refer to pages 4.11-11 through 4.11-14 of the Final EIR).

Impact N-2: The Project would result in temporary noise in the vicinity of the Project site during the construction phase. Construction noise levels could potentially exceed 80 dBA Leq. This impact would be Class II, potentially significant but mitigable.

- a. Mitigation Measure: N-2 Construction Equipment Noise Best Management Practices: For all construction activities on the Project site, noise attenuation techniques shall be employed to ensure that noise levels are minimized. Such techniques shall include:

- Unless otherwise provided for in a validly issued permit or approval, noise-generating construction activities shall be limited to the hours of 7:00 AM and 7:00 PM. Noise-generating construction activities shall not occur on Sundays or federal holidays.
- Construction equipment shall be properly maintained and equipped with noise reduction intake and exhaust mufflers and engine shrouds, in accordance with manufacturers' recommendations. Equipment-engine shrouds shall be closed during equipment operation.
- Equipment shall be turned off when not in use for an excess of five minutes, except for equipment that requires idling to maintain performance.
- Construction vehicles and haul trucks shall utilize roadways which avoid residential neighborhoods and sensitive receptors where possible. Applicants shall submit a proposed construction vehicle and hauling route for city review and approval prior to grading/building permit issuance. The approved construction vehicle and hauling route shall be used for soil hauling trips prior to construction as well as for the duration of construction.
- A public liaison shall be appointed for project construction and shall be responsible for addressing public concerns about construction activities, including excessive noise. The liaison shall work directly with the construction contractor to ensure implementation of the appropriate noise reduction measures to address public concerns and to ensure that construction-generated noise levels would not exceed commonly applied noise criteria at nearby noise-sensitive land uses (e.g., 80 dBA Leq). Signage shall be posted at the site perimeter identifying the public liaison's contact information.
- Temporary barriers shall be installed where noise-generating construction activities would occur within 50 feet of an occupied noise-sensitive land use. Temporary noise barriers shall be constructed of sound curtains/blankets, wood, or material of similar density and usage, to a minimum height of 6 feet above ground level.
- Staging and queuing areas shall be located a minimum of 1,000 feet from nearby noise sensitive land uses identified in the project area at the time of construction (or at the furthest distance possible where a suitable location over 1,000 feet from noise sensitive land uses cannot be identified).
- Stationary equipment (e.g., generators, compressors) shall be located a minimum of 1,000 feet from nearby noise-sensitive land use identified in the project area at the time of construction (or at the furthest distance possible where a suitable location over 1,000 feet from noise-sensitive land uses cannot be identified).

Plan Requirements and Timing. Construction plans including construction hours, truck routes, and construction BMPs shall be submitted to the city for approval prior to grading and building permit issuance for each project phase. BMPs shall be adhered to for the duration of the project. The schedule and neighboring property owner notification mailing list shall be submitted 10 days prior to initiation of any earth movement.

Monitoring. City staff shall confirm that construction noise reduction measures are incorporated in plans prior to approval of grading/building permit issuance. City staff shall ensure compliance throughout all construction phases, including periodically inspecting the site for compliance with activity schedules and responding to noise complaints.

- b. Finding: The Commission finds that Mitigation Measure N-2 is feasible, is adopted, and will further reduce impacts regarding temporary construction noise. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts regarding exposure to temporary construction noise (Refer to pages 4.11-14 through 4.11-17 of the Final EIR).

Impact N-3: The project would result in groundborne vibration in the vicinity of the project site, primarily during the construction phase. Vibration levels during project construction would not cause damage to nearby structures or substantially impact residents in nearby dwellings. This impact would be Class II, potentially significant but mitigable.

- a. Mitigation Measure: **Mitigation Measure N-3 Construction Equipment Vibration Best Management Practices.** For all construction activities in the Specific Plan area, vibration attenuation techniques shall be employed to ensure that groundborne vibration levels are minimized. Vibration-minimizing techniques shall include:
- a. Unless otherwise provided for in a validly issued permit or approval, vibration-generating construction activities shall be limited to the hours of 7:00 AM and 7:00 PM. vibration-generating construction activities shall not occur on Sundays or federal holidays.
 - b. Groundborne vibration levels near sensitive receptors shall be minimized by limiting the duration of compactor operation within 250 feet of existing residential receptors to a maximum of 2 hours per day.
 - c. A public liaison shall be appointed for project construction and shall be responsible for addressing public concerns about construction activities, including excessive groundborne vibration. The liaison shall work directly with the construction contractor to ensure implementation of the appropriate vibration reduction measures to address public concerns and to ensure that groundborne vibration levels would not exceed commonly applied vibration criteria at nearby noise-sensitive land uses (e.g., 85 VdB). Signage shall be posted at the site perimeter identifying the public liaison's contact information.

Plan Requirements and Timing. Construction plans shall note construction hours and vibration BMPs and shall be submitted to the city for approval prior to grading and building permit issuance for each Project phase. BMPs shall be identified and described for submittal to the city for review prior to building or grading permit issuance. BMPs shall be adhered to for the duration of the Project. The schedule and neighboring property owner notification mailing list shall be submitted 10 days prior to initiation of any earth movement.

Monitoring. The city shall confirm that construction vibration reduction measures are incorporated in plans prior to approval of grading/building permit issuance. The city shall ensure compliance throughout all construction phases. Building inspectors and permit compliance staff shall periodically inspect the site for compliance with activity schedules and respond to complaints.

- b. **Finding:** The Commission finds that Mitigation Measure N-3 is feasible, is adopted, and will further reduce vibration impacts. Therefore, impacts are considered less than significant. Mitigation measures will further reduce impacts regarding vibration. (Refer to pages 4.11-18 through 4.11-19 of the Final EIR.)

Utilities/Service Systems

Impact UTIL-2: While the city's WWTP has capacity to accommodate the project, the existing sewer main lines that would receive wastewater flows from the project have been identified as capacity deficient under existing and five-year peak loading conditions. Additionally, water softening systems commonly used in hotel development may result in adverse impacts to wastewater systems in the city. Therefore, project impacts related to wastewater treatment and capacity would be Class II, potentially significant but mitigable.

- a. **Mitigation Measure: Mitigation Measure UTIL-2(a) Sewer Line Improvements.** The project shall contribute its equitable share to fund the following sewer main line improvements in the vicinity of the project site, as identified in Table 11-1 – Capital Improvement projects in the City's 2019 Wastewater Collection System Renewal Strategy and Master Plan. Costs above and beyond the project's equitable share shall be addressed through such options as fee credits, reimbursement agreements, or development agreements, based on city requirements.

Prior to building permit issuance for the first phase of development on the project site, the applicant shall contribute their fair-share amount toward the upsizing of the 600 feet of 10-inch sewer main line along SR 46 West at the SR 46 West interchange with U.S. 101 and along Ramada Drive to a 12-inch sewer main line.

Alternatively, prior to building permit issuance for the first phase of development on the project site, the applicant shall be responsible for horizontal boring of a new sewer main under U.S. 101, directly from the eastern edge of the project site to the vicinity of Firestone Walker Brewery.

Plan Requirements and Timing. The fair share contribution for required improvements shall be submitted prior to building permit issuance for the first phase of development on the Project site. If the applicant is required to construct a new sewer main under U.S. 101, the new sewer main shall be completed prior to the issuance of a building permit for the first phase of Project development.

Monitoring. The City shall ensure compliance with fee payment prior to first building permits. If the applicant is required to construct new sewer main under U.S. 101, City shall ensure completion of new sewer main prior to issuance of first building permits.

Mitigation Measure UTIL-2(b) Prohibit Water Softener Use. The use of self-generating or regenerative water softeners shall be prohibited for all project-related development.

Plan Requirements and Timing. This requirement shall be reflected on building plans.

Monitoring. The Owner/Applicant shall demonstrate that the submitted plans conform to the required conditions. City staff shall ensure compliance in the field prior to issuance of occupancy permits.

- b. Finding: The Commission finds that Mitigation Measures UTIL-2(a) and UTIL-2(b) are feasible, are adopted, and will further reduce wastewater treatment and capacity impacts. Therefore, impacts are considered less than significant. Mitigation measures will further reduce wastewater treatment and capacity impacts. (Refer to pages 4.14-14 through 4.14-16 of the Final EIR.)

Energy

Impact E-2: The project would not be consistent with the City's Climate Action Plan energy efficiency measures. This impact would be Class II, less than significant with mitigation incorporated.

- a. Mitigation Measure: Mitigation Measure GHG-1 described in Section 4.7, Greenhouse Gas Emissions, of the Final EIR would require preparation of the GHG Emissions Reduction Plan for the project to reduce operational GHG emissions through implementation of GHG reduction measures. Mitigation Measure AQ-3 in Section 4.3, Air Quality, of the Final EIR would also offset the project's operational energy demand by requiring that energy efficient appliances and on-site renewable energy systems be used in the proposed development on the project site.
- b. Finding: The Commission finds that Mitigation Measures GHG-1 and AQ-3 are feasible, are adopted, and will further reduce energy efficiency impacts. Therefore, impacts are considered less than significant. Mitigation measures will further reduce energy efficiency impacts (Refer to pages 4.15-12 through 4.15-13 of the Final EIR).

4. Findings regarding Alternatives Analyzed in the EIR

CEQA requires that the discussion focus on alternatives to the project or its location that are capable of avoiding or substantially lessening any significant effects of the Project. Only locations that would avoid or substantially lessen any of the significant effects of the Project need be considered for inclusion in the EIR (CEQA Guidelines Section 15126.6[f][2][A]).

An evaluation of an alternative to the Project location is appropriate for a site-specific development project. In the case of the Gateway proposal, the City of Paso Robles evaluated the entirety of the potential environment effects of the specific project proposal.

Several alternatives were determined to represent a reasonable range of alternatives with the potential to feasibly attain most of the basic objectives of the Paso Robles General Plan but avoid or substantially lessen any of the significant effects of the project. The Paso Robles Gateway Project EIR analyzed three alternatives.

- Alternative 1: No Project – No Development
- Alternative 2: Rural Residential Development in County Jurisdiction

- Alternative 3: Reduced Development

Alternative 1: No Project – No Development

Consistent with the CEQA Guidelines (§15126.6[e]), the “no project” alternative reflects the existing conditions, as well as what would be reasonably expected to occur in the foreseeable future if the project is not approved, based on current plans and consistency with available infrastructure and community services. Therefore, this alternative assumes that no new development or changes to land uses would be introduced to the site. Additionally, the proposed annexation, Sphere of Influence (SOI) amendment, and General Plan Amendment, would not occur under this alternative. As a result, this alternative would continue the existing low-intensity agriculture (primarily grazing) and related activities to maintain the ranching operation.

Effectiveness of Alternatives in Avoiding Significant Project Impacts:

1. **Significant and Unavoidable Air Quality Impacts:** Alternative 1 would not introduce development or land uses that would require construction or generate new vehicle trips in the project area. Therefore, Alternative 1 would not introduce short-term and long-term ROG + NOX and PM10 emissions or increase VMT such that this alternative would result in inconsistency with SLOAPCD’s 2001 Clean Air Plan. Ultimately, the impacts to air quality would be reduced in comparison to the project and would be less significant.
2. **Significant and Unavoidable Greenhouse Gas Emissions Impacts:** Alternative 1 would not introduce new development that would require construction and operation that would generate temporary and long-term increases in GHG emissions. This alternative would be consistent with the city’s Climate Action Plan, 2019 RTP, the 2017 Scoping Plan, and EO B-55. Therefore, Alternative 1 would have substantially reduced impacts related to greenhouse gas emissions than the project, and impacts would not be significant.
3. **Significant and Unavoidable Transportation Impacts:** Alternative 1 would not implement development or land uses that would introduce new traffic or changes to the local roadway network. Additionally, Alternative 1 would not include the proposed realignment to South Vine Street. Therefore, this alternative would not affect freeway operations and intersection operations. Alternative 1 would result in reduced impacts to transportation in comparison to the project, and would not result in significant and unavoidable impacts as identified for the project.

Finding for Alternative 1: This Alternative would avoid all of the Class I impacts of the project and would decrease all environmental impacts associated with development of the project site. Therefore, the City rejected this alternative on the following grounds, which provides sufficient justification for rejection of this alternative: the alternative fails to meet all basic project objectives.

Alternative 2: Rural Residential Development in County Jurisdiction

This alternative assumes that the proposed request for annexation from the County of San Luis Obispo into the City of Paso Robles, SOI amendment, Pre-Zoning application, General Plan amendment, Planned Development Permit, and Development Agreement would not occur. Therefore, this alternative would lead to development of the project site under the County jurisdiction, and consistent with the current land use categories and requirements in the County of San Luis Obispo General Plan and Land Use Ordinance. These conditions would result in fewer agricultural lots, residential lots, dwelling units, and no commercial or visitor-serving land uses on the project site, in comparison to the proposed project.

The project site is located within the County of San Luis Obispo North County Inland Area Plan (and Salinas River Sub Area), and a portion of the site is within the Paso Robles Urban Reserve Line (URL). There are two land use categories that apply to the project site: Agriculture (AG) and Residential Suburban (RS). The URL includes 69.6 acres fronting South Vine Street, and extends into the north-central portion of the site. This portion of the property has the RS (Residential Suburban) land use category, as shown in the Paso Robles Urban Reserve Line Land Use Categories map (San Luis Obispo County, March 8, 2017). The remaining areas of the property (99.77 acres) are in the AG land use category (Salinas River Subarea Rural Land Use Category Map, San Luis Obispo County, March 8, 2017).

For the RS portion of the project site, subdivision under the County jurisdiction would be based upon the allowable density or minimum required lot size as determined by applying different ‘tests,’ as specified in the County Land Use Ordinance (Section 22.22.070). These tests involve determining the average slope and the type of water and sewer service that would be used by new parcels. If the land were to remain in the unincorporated jurisdiction, then municipal water and sewer service would not be available. Given the high capacity agricultural wells on the property, it is likely that a community well system could be provided, which would allow a minimum parcel size of 2 acres (Section 22.22.070.B.). Based on records from the County’s parcel data base, if the average slope on a proposed lot were greater than 30 percent, then the lot size would need to be 3 acres. Thus, for the 69.6 acres of land with the RS category, up to 34 residential lots would be allowed.

For the AG-zoned portion of the project site (99.77 acres), the County Land Use Ordinance has a more complex procedure for determining allowable lot sizes for subdivisions, which relates minimum lot size to the productivity of the agricultural land based on current uses or on soil type (Section 22.22.040). This provision of the Land Use Ordinance is appropriately used when subdivisions of agricultural land are proposed. In this part of the project site, there are three existing parcels, two of which are currently smaller than the minimum allowable lot size under the Land Use Ordinance. Thus, the standards for existing lots as set forth in the Land Use Ordinance would apply, rather than the standards applied to land subdivisions. As a general rule, for lots relying on septic tanks a minimum lot size of 1.0 acre is required for any residential use (Section 22.10.110.C.Footnote 1), so it is presumed that each of these smaller lots could have one primary residence.

It is possible that the larger lot in the AG category could be subdivided in the future. The allowable future lot size would depend on factors such as soil type and agricultural production as specified in the Subdivision Design requirements in the Land Use Ordinance that apply to the AG category (Section 22.22.040). If the appropriate soils and or crop tests were met, the minimum potential lot size would be 20 acres, but larger sizes (i.e. fewer lots) could be required. To estimate the maximum development, a 20-acre lot size will be assumed. Additional farm support quarters, transitional housing and other supportive housing may also be allowed, but depend on the lot size and on the actual use of the parcel. For this

reason the potential for additional housing support quarters is not quantified in this analysis in the Final EIR.

Approximately 34 of the potential residential lots would be located on the north and central portion of the project site. These gently sloping hillsides are the part of the property generally visible from U.S. 101 and South Vine Street. This scattered, low-density pattern of residential development would be somewhat similar to the subdivisions to the north, although with smaller lot sizes since the land is not as steep as the northern topography. The AG portion of the project site would develop similarly to the subdivided AG land to the west of the project site, but would be less visible from U.S. 101, South Vine Street, and SR 46, due to steep topography and dense vegetation.

Effectiveness of Alternatives in Avoiding Significant Project Impacts:

- 1. Significant and Unavoidable Air Quality Impacts:** Alternative 2 would require construction that would generate air pollutant emissions. The overall reduction in development intensity in comparison to the project would require less construction, which would reduce construction-related air quality impacts. Limiting development to only residential land uses would also substantially reduce the operational air quality emissions associated with this alternative. Also, by removing the proposed commercial, hotel, and visitor-serving land uses, and reducing the number of dwelling units, the VMT and related vehicle air contaminant emissions associated with this alternative would be substantially less than for the proposed project. Therefore, Alternative 2 would have reduced impacts air quality impacts than the project, and impacts would be less than significant.
- 2. Significant and Unavoidable Greenhouse Gas Emissions Impacts:** Alternative 2 would reduce the amount of development and amount of associated construction and operational GHG emissions, including emissions associated with vehicle trips. Since this alternative would be consistent with the existing County land use designations, it would be consistent with the 2019 RTP/SCS. Nevertheless, this alternative includes development that would generate temporary and long-term increases in GHG emissions. Implementation of a GHG emissions reduction plan would be required to reduce GHG emissions to a level that is consistent with GHG reduction targets contained in the 2017 Scoping Plan and EO B-55. Overall, Alternative 2 would reduce greenhouse gas emissions impacts to a less than significant level.
- 3. Significant and Unavoidable Transportation Impacts:** Alternative 2 would generate substantially fewer vehicle trips than the project. As a result, impacts to the transportation network in the study area as a result of traffic would be reduced under this alternative in comparison to the project. Nevertheless, any trips added to the U.S. 101/Main Street interchange as a result of this alternative would exacerbate existing deficient conditions at the interchange, which would result in a significant and unavoidable impact in accordance with County criteria, similar to the project. This alternative may also worsen the LOS on the U.S. 101 mainline under General Plan buildout conditions. Due to the lack of feasible mitigation because of uncertainty associated with timing and implementation, this impact would be significant and unavoidable, similar to the project. In addition, the lower amount of construction would reduce short-term traffic impacts. However, this alternative would not facilitate construction of the South Vine Street realignment, which provides substantial

circulation benefits with the proposed project. Therefore, potential impacts to transportation would be similar for Alternative 2 when compared to the project.

Finding for Alternative 2: Due to the existing traffic issues in the vicinity of the project site, this Alternative would not eliminate the Class I impacts of the project related to transportation/traffic and would result in similar environmental impacts and mitigation requirements to the project. This Alternative would not satisfy most of the basic project objectives, would not facilitate the realignment of South Vine Street, and would not generate Transient Occupancy Tax at the benefit of the City. Therefore, it would not achieve key project objectives to the extent that the project would. Therefore, the City rejected this alternative on the following grounds, each of which provides sufficient justification for rejection of this alternative: (1) the alternative fails to fully satisfy project objectives; and (2) the alternative would not eliminate the significant unavoidable impacts of the project related to transportation/traffic.

Alternative 3: Reduced Development

This alternative would be scaled down to roughly one-third of the proposed intensity of the project by removing the Vine Street Vineyard Hotel, Village Commercial Center, Promontory Commercial Center, and Vine Street Commercial. Alternative 3 would include one hotel (Hillside Hotel), with a total of approximately 225 rooms, 32,000 square feet of commercial and office space, and 581 parking spots. The development would be located in the north-center portion of the project site, and would be similar in size to the proposed Hillside Hotel. The remaining portions of the property would develop as an agricultural-residential land use pattern with a substantial portion of the land in agriculture. The residential portion of the project may not be annexed to the city, but would generally reflect the mixed agriculture and low intensity residential use typical of the adjacent unincorporated lands. This alternative would include the South Vine Street realignment, as proposed for the project.

Effectiveness of Alternatives in Avoiding Significant Project Impacts:

- 1. Significant and Unavoidable Air Quality Impacts:** Alternative 3 would scale down to roughly one-third of the project's proposed intensity. The overall reduction in development intensity in comparison to the project would require less construction, which would reduce construction-related air quality impacts. Also, by reducing the proposed commercial, hotel, and visitor-serving land uses, and removing residential dwelling units, the VMT and related vehicle air contaminant emissions associated with this alternative would be substantially less than for the proposed project. Therefore, Alternative 2 would be reduced in comparison to the project and would be less significant.
- 2. Significant and Unavoidable Greenhouse Gas Emissions Impacts:** Alternative 3 would reduce the amount of development and amount of associated construction and operational GHG emissions, including emissions associated with vehicle trips. Nevertheless, this alternative includes development that would generate temporary and long-term increases in GHG emissions. Implementation of a GHG emissions reduction plan would be required to reduce GHG emissions to a level that is consistent with GHG reduction targets contained in the city's Climate Action Plan, measures in the 2019 RTP, the 2017 Scoping Plan, and EO B-55. Overall, Alternative 3 would reduce greenhouse gas emissions impacts when compared to the project.

3. **Significant and Unavoidable Transportation Impacts:** Alternative 3 would generate substantially fewer vehicle trips than the project. Similar to the project, this alternative would facilitate construction of the South Vine Street realignment, which provides substantial circulation benefits in the project vicinity. As a result, impacts to the transportation network in the study area as a result of traffic would be reduced under this alternative in comparison to the project. Nevertheless, any trips added to the U.S. 101/Main Street interchange as a result of this alternative would exacerbate existing deficient conditions at the interchange, which would result in a significant and unavoidable impact in accordance with County criteria, similar to the project. This alternative may also worsen the LOS on the U.S. 101 mainline under General Plan buildout conditions. Due to the lack of feasible mitigation because of uncertainty associated with timing and implementation, this impact would be significant and unavoidable, similar to the project. In addition, the reduced amount of construction would reduce short-term traffic impacts. Overall, potential impacts to transportation would be similar under Alternative 3 when compared to the project.

Finding for Alternative 3: Due to the reduced number of residential units provided by Alternative 3 in comparison to the project, this Alternative would avoid significant and unavoidable impacts to air quality and related to increases in greenhouse gas emissions. However, this Alternative would result in significant and unavoidable impacts to transportation/traffic. Therefore, the City rejected this alternative on the following grounds, each of which provides sufficient justification for rejection of this alternative: (1) the alternative fails to meet several basic project objectives; and (2) the alternative would not eliminate the significant unavoidable transportation/traffic impacts of the project.

For further discussion on the Project Alternative details and ability to achieve project objectives or feasibility please refer to the Final EIR for Paso Robles Gateway Project Section 6 and the City's Findings of Fact and Statement of Overriding Considerations Section 9.

5. Process as Responsible Agency, Findings, and Statement of Overriding Considerations, (CEQA Guidelines Section 15096 (g)(1), 15091, 15093, and 15096 (h))

As a Responsible Agency under CEQA, LAFCO has discretionary authority over the SOI and Annexation proposal. Under CEQA, Responsible Agencies are required to independently review and approve the CEQA document previously prepared by the Lead Agency to comply with environmental review requirements. As such, in light of the City's annexation & SOI request, LAFCO reviewed and considered the EIR prepared and certified by the City.

The City, acting as the Lead Agency, adopted a Statement of Overriding Considerations for the proposed project (EIR SCH# 2013101050).

The Commission has made a reasonable and good faith effort to evaluate any alternatives or mitigation measures that would eliminate or substantially mitigate the environmental impacts. The Commission has

reviewed the actions by the City to eliminate or substantially mitigate the environmental impacts, particularly the various mitigation measures in the EIR.

For the reasons set forth below, the Commission determines that any significant environmental impacts caused by the Gateway Project Plan has been minimized to the extent feasible, and where not feasible, has been outweighed and counterbalanced by the significant economic, fiscal, social, and land-use benefits to be generated to the City and region. This Statement of Overriding Considerations justifies finding the unavoidable adverse environmental impacts from the proposal as acceptable.

The Commission finds that any one of the benefits set forth below is sufficient to warrant approval of the proposal and justify the unavoidable adverse environmental impacts from the City's implementation of the proposed project. This determination is based on the findings herein and the evidence in the record. Having balanced the unavoidable adverse environmental impacts against each of the benefits, the Commission hereby adopts this Statement of Overriding Considerations, for the following reasons in accordance with CEQA Section 21081(b) and State CEQA Guideline Section 15093.

1. Consistent with LAFCO policies and proceedings. LAFCO establishes Spheres of Influence which identifies areas of possible future development and encourages opportunities for logical development of the City. The request is to amend the SOI and pursue annexation concurrently. The annexation is consistent with CKH and LAFCO policies.
2. LAFCO has reviewed and considered the Statement of Overriding Considerations approved by the City of Paso Robles and the evidence that supports that Statement as set forth in the Environmental Documentation and has concluded that any adverse environmental effects of the project are outweighed by the benefits of the project.
3. Annexation and development of these properties is a logical and planned expansion of the City of Paso Robles and has been anticipated, as was recognized in the 2013 Municipal Services Review.
4. A total of 98.6-acres of the 170-acre project proposal to LAFCO would remain as agriculture / open space.
 - a. Development would convert 28.9-acres of Farmland of Statewide Importance that was classified by the Natural Resources Conservation Service and LAFCO's definition of prime agricultural land prime soils are being impacted. As a result, approximately 32.3-acres will be encumbered by agricultural conservation easements in perpetuity; meeting LAFCO 1:1 policy as set forth in the proposed LAFCO conditions of approval.
 - b. Approximately 49.7-acres will remain agriculture on sight but not in conservation easements; instead it will be placed in agricultural production in furtherance of the City's Purple Belt Action Plan.
 - c. Approximately 16.6-acres will be protected as open space areas.

5. The Project will protect and preserve the rural and urban interface by clustering the commercial and residential development in distinct areas surrounded by agricultural and open space uses. The high-quality architecture and design will further protect and enhances the region's aesthetic value.
6. The Paso Robles Gateway Economic and Fiscal Impact Analysis authored by Beacon Economics estimates that the Project will result in substantial short term and long-term economic benefits to the City and its existing residents if approved as stated below:

Short Term (Construction Related) Benefits Include:

- a. Increase economic output by **\$103.9 million**, with \$81.9 million generated in the City of Paso Robles and \$21.9 million elsewhere in San Luis Obispo County.
- b. Support **684 jobs**, with 549 jobs supported in Paso Robles and 135 elsewhere in San Luis Obispo County.
- c. Increase labor income by **\$48.5 million**, with \$41.8 million generated in Paso Robles and \$6.7 million elsewhere in San Luis Obispo County.
- d. Increase local tax revenue by **\$1.4 million**, with \$584,600 generated in Paso Robles and \$789,900 elsewhere in San Luis Obispo County.

On-Going Economic Benefits Include:

- a. Increase economic output by \$183.3 million, with \$105.6 million generated in Paso Robles and \$77.6 million elsewhere in San Luis Obispo County.
 - b. Support 2,028 jobs, with 1,279 jobs in Paso Robles and 800 elsewhere in San Luis Obispo County.
 - c. Increase labor income by \$65.7 million, with \$38.6 million generated in Paso Robles and \$27.1 million elsewhere in San Luis Obispo County.
 - d. Increase local tax revenue by \$9.3 million, with \$6.5 million generated in Paso Robles and \$2.7 million elsewhere in San Luis Obispo County.
7. Per the Developer Agreement the Project developer would dedicate to the City right-of-way on the developer's property and facilitate the dedication of the right-of-way on an adjoining landowner's property (through a land exchange) for the realignment of Vine Street, to include a connection to Highway 46. The Project developer would also pay for the costs to design, engineer, grade and construct that portion of the Vine Street realignment on the Project developer's property, in accordance with the Development Agreement entered into by the Project developer and the City.
 8. Under the housing allocation adopted by SLOCOG in February 2019, the City of Paso Robles is to contribute 1,446 new dwelling units over the course of the 10-year planning cycle. The Project

includes the construction of workforce housing and will assist the City of Paso Robles in meeting its housing allocation targets under state law. If approved the Project may also result in the addition of 80 new multi-family residential units and 17 for rent workforce housing units in the City of Paso Robles. The planned affordable housing, both on and off site, will accommodate the demand for new housing created by the project.

9. Per the Pre-Annexation & Developer Agreement the payment of Affordable Housing Fees by the project developer in the amount of \$500,000 is to be used by the City for the purpose of planning, increasing, and/or improving the City's supply of affordable housing within the City.
10. The Plan and Environmental Documentation provides specific mitigation for the identified impacts and is consistent with the City's General Plan policies and procedures. Mitigation and Conditions of Approval have been adopted by the City.

Exhibit B: Map of Annexation No. 90 and Legal Description

LEGAL DESCRIPTION
EXHIBIT 'A'
ANNEXATION NO. 90 TO THE
CITY OF EL PASO DE ROBLES ANNEXATION

1 THOSE PORTIONS OF LOTS 20, 21, 22, AND 23 OF THE SUBDIVISION OF THE RANCHO PASO DE
2 ROBLES, IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO MAP
3 RECORDED OCTOBER 22, 1886 IN BOOK A PAGE 164 OF MAPS, IN THE OFFICE OF THE COUNTY
4 RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:
5

6 **BEGINNING** AT THE NORTHWEST CORNER OF SAID LOT 20, MARKED BY A BRASS CAP PR 164 AS
7 SHOWN ON MAP FILED IN BOOK 96, PAGE 56 OF RECORD OF SURVEYS, IN THE OFFICE OF THE
8 COUNTY RECORDER OF SAID COUNTY;
9

10 THENCE ALONG THE WESTERLY LINES OF SAID LOTS 20, 21, 22, AND 23
11 SOUTH 01°04'03" WEST 3,971.91 FEET TO THE NORTHWESTERLY LINE OF HIGHWAY 46 AS
12 DESCRIBED IN A DEED CONVEYED TO THE STATE OF CALIFORNIA BY DEED DATED JULY 15, 1966
13 AND RECORDED OCTOBER 4, 1966 IN BOOK 1412, PAGE 68 OF OFFICIAL RECORDS AND
14 DELINEATED ON THE MAPS FILED IN STATE HIGHWAY MAP BOOK 3, PAGES 702 THROUGH 710,
15 RECORDS OF SAID COUNTY;
16

17 THENCE ALONG SAID NORTHWESTERLY LINE OF STATE HIGHWAY 46 THE FOLLOWING COURSES:
18

19 THENCE NORTH 75°14'02" EAST 92.32 FEET;
20 THENCE NORTH 66°02'48" EAST 127.74 FEET;
21 THENCE NORTH 44°24'17" EAST 130.28 FEET;
22 THENCE NORTH 59°31'56" EAST 110.11 FEET;
23 THENCE NORTH 77°15'29" EAST 191.64 FEET;
24 THENCE NORTH 62°08'04" EAST 450.00 FEET;
25 THENCE NORTH 57°30'04" EAST 37.12 FEET;
26 THENCE NORTH 02°31'17" WEST 21.02 FEET;
27 THENCE NORTH 20°43'36" EAST 20.00 FEET;
28 THENCE SOUTH 61°19'43" EAST 34.46 FEET;
29 THENCE NORTH 57°30'44" EAST 229.23 FEET TO THE BEGINNING OF A NON-TANGENT CURVE
30 CONCAVE SOUTHERLY, HAVING A RADIUS OF 1,290.00 FEET, A RADIAL LINE TO SAID CURVE BEARS
31 NORTH 27°51'56" WEST;
32

33 THENCE EASTERLY ALONG SAID CURVE A DISTANCE OF 402.43 FEET +/-, THROUGH A CENTRAL
34 ANGLE OF 17°52'26" TO THE WESTERLY BOUNDARY LINE OF PARCEL "A" OF ANNEXATION NO. 62
35 TO THE CITY OF EL PASO DE ROBLES, A RADIAL LINE TO SAID CURVE BEARS NORTH 9°59'30" WEST;
36 THENCE FOLLOWING ALONG SAID WESTERLY CITY LIMIT LINE, THE FOLLOWING COURSES:
37

38 NORTH 04°22'28" EAST 87.98 FEET;
39 THENCE SOUTH 88°40'42" EAST 76.80 FEET;
40 THENCE NORTH 00°00'00" EAST 1,031.58 FEET;
41 THENCE NORTH 90°00'00" EAST 665.00 FEET;
42 THENCE NORTH 10°44'30" EAST 50.00 FEET;


43 THENCE NORTH 11°06'35" WEST 48.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE
44 SOUTHWESTERLY, HAVING A RADIUS OF 40.00 FEET;
45 THENCE NORTHWESTERLY AND WESTERLY ALONG SAID CURVE 54.94 FEET THROUGH A CENTRAL
46 ANGLE OF 78°41'25";
47
48 THENCE RADIAL TO SAID CURVE NORTH 00°12'00" EAST 30.00 FEET TO THE BEGINNING OF A NON-
49 TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 115.00 FEET, A RADIAL LINE TO SAID
50 CURVE BEARS SOUTH 57°03'43" EAST;
51
52 THENCE NORTHERLY ALONG SAID CURVE 60.21 FEET THROUGH A CENTRAL ANGLE OF 30°00'00";
53
54 THENCE NORTH 02°56'17" EAST 676.82 FEET TO THE BEGINNING OF A NON-TANGENT CURVE
55 CONCAVE EASTERLY, HAVING A RADIUS OF 1,673.00 FEET, A RADIAL LINE TO SAID CURVE BEARS
56 NORTH 86°00'19" WEST;
57
58 THENCE NORTHEASTERLY ALONG SAID CURVE 483.44 FEET THROUGH A CENTRAL ANGLE OF
59 16°33'23";
60
61 THENCE NORTH 20°33'04" EAST 199.83 FEET;
62 THENCE NORTH 20°33'04" EAST 65.70 FEET;
63 THENCE NORTH 23°48'44" EAST 416.28 FEET TO THE NORTHERLY LINE OF SAID LOT 20;
64 THENCE NORTH 90°00'00" WEST 33.00 FEET +/- ALONG SAID WESTERLY LINE AND SAID
65 NORTHERLY LINE;
66
67 THENCE LEAVING SAID WESTERLY BOUNDARY LINE OF PARCEL "A" OF ANNEXATION NO. 62 AND
68 ALONG SAID NORTHERLY LINE OF SAID LOT 20, THE FOLLOWING COURSES:
69
70 NORTH 88°42'42" WEST 27.63 FEET AND
71 NORTH 88°03'17" WEST 2,610.14 FEET TO THE **POINT OF BEGINNING**.
72
73 CONTAINING 7,353,712 SQUARE FEET OR 168.818 ACRES MORE OR LESS.
74
75
76 AS SHOWN ON EXHIBIT 'B', ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.
77
78
79

80 DATED THIS 10th DAY OF November 2020

81
82 

83
84 KURT R. TROXELL, L.S. 7854

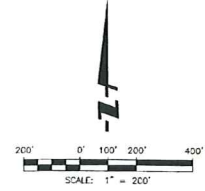
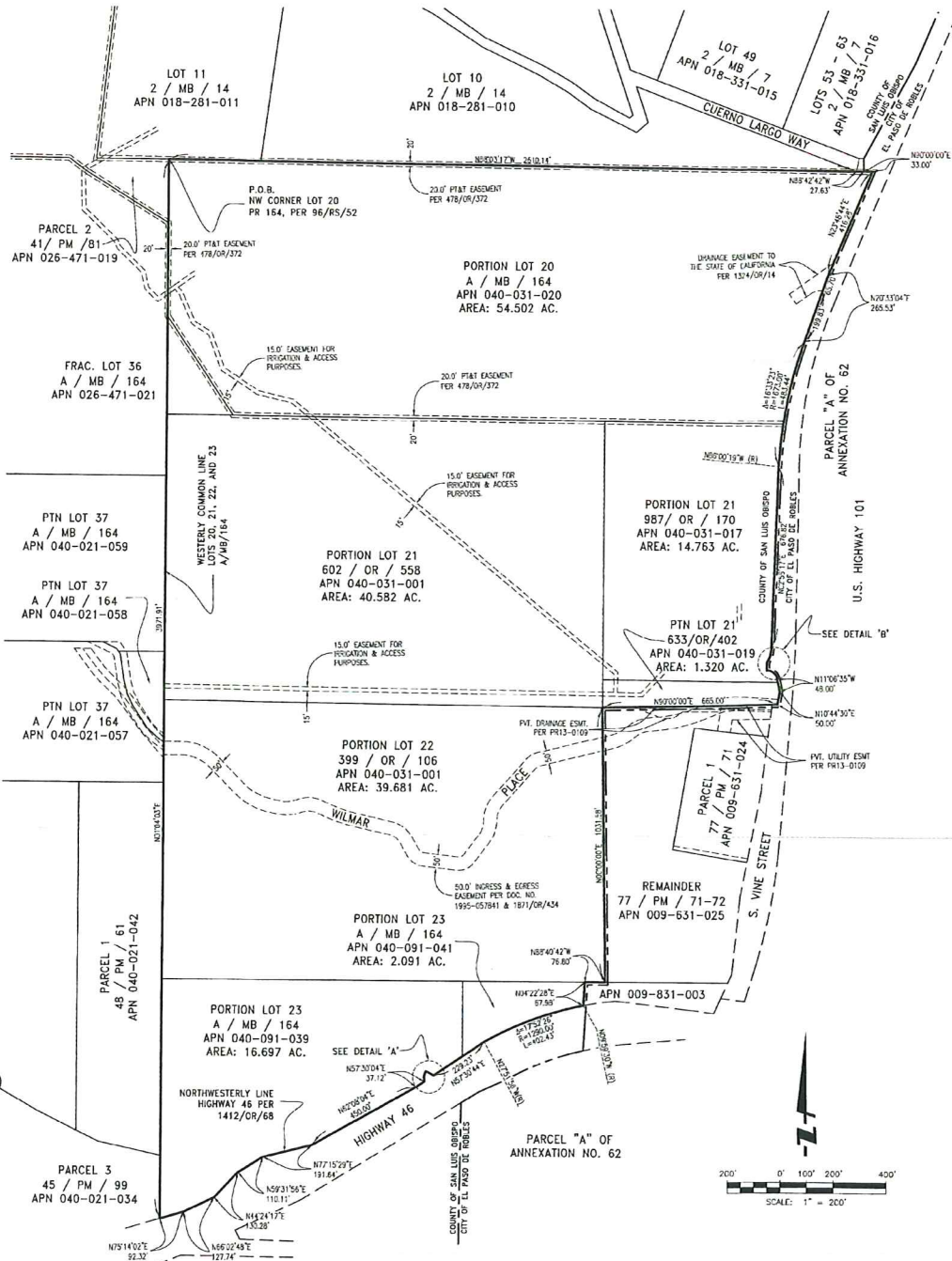
85 APPROVED COUNTY SURVEYOR

86 
By: Ernest M. Kiser
Date: 12/9/2020
San Luis Obispo County Dept. of Public Works

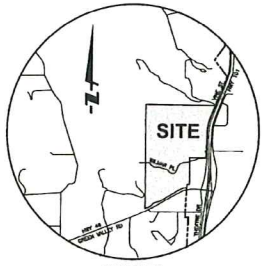
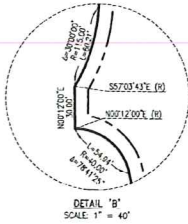
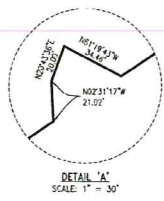


Approved
SLOLAFCO





- LINE LEGEND:**
- PROPOSED CITY LIMIT LINE
 - RECORD LOT LINES
 - RIGHT OF WAY
 - EASEMENT LINES
 - EXISTING CITY LIMIT LINE CITY OF PASO DE ROBLES



SURVEYOR'S STATEMENT:
 THIS MAP WAS PREPARED BY ME, OR UNDER MY DIRECTION, IN CONFORMANCE WITH THE PROFESSIONAL LAND SURVEYORS' ACT.

Kurt R. Troxell
 KURT R. TROXELL, FLS No. 7528
 EMAIL: ktroxell@fuscoe.com
 11/16/2020
 LAT



Paul H. King
 11/17/2020
 SLOLAPCO
 Approved

NO.	DATE	REVISION

FEL REFERENCE:

FUSCOE
 ENGINEERING
 15795 Van Kerman, Suite 100
 Irvine, California 92618
 Tel: 949.474.1950 • Fax: 949.474.5315
 www.fuscoe.com

EXHIBIT 'B'
 of: ANNEXATION NO. 90
 PORTIONS OF LOTS 20, 21, 22, AND 23,
 MAP BOOK A, PAGE 164 OF MAPS
 COUNTY OF SAN LUIS OBISPO,
 STATE OF CALIFORNIA

DATE: November 17, 2020
 FN: 1208-003 LAF 24135
 JN: 1208-003-02
 DRAWN BY: R.L.
 CHECKED BY: KRT
 SHEET 1 OF 1

Attachment B

LAFCO Legislative Factors-Government Code 56668 (a-q)

Attachment B

LAFCO Proposal Review Factors - Government Code 56668

ANNEXATION #90 TO THE CITY OF PASO ROBLES

(GATEWAY) – LAFCO No. 3-R-21

Factor (a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

Response. The Gateway Annexation involves 170 acres located in San Luis Obispo County, outside of the City of Paso Robles Sphere of Influence (SOI). It is bounded by State Route 46 West on the South, South Vine Street and US Highway 101 on the east, and scattered vineyard and residential uses on the north and west. Many of these factors are addressed in the staff report. The Gateway annexation was initiated by a resolution of application by the City of Paso Robles. The annexation was approved by the City on June 16, 2020. The project site had County land use designations of “Residential Suburban” (1 unit per acre) and approximately 100+ acres of land zoned “Agriculture”. A General Plan Amendment was approved by the City to make land use designations consistent with the pre-zoning application. The new land use designations for the Annexation Area included RC (Regional Commercial), RMF (Residential Multiple Family) – low density, AG (Agriculture), Open Space (OS), and Resort Lodging (RL). The land use amendments would not become effective until completion of the annexation.

The potential population growth as a direct result of the project would not be substantial and is consistent with the City’s General Plan Land Use Element Update 2014. When added to the existing city population the project would potentially increase the city’s total population to an estimated 31,481 residents.

The project proposes up to 97 new dwelling units which includes 80 resort residential units and 17 workforce housing units. Development of the project would add approximately 260 residents to the city (97 dwelling units x 2.68 people/unit) based on California Department of Finance 2020 estimates for average household size in the City of Paso Robles. This would result in a <0.8% increase in the City’s population of 31,221 (DOF 2020).

As of 2010, the City’s population was approximately 29,793. The total population growth rate from the year 2000 to 2010 was 18.4%. The year 2020 population estimate is 31,221. Build out population is approximately 44,000 by 2045 or later.

Paso Robles Population [DOF]			
2000	2010	2015	2020
24,297	29,793	30,952	31,221

Significant growth in the areas around the project is not anticipated at this time but could be likely in the next 10 years following this project proposal beyond what is already accounted for in the City's General Plan. The Gateway annexation would increase service demand and the City is prepared to provide services and has provided a plan for services with the annexation application. Funding for the increase in services would be via the approved Developer Agreement (Attachment G) and by revenue generated from the City's Community Facilities District.

Although the project area is not in the City's SOI the City has been planning to pursue the annexation and sphere amendment concurrently, as detailed in the 2013 Municipal Service Review (MSR). The MSR studied this area and concluded that the best approach for future growth would be to conduct an SOI amendment and annexation simultaneously. An Environmental Impact Report was prepared and approved in May of 2020 for the Paso Robles Gateway Project. The Environmental Impact Report identified the Project would be located in close proximity to existing visitor-serving and retail commercial uses south of SR 46 West and east of U.S. 101.

The topography on the site is comprised of grasslands, scattered oak trees, and ephemeral drainages. The Project would alter the existing drainage pattern but the impacts to existing drainage patterns would be Class III, less than significant. Perimeter landscaping will be implemented for retention/drainage basins and will consist of low maintenance trees and shrubs.

Assessed Valuation: The total assessed value of the annexation area, as determined by the County Assessor, is \$5,571,259. This breaks down as \$5,524,117 in land value and \$47,142 in improvement values. The amount of property tax revenue to be transferred between the County of San Luis Obispo and the City of Paso Robles shall be as per the approved Tax Exchange Agreement (November 2, 2021):

- No base property tax revenue shall be transferred from the County of San Luis Obispo to the City of Paso Robles.
- County will retain all of the future property tax increment, after transfers to the Educational Revenue Augmentation Fund (ERAF), in Fiscal Year 2022-23 and each fiscal year thereafter.

Factor (b) **1) The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; and probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.**

(2)"Services," as used in this subdivision, refers to governmental services whether or not the services are services which would be provided by local

agencies subject to this division, and includes the public facilities necessary to provide those services.

Response. The present cost and adequacy of governmental services and controls in the area is technically the County's responsibility, however, in emergency response situations the City is normally the first responder. While the annexation area was not part of the City's 2013 SOI Update, the property was noted in the Memorandum of Agreement (MOA) between the City of Paso Robles and the County of San Luis Obispo as a Special Area of Interest. It was noted that upon annexation to the city, the site would be primarily served by city governmental services.

All public services and utilities are located adjacent to the annexation area where the Paso Robles City Limits reside, avoiding costly long distance extensions of service lines or boundaries. The City of Paso Robles has adopted the "Special Tax" to finance public services for new development within the Community Facilities District, which would include the development proposed in the Gateway Annexation Area. In addition, funding for services would be provided by the approved Developer Agreement (Attachment G).

The City intends to provide all typical urban services to the area and has demonstrated its capability to do so as documented by the Certified Environmental Impact Report, approved land use entitlements, the attached Plan for Services, economic analysis report, and other associated materials. Overall, the project is primarily a visitor serving/tourist-oriented project and would generate substantial Transient Occupancy Tax and sales tax revenue. This revenue will be a significant contribution to the fiscal health of the City.

Factor (c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

Response. The proposed action would allow the City to be implemented upon compliance with the conditions of approval. The area would be removed from the County's unincorporated area and be within the City's incorporated service area. The City would be responsible for providing services to the area as detailed in the Plan for Services. The new regional commercial, residential multiple family and resort lodging development would increase the population and the economic activity in the area and contribute to local businesses, social and economic interests. As discussed in the economic analysis report for the Gateway project, substantial economic growth is expected to occur, which would result in an overall benefit to the social and economic interests of the City and County. Highlights of expected job and economic growth is bulleted below.

Short term economic benefits Include:

- Increase economic output by \$103.9 million, with \$81.9 million generated in the City of Paso Robles and \$21.9 million elsewhere in San Luis Obispo County
- Support 684 jobs, with 549 jobs supported in Paso Robles and 135 elsewhere in San Luis Obispo County

- Increase labor income by \$48.5 million, with \$41.8 million generated in Paso Robles and \$6.7 million elsewhere in San Luis Obispo County
- Increase local tax revenue by \$1.4 million, with \$584,600 generated in Paso Robles and \$789,900 elsewhere in San Luis Obispo County.

On-going economic benefits include:

- Increase economic output by \$183.3 million, with \$105.6 million generated in Paso Robles and \$77.6 million elsewhere in San Luis Obispo County
- Support 2,028 jobs, with 1,279 jobs in Paso Robles and 800 elsewhere in San Luis Obispo County
- Increase labor income by \$65.7 million, with \$38.6 million generated in Paso Robles and \$27.1 million elsewhere in San Luis Obispo County
- Increase local tax revenue by \$9.3 million, with \$6.5 million generated in Paso Robles and \$2.7 million elsewhere in San Luis Obispo County.

The proposed project will result in the continuation and long-term preservation of open space and agricultural operations as well. Approximately 98 acres would remain in agricultural production, with approximately 32 acres of the 98 acres being conserved in perpetuity for agricultural production based on prime soil types.

Factor (d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377.

Response. The Gateway Project provides for the planned, orderly and efficient development of the area. The City's Environmental Impact Report, Plan for Services and Water Supply Assessment for the Gateway Project demonstrate that the project would result in orderly and efficient development of the area and potential impacts would be mitigated accordingly. Specifically related to Section 56377, the project would fully offset the loss of prime soils by permanently conserving soils on-site at a 1:1 ratio as per LAFCO Policy 12.

The following are the San Luis Obispo LAFCO Policies for City Annexations and a brief analysis of the proposal under these policies:

Policy 1. The boundaries of a proposed annexation must be definite and certain and must conform to lines of assessment whenever possible.

Analysis. The boundaries are definite and certain and adhere to assessor parcel lines. The annexation map has been approved by the County Surveyor.

Policy 2. The boundaries of an area to be annexed will not result in any areas difficult to serve.

Analysis. The properties are adjacent to the City and are not difficult for the provision of City services. There are no limitations resulting in the annexation from being difficult to serve. Annexing this area would provide for the efficient and effective provision of services by the City as planned for in its Plan for Services.

Policy 3. There is a demonstrated need for governmental services and controls in the area proposed for annexation.

Analysis. The City will be able to provide an increased level of service and controls for these areas. The Plan for Services approved by the City address the provision of governmental services, financing of improvements, a plan for all services and improved sales tax revenues.

Policy 4. The municipality has the resources capable of meeting the need for services in the area proposed for annexation and has submitted studies and information documenting its ability to serve.

Analysis. The City has demonstrated its ability to serve the area in the certified Environmental Impact Report completed for the project. The individual environmental impact sections of this EIR provide detailed analysis of the City's capability to provide the necessary resources (see Section 4.12, Public Services and Recreation, and Section 4.15, Utilities/Service Systems) to the Project. The City further documented its capabilities in the Water Supply Assessment and the Plan for Services found in Attachment I and D of this Staff Report. The City has the capability to provide water and wastewater, police, fire, and other services as well.

Policy 5. There is a mutual social and economic community of interest between the residents of the municipality and the proposed territory.

Analysis. The proposed annexation would become part of the social and economic fabric of the City of Paso Robles. The Area is adjacent to the City and its social and economic communities of interest.

Numerous residents provided the Planning Commission with public comment after the release of the FEIR. Several letters were submitted expressing concern on topics related to increased traffic, timing on the construction of infrastructure, water, workforce housing, and connectivity. The Templeton Area Advisory Group had also submitted a letter to LAFCO in October 2020 expressing concerns about the SR 46 W / US 101 interchange and Templeton Main Street interchange.

Under Mitigation Measure T-1 of the FEIR, the project applicant shall contribute an equitable share to the Templeton Road Improvements Fee Program to assist with offsetting the traffic impacts. However, improvements to U.S. 101/Main Street interchange are in the beginning planning phases and funding and

feasibility cannot be guaranteed at this time and are beyond the control of the City making this a Class I significant and unavoidable impact, as stated in the FEIR.

Conversely, the Project would provide City desired improvements (e.g., South Vine Street realignment), increased tax revenues to the City, and development fees, which also compensate for municipal services, and would support local tourism to the benefit of the City's economy as demonstrated by the economic analysis report (Attachment H).

Overall, while the project would result in environmental impacts, the long term social and economic benefits are significant. In addition, the project as a whole is consistent with CKH and LAFCO Policies.

Policy 6. The proposed annexation is compatible with the municipality's general plan. The proposed annexation represents a logical and reasonable expansion of the annexing municipality.

Analysis. The project was not accounted for in the City's General plan but has included a General Plan amendment, SOI amendment, and rezoning of the Project site.

Policy 7. The Commission shall determine if a disadvantaged unincorporated community is associated with an application. If a disadvantaged unincorporated community does exist, the procedures for processing the annexation as outlined in the CKH Act shall be implemented.

Analysis. The proposed annexation does not contain a disadvantaged unincorporated community. LAFCO conducted a Municipal Service Review of the City in February 2013 which concluded the City of Paso Robles Sphere of Influence does not have disadvantaged unincorporated community located within or adjacent to its boundaries. Since that time, no changes have occurred within or adjacent to the Gateway area annexation that changes this determination.

Policy 8. That the City Prezone the area to be annexed and complete CEQA as the Lead Agency for the proposal and/or project. LAFCO should in most instances act as the Responsible Agency with regard to an annexation and CEQA.

Analysis. The City also completed CEQA and filed an Environmental Impact Report, certified on June 16, 2020. LAFCO is acting as a Responsible Agency and will rely on this document. The City pre-zoned the Annexation Area as RC (Regional Commercial), RMF (Residential Multiple Family) – low density, AG (Agriculture), Open Space (OS), and Resort Lodging (RL).

Government Code Section 56377 states:

56377. *In reviewing and approving or disapproving proposals which could reasonably be expected to include, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider all of the following policies and priorities:*

(a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.

(b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing sphere of influence or the local agency.

Analysis. The annexation to the City of Paso Robles promotes the development of lands proximate to the City. The project would impact 32 acres of prime soils but would offset the impact by conserving prime soils on-site at a ratio of at least 1:1. In addition, will retain more than 60 acres for agricultural production. Overall, the proposal has guided development into agricultural and open space lands, but it will maintain agricultural viable production surrounding the subdivision.

Factor (e) **The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.**

Response. The area includes six parcels, under one ownership. The area is unincorporated and has seen no development under County agricultural and residential suburban zoning, currently consisting of cattle grazing. The proposed development will build out resort hotels/ lodging, multi-family residences, commercial, open space, and agriculture land uses. The City has pre-zoned the 170 acres as follows: 49.7 acres for Agriculture Land, 32.3 for Agriculture Land that will be under conservation easement, 16.6 for Open Space, 0.2 for Residential, 59.3 for Hotel, 10.6 for Commercial Center, and 3.2 for Public Roads. The project includes on-site conservation of prime soils consistent with LAFCO Policy 12 which requires that prime soils are mitigated at a minimum ra

Factor (f) **The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.**

Response. The annexation boundary follows lines of assessment and does not create island or corridor of unincorporated territory.

- Factor (g)** **A regional transportation plan adopted pursuant to Section 65080.**
- Response.** With implementation of mitigation measures prescribed by the EIR, the Project would be consistent with all applicable City policies and Standards, and the land use strategy in SLOCOG’s 2019 Regional Transportation Plan.
- Factor (h)** **The proposal's consistency with city or county general and specific plans.**
- Response.** While the Project site falls outside of the Paso Robles city limits, the site is in the city’s General Plan Planning Impact Area and included in the City’s Purple Belt Action Plan and the Paso Robles Gateway Plan: Design Standards and certified in the Environmental Impact Report for the Gateway annexation area. This area was also studied in the 2013 MSR and is consistent with the established the processes and procedures for future annexation of this area.
- Factor (i)** **The Sphere of Influence of any local agency that may be applicable to the proposal being reviewed.**
- Response.** Although the proposal site is not within the current Sphere of Influence which was updated in 2013, it was mentioned at the time as a Special Area of Interest and established the processes and procedures for future annexation of this area. The proposal does not conflict with the Sphere of Influence of any other jurisdiction.
- Factor (j)** **The comments of any affected local agency or other public agency.**
- Response.** No comments were received from public agencies.
- Factor (k)** **The ability of the newly formed or receiving entity to provide the services that are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.**
- Response.** The City of Paso Robles is capable of providing services to all of the property within the annexation area, this is documented in Environmental Impact Report, Plan for Services, Water Supply Assessment, and other studies completed by the City. The property tax agreement has been approved by the City and the County of San Luis Obispo. Services and infrastructure for the annexation area would be funded by the existing Community Facilities District, the Developer Agreement, and other revenue generated by the project.
- Factor (l)** **Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.**

Response. Development of the annexation area was not considered in the water demand and supply projections in the City’s 2015 Urban Water Management Plan (UWMP). The estimated maximum water use of the annexation area of up to 144 AFY would increase the City’s projected demand at buildout in 2045. However, the City would continue to have the necessary water supply to meet the projected demand, of 9,663 AFY with the project. If less groundwater is available to the city from the basin than anticipated at that time, the City’s water portfolio provides for additional water availability to meet all of the City’s demand (e.g., through increased delivery and treatment of Nacimiento water).

The City holds a 6,488 AFY delivery entitlement from Lake Nacimiento water. In order to directly use the Nacimiento entitlement, the City constructed a surface water treatment plant with an anticipated yield of approximately 2,017 AFY at City buildout in 2045. The treatment plant operation could be increased to provide up to 2,688 AFY of water for City use, or 617 AFY more than currently anticipated by the 2045 demand.

The EIR concluded the City has adequate potable supply to provide a reliable long-term water supply for the project under normal and drought conditions. Also noted in the WSA, the Paso Robles Groundwater Basin is currently facing legal challenges (Quiet Title) with the next phase of the case to determine how much water is allocated to the various users. The City is prepared for this by diversifying its water portfolio which allows the City to serve its existing and future residents.

Factor (m) **The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.**

Response. This project would provide 17 workforce apartments that would be rental units restricted by deed and not available for sale to the occupant of the unit. The units would also be prohibited from short-term rental use. By making these rental units, this would more likely meet the needs of Very Low-, Low-, and Moderate-income people than if it were for-sale units and in turn this would help the City achieve its Regional Housing Needs Allocation.

The applicant has also agreed to pay an affordable housing in-lieu fee. The fees due under this agreement are estimated at approximately \$500,000. The City does not currently have an affordable housing in-lieu fee program, so it is unsure whether these fees will have a significant impact on the affordable housing issue. In addition, the affordable housing planned for the in Certified Housing Element is anticipated to meet the demand for affordable housing generated by the Gateway project.

Factor (n) Any information or comments from the landowner or landowners, voters, or residents of the affected territory.

Response. None received.

Factor (o) Any information relating to existing land use designations.

Response. The site is presently zoned agriculture and residential suburban. The City's entitlement process for the project will change the general plan land use designation and zoning to RC (Regional Commercial), RMF (Residential Multiple Family) – low density, AG (Agriculture), Open Space (OS), and Resort Lodging (RL). The land use amendments would not become effective until completion of the annexation. These new designations would retain some of the agricultural and open space of the site such that impacts would be fully mitigated.

Factor (p) The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins, with respect to the location of public facilities and the provision of public services, to ensure a healthy environment for all people such that the effects of pollution are not disproportionately borne by any particular populations or communities.

Response. The residential and hotel units and commercial spaces proposed would be available to people of all races, cultures, and incomes.

With regard to the location of public facilities and the provision of public services, this project does not affect the fair treatment of people of all races, cultures, and incomes. Facilities (pipelines and other infrastructure) associated with development will be located within public roadways or on the site.

Factor (q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone pursuant to Section 51178 or maps that identify land determined to be in a state responsibility area pursuant to Section 4102 of the Public Resources Code, if it is determined that such information is relevant to the area that is the subject of the proposal. (Amended by Stats. 2019, Ch. 360)

Response. According to Cal Fire Hazard Severity Zones, the risk of fire hazard is considered high within and adjacent to the planning area (Cal Fire 2019). However, the project provides uniform fire prevention, hazardous material, and building construction regulations pursuant to the California Fire Code. In addition, new development on the Project site would be required to comply with the city's Local Hazard Mitigation Plan, updated building code and fire protection measures, and fuel modification and landscape plan review procedures. The EIR

addresses the Safety Element and any other local hazard mitigation planning in detail. Impacts related to wildfires and wildland fire hazards remain less than significant.

Attachment C

Environmental Impact Report for Gateway Project

NOTE: Due to file size, we have made this document available on the LAFCO website at www.slolafco.com

Attachment D

Plan for Services



City of Paso Robles Gateway Annexation Project Plan For Services

Pursuant to Government Code Section 56653 and San Luis Obispo Local Agency Formation Commission (LAFCO) Policy 3.1.3, the following Plan for Services identifies services to be extended to the Gateway Annexation property (“annexation area”) by the City of Paso Robles.

Plan for Services for the Gateway Annexation Property

Affordable Housing

The 2019 Regional Housing Needs Allocation for the City of Paso Robles identified the need for 839 Very Low-, Low- and Moderate-income units over the next 10 years.

The project would provide 17 workforce rental apartments and 80 market-rate attached single family residential units that would be consistent with the City’s proposed 2019-2028 Housing Element that will meet the City’s Regional Housing Needs Allocation (RHNA).

The 17 workforce apartments would be rental units restricted by deed and not available for sale to the occupant of the unit. The units would also be prohibited from short-term rental use. Rental units are more likely to meet the needs of Very Low-, Low- and Moderate-income people than for-sale units and would help the City achieve its RHNA allocation.

Additionally, per the terms of the Development Agreement, the applicant has agreed to pay an affordable housing in-lieu fee. The City does not currently have an affordable housing in-lieu fee program, so the amount of the fee will be assessed based on the County’s Affordable Housing Fee, and be payable at time of certificate of occupancy for each structure. The fees due under this agreement are estimated at approximately \$500,000. The in-lieu fee commitment from the applicant is in recognition that building those units in a later phase of the development will leave a near-term need for workforce housing that the City will work to fill in partnership with an affordable housing partner using the in-lieu fee funds.

Fire Protection (including emergency medical and hazard response)

The annexation area would be served by City of Paso Robles Department of Emergency Services (PRDES) for fire and emergency services. PRDES provides a variety of services, including emergency medical services (EMS), fire suppression, hazardous conditions, rescue, and other emergency responses. Additionally, the PRDES is part of a countywide team that provides mutual aid response to hazardous materials events throughout the County. PRDES includes a staff of 27 to support fire protection, including: three battalion chiefs, one fire marshal, one fire inspector, one administrative assistant, and one fire chief.

PRDES also has automatic and mutual aid contractual agreements with CAL FIRE and the surrounding municipal departments for emergency response to areas outside, but near, the City. CAL FIRE Station 30 will respond in addition to PRDES to this area. CAL FIRE will assist with needed fire flow requirements and EMS response. Station 30 is located 0.7 miles from the site with a travel time of 2 minutes.

There are currently two fully staffed City-operated fire stations serving the City; there is also an unstaffed fire station at the City’s Airport. The City-operated station nearest to the annexation area is Paso Robles Fire Station Number 1, located approximately 2.8 miles north of the site. Fire Station 1 is staffed with one fire engine and one paramedic squad, with a total of 5 people per shift.

The City's General Plan calls for a ratio of 0.8 to 1.3 firefighters per 1,000 residents. Based on the City's 2019 population of 32,212 people, approximately 26 firefighters are needed to provide at least 0.8 firefighters for each 1,000 residents, and approximately 42 firefighters are needed to provide 1.3 firefighters for each 1,000 residents. With 27 firefighters currently on staff with the City, the City's existing service ratio is approximately 0.84 firefighters per 1,000 residents.

The Project includes up to 80 new resort residential units and 17 workforce housing units, resulting in a total of 97 new dwelling units. The 80 potential resort residential units would likely be used as vacation properties, not full-time residents that would generate new population in the city. However, as a conservative estimate, all 97 potential dwelling units on the Project site are considered as potentially population generating. Accordingly, these dwelling units could generate up to 263 new residents in the city. The Project also includes additional structural development, including hotel and commercial uses, and associated amenities, which will require fire protection response and services in the event of an emergency.

Even at full build-out, this project is expected to have minimal impacts to PRDES. Current metrics indicate that this project will generate 62 emergency responses a year, or an average of approximately 1 call per week. PRDES has the capacity for this additional call load.

The potential 263 new residents generated by the Project would not result in the need for additional firefighters to maintain the city's minimum service ratio of 0.8 firefighters for each 1,000 residents. The addition of 263 residents to the city's 2020 population of 32,212 people generates a service ratio of 0.83 firefighters per 1,000 population, which continues to meet the City's established service ratio standard.

The City's Emergency Services Growth Management Plan includes an adopted response time goal of 4-minutes or less 90 percent of the time. In 2018, this goal was achieved 34.4 percent of the time with an average response time of five-minutes and 25 seconds. In 2018, PRDES received 3,893 calls, with 114 calls for a fire emergency, 1,246 service calls, 98 calls for hazardous conditions, and 2,435 medical calls. In 2018, PRDES experienced 676 instances of simultaneous calls. When simultaneous calls are received, the 911 caller has to wait for the current emergency to be cleared or wait for another fire department to respond into the City. Mutual aid from another fire department was requested 106 times in the year 2018, or on average approximately 2 times per week. The average response time for a mutual aid fire engine in 2018 was approximately 16 minutes for EMS and approximately 13 minutes for fire calls.

As a result, a third fire station is currently being developed in the City of Paso Robles to redistribute call volume and improve response times. The new station would be approximately 11,500 square feet and would include an engine bay, offices, and living quarters. At this time, the property intended for this facility, which is approximately 4.5 miles northeast of the annexation area, has been purchased. Three additional staff members will be needed to fully staff Fire Station 3. The three additional staff will bring total response personnel to 30 and increase the number of firefighters per 1,000 population to .92. The programming and conceptual design of the fire station was authorized by the City Council to begin in 2020.

The level of service provided to the annexation area will be the same as is provided to the rest of the City.

Any development in the annexation area would require the applicant to prepare and submit water distribution plans that identify the locations of all services, gate valves, air vacuum release valves, blow-offs, and fire hydrants as approved by the City Engineer and PRDES.

In order to mitigate the impacts of the project on the City, the City and Applicant have included provisions in the Development Agreement that establish the basis for annexing into the existing City-wide Community Facilities District (CFD 2005-1) and imposing special taxes to offset of the cost of general City services. In order to pay its own way, each residence in the CFD will pay an additional property tax at a rate determined by the Citywide Services Fiscal Impact Report to offset its contribution to this impact by providing funding

for additional firefighters, equipment, and a new fire station facility to serve the City. Payment of the required CFD Special Tax would ensure the City has available funds to maintain and develop fire protection services to support future development in the City, including the proposed annexation area. When the CFD special taxes are added to General Fund revenues, the overall impact to the City of the Project is fiscal neutrality.

The proposed project is estimated to generate \$2 million dollars in annual Transient Occupancy Tax (TOT) revenue. TOT revenue is unrestricted revenue, available for general governmental purposes, including additional staffing for PRDES. The City Council has recently reaffirmed the priority for staffing in the City's police and fire services.

Government Services

The annexation area would be served by the City of Paso Robles for most government services including: elections, public notices, planning and zoning review, engineering, building permits and inspections, and code enforcement.

The level of service provided to the annexation area will be the same as is provided to the rest of the City and future development will be subject to applicable service fees. City services are located at City Hall, 1000 Spring Street, Paso Robles.

The annexation area would continue to be served by the following County of San Luis Obispo Departments for specific regional services: Agriculture/Weights and Measures, Animal Services, Assessor, Child Support Services, Clerk-Recorder, Coroner, District Attorney, Drug and Alcohol Services, Grand Jury, Health Department, Probation, Social Services, Tax Collector, and Veterans Services

Law Enforcement

The annexation area would be served by City of Paso Robles Police Department (PRPD) for law enforcement services. The PRPD current service area consists of over 19.9 square miles with a service population of approximately 31,244. PRPD's police station is located approximately two miles northeast of the annexation area at 900 Park Street. In 2019, the PRPD authorized 54.5 sworn and non-sworn staff. The number of employees working varies depending on the time of day and day of the week. PRPD has a current citywide staffing level of 1.1 sworn police personnel per 1,000 residents. The City's General Plan calls for a ratio of 1.4 to 1.6 sworn police personnel per 1,000 residents. Based on the City's 2019 population of 31,244 people approximately 44 police personnel are needed to provide at least 1.4 sworn police personnel for each 1,000 residents, and approximately 50 police personnel are needed to provide 1.6 sworn police personnel for each 1,000 residents. The current ratio is 1.1 and the PRPD is not maintaining the established ratio goal established in the General Plan with existing staffing. The PRPD measures levels of service based on response times to the location of a call.

The City has an adopted response time goal of four minutes. The PRPD has an average of approximately 13 minutes response time for high priority calls. Additional PRPD staff are needed to meet the established ratio, but additional facilities are not required or currently anticipated.

The Project includes up to 80 new resort residential units and 17 workforce housing units, resulting in a total of 97 new dwelling units. The 80 potential resort residential units would likely be used as vacation properties, not full-time residents that would generate new population in the city. However, as a conservative estimate, all 97 potential dwelling units on the Project site are considered as potentially population generating. Accordingly, these dwelling units could generate up to 263 new residents in the city. The Project also includes additional structural development, including hotel and commercial uses, and associated amenities, which may require fire protection response and services in the event of an emergency. In combination with the increased population generated by the project, the hotel and commercial development would potentially increase demand on city Emergency Services. The potential 263 new residents generated by the Project would not directly result in the need for additional police personnel, to provide the city's minimum service ratio of 1.4

sworn police personnel for each 1,000 residents. However, because the Project includes the development of up to 97 dwelling units, as well as hotel and commercial uses, the project would exacerbate the existing, insufficient police service ratio identified for the city.

Project development in the annexation area would be required to pay the CFD Special Tax at a rate determined by the Citywide Services Fiscal Impact Report, which funds additional staff and facilities as needed. Payment of the required CFD Special Tax would offset the increased demand for police services by providing funding for additional police officers to serve development in the annexation area, ensuring the City has available funds to maintain and develop police protection services to support future development in the City, including the proposed annexation area. When the CFD special taxes are added to General Fund revenues, the overall impact to the City of the Project is fiscal neutrality.

Additionally, the County has law enforcement services available in Templeton that could provide mutual aid response in an emergency, if needed.

The level of service provided to the annexation area will be the same as is provided to the rest of the City.

Parks and Recreation

The annexation area would be served by City of Paso Robles for park and recreation services. The City of Paso Robles includes 13 parks: one regional park, a community park, three district parks, five neighborhood parks, and three mini parks, as well as four recreation centers. These facilities total approximately 105 acres of parkland in the city, of which approximately 17 acres are neighborhood parks. The City owns and/or manages a total of approximately 1,630 acres combined of parks and open space within and adjacent to the City. There is no existing parkland on the annexation site, and the closest recreation facility to the annexation area is Larry Moore Park. This two-acre neighborhood park is located approximately one-mile northeast of the annexation area. The proposed future subdivision in the annexation area would require the applicant to pay City parkland development fees (Quimby Act fees) in accordance with the City's Development Impact Fee program.

The level of service provided to the annexation area will be the same as is provided to the rest of the City.

Public Areas Maintenance

Infrastructure within the proposed annexation area would be maintained by the landowner/project applicant. The City would maintain South Vine Street, including roadway pavement and markings, curbs, gutters, sidewalks, signs, street lighting, and signals. The City would also maintain the adjacent bicycle lanes and pedestrian paths. Existing City policy requires that curb strips, including landscaping be maintained by the landowner of the parcel adjacent to such improvements.

All other streets within the proposed annexation area would be the responsibility of the landowner/project applicant.

Public Library

There is one library, Paso Robles City Library, in the city. Paso Robles City Library provides reading materials, online resource databases, a study center for children after school, computer use services, and various reading programs and related events. The 18,678 square-foot library building is approximately 22 years old and is still in the beginning of its projected 120-year life cycle. Based on the library's square footage and an existing service population of 31,559, the ratio of square feet of library space per capita is 0.6, which meets the City standard of 0.5 square feet per capita. The Paso Robles Library Five Year Plan established a goal for the year 2025 to expand the library to meet the needs for the projected city population of 44,000.

Public Transit

The City of Paso Robles is served by the San Luis Obispo Regional Transit Authority (SLORTA), which provides fixed-route service (Route 9) from San Luis Obispo to Paso Robles and from Paso Robles to San Miguel. Route 9 includes seven stops in the City, including two stops in the Target Center to the south of the annexation area, with the closest stop being approximately 0.26 miles from the intersection of SR 46 W and Theater Drive (South Vine Street realignment). SLORTA also operates the Paso Express transit system. The Paso Express system includes fixed-routes Routes A and B that run throughout the city; however, these routes do not extend to the annexation area. EIR Mitigation Measure AQ-1 requires expansion of the Paso Express routes with new stops in the annexation area or along South Vine Street to ensure the annexation area is within ¼ mile of a transit stop. Transit stops would be required to be implemented in compliance with all applicable safety regulations for such facilities as to not result in safety issues or design hazards.

Schools

The annexation area would continue to be served by the Paso Robles Joint Unified School District (PRJUSD). The PRJUSD provides public school facilities and services to the City of Paso Robles and nearby unincorporated areas. There are 11 schools in PRJUSD including six elementary schools, two middle schools, one comprehensive high school, and one alternative high school. Private schools are not included in this analysis because they are not funded by the state and are optional sources of education. PRJUSD provides public education to over 6,900 students in 11 school sites.

New development in the annexation area would be required to pay state-mandated impact mitigation fees. At the time of issuance of building permits developers are required to pay the PRJUSD rate in effect at the time, currently \$2.63 per square foot of residence. This rate is not the same as the current state maximum fee and the PRJUSD may raise its fees in the future in conjunction with a facility fee justification study. (At its January 22, 2020, meeting, the State Allocation Board increased the maximum amount of the fees to \$4.08 per square foot of residential construction described in Government Code Section 65995(b)(1) and to \$0.66 per square foot against commercial and industrial construction described in Government Code Section 65995(b)(2), pursuant to Government Code Section 65995(b)(3)) These fees would offset the increased demand for school services by providing funding for additional facilities to serve the area.

Solid Waste and Recycling

Solid waste services for the City of Paso Robles are provided by contract with private firms. Paso Robles Waste Disposal provides solid waste collection service to the City and Pacific Waste Services operates the City-owned landfill. The Paso Robles Landfill located approximately 13 miles east of the Project site. The landfill is classified as a Class III waste management unit, approved for discharge of Nonhazardous Municipal Solid Waste. Paso Robles Landfill's total permitted operation area is 80 acres, with an approved and permitted waste disposal footprint of 65 acres. The landfill has a maximum permitted capacity of 6,495,000 cubic yards and a maximum permitted throughput of 450 tons of solid waste per day and 75,000 tons per year, through October 1, 2051. As of December 31, 2017, the landfill had a remaining capacity of 4,216,402 cubic yards or approximately 65 percent of the maximum permitted capacity. The recent 2016/2017 average gate acceptance rate was approximately 152 tons per day on a six-day per week basis and accounting for being closed on Christmas day. There have been no exceedances of the 450 ton per day or 75,000 tons per year limits at the landfill since the Solid Waste Facility Permit was issued in January 2008.

Based on the CalRecycle waste generation rate of 1.31 tons per guest room per year for Hotels and Lodging uses, the approximately 425 rooms included in the Project would generate approximately 556 tons of solid waste per year. Based on the conservative CalRecycle commercial sector waste generation rate of 13 pounds per 1,000 square feet per day, the approximately 83,100 square feet of commercial development proposed for the Project would generate an estimated 1,080 pounds per day, or 197 tons per year, of solid waste. In total, the Project would result in an approximate increase in the City's solid waste stream of 753 tons per year. The Project's waste generation would increase the recent average gate acceptance rate at the Paso Robles Landfill

by approximately 2.4 tons per day. This amount would not create a significant impact on the permitted daily throughput or permitted total capacity of the landfill.

Stormwater Facilities

The City uses storm drainage facilities maintained by the City Public Works Department to accommodate stormwater runoff. These lines empty into storm drains or natural drainage courses. The annexation area does not currently contain stormwater drainage facilities. In the current state, stormwater flows from the annexation area naturally run from west to east towards South Vine Street through several ephemeral streams that occur during heavy rains. In the general vicinity of the annexation area, stormwater flows toward the Salinas River through a network of storm drainage pipes and culverts, and ultimately discharges to the river.

Proposed development in the annexation area would increase the on-site impervious surface area by approximately 1,229,600 square feet associated with the proposed buildings, asphalt paving for parking and internal roadways, and concrete walks and pads. This establishment of impervious surfaces on the site would result in an increase in surface runoff from the site. Over 98 acres of agricultural, open space, and landscaped areas of the site would include pervious surfaces that would allow for stormwater infiltration. Project design would be required to comply with all Central Coast RWQCB requirements by implementing a combination of structural stormwater control measures (SCMs) and low impact design (LID) strategies. Wherever possible, the natural drainage system in the annexation area would be preserved and utilized for natural retention and treatment of stormwater flows. Alluvial and sandy soils underlying several portions of the annexation area site facilitate infiltration.

Proposed development in the annexation area would not result in the need for new or expanded City stormwater facilities. Onsite stormwater facilities would include bioretention gardens, pervious pavement, stormdrains with rip-rap outlets, and detention basins.

Transportation

The site is bounded by United States Highway 101 (U.S. 101) and State Route 46 (SR 46) West. South Vine Street is currently located on the southeastern and eastern boundary of the Project site. There are three parcels located between the Project site and the intersection of U.S. 101 and SR 46 West. These parcels are collectively referred to as the “CENCO” property.

U.S. Highway 101/State Route 46 West Interchange

In recent years, the City of Paso Robles and Caltrans have worked cooperatively on the U.S. Highway 101/State Route 46 West Interchange Modification Project to relieve local and regional circulation problems and reduce existing and future congestion by improving the U.S. 101/SR 46 West interchange ramps, and relocating Theatre Drive to a new intersection with SR 46 West. In 2009, an Initial Study with Mitigated Negative Declaration was prepared and approved by Caltrans in coordination with the City, and Caltrans issued a Finding of No Significant Impact (FONSI) for the Interchange Modification Project.

Theater Drive. Phase one of the Interchange Modification Project included the realignment of Theatre Drive to the west of the interchange and was completed by the City 10 years ago, at a cost of \$10-12 million.

South Vine Street Realignment. The Interchange Modification Project includes the realignment of South Vine Street through the CENCO property and the Project site as the second phase of improvements. The alignment of South Vine Street will be shifted towards the west in a broad “S” curve to meet SR 46 West at the Theatre Drive intersection. This realignment of South Vine Street is described as Alternative 2 and shown in Figure 1.3-2 in the Initial Study with Mitigated Negative Declaration for the Interchange Modification Project. A final right-of-way alignment and land dedication for the South Vine Street realignment has been certified in the Settlement Agreement entered into by the city, the Gateway Project applicant and property owner (Quorum Realty Fund IV, LLC [Furlotti]), and CENCO Investments on August 2, 2016. The realignment will involve a lot line adjustment (PR/COAL 18-0098) to convey 1.8± acres of the Applicant’s

property to CENCO and 2.1± acres of CENCO's property to the Applicant. Phase two will only be financially feasible with the cooperation of the Project and the dedication of public right-of-way for the realignment. The South Vine Street realignment would improve traffic flow to a substantial degree and would offset potential Project traffic congestion impacts that might otherwise be expected at facilities near the site.

The Vine Street realignment is estimated to cost approximately \$6 million. Within 60 days after successful annexation, the applicant is required to dedicate the right-of-way necessary for the realignment to the City. The applicant is responsible for paying for all the costs to design, engineer, grade and construct the portion of the Vine Street realignment ("Developer's Vine Street Share"), as shown on the Allocation of Vine Street Realignment Costs, attached as Exhibit "I" of the Developer's Agreement. This includes installation of necessary utilities within the right-of-way. Based on the preliminary plans for the Vine Street Realignment, the parties estimate that the Developer's Utility Infrastructure Costs (and without including the Developer's Vine Street Share or the cost of the Vine Street Bridge) represent approximately 8% of the total Vine Street Realignment costs.

The City is responsible for all of the costs to design, engineer, grade and construct the portion of the Vine Street realignment ("City's Vine Street Share"), as shown on Exhibit "I" of the Development Agreement with the exception of the Developer's Utility Infrastructure Cost. The City is also responsible for the cost to design, engineer, and construct the Vine Street Bridge.

The applicant and the City have agreed to work diligently and cooperatively to identify sources of financing for the City's share of costs, so that the realignment can be completed within seven years after successful annexation. The South Vine Street Realignment must be completed before any portion of the Gateway project can receive certificates of occupancy. Both Caltrans, SLOCOG, and the City agree that the realignment will be a benefit to the region and is an operational improvement that mitigates the impacts of the long-term operation of the project.

Roundabouts. The proposed third and final phase of the Interchange Modification Project is the construction of roundabouts at the U.S. 101/SR 46 West northbound and southbound ramp terminals. Since the 2009 PAED, minor design modifications have been made to the roundabout design. The modification includes a reduction in the build area and change of the roundabout design to single-lane roundabouts, which eliminates the need to widen the undercrossing at U.S. 101. The City of Paso Robles is currently reviewing solicitations from firms to complete an update and reevaluation of the 2009 PAED to reflect this modification.

The roundabouts are estimated to cost \$20-35 million, which is substantially reduced from the original \$60 million estimate and helps alleviate previous financial constraints. There will be a City, County, Regional, and State share for funding the improvement. The project is high on SLOCOG's priority list, and

The Final EIR assumed the existing signals at the SR 46 West/U.S. 101 interchange would remain under the Existing + Project buildout scenario, which is the worst-case scenario. As discussed in Final EIR Impact T-1 and Impact T-5, all project area intersections, roadway segments, and freeway facilities would operate at pre-project levels under Existing, Cumulative, and General Plan Buildout conditions, with the exception of U.S. 101/Main Street southbound off-ramp intersection and northbound off-ramp intersection, and U.S. 101 northbound, north of SR 46.

U.S. Highway 101/Main Street Interchange

The U.S. 101/Main Street interchange, located in the County area adjacent to the community of Templeton and approximately 1.7 miles south of the Project site, was considered part of the project study area roadway network for the purposes of the transportation/traffic analysis in this EIR. As discussed in the Final EIR Impact T-1, the project would add three trips to the southbound off-ramp and six trips to the northbound off-ramp at the U.S. 101/Main Street interchange, which both currently operate at LOS E during the PM

peak hour and exceed the Caltrans LOS C and County LOS D targets for the interchange. The Project would not change the LOS at these ramps and therefore would not result in a significant impact in accordance with Caltrans criteria. However, the Project would exacerbate existing deficient conditions at these intersections, which would result in a potentially significant impact in accordance with County criteria. Per Final EIR Mitigation Measure T-1 the applicant is required to pay a fair-share contribution for the nine PM peak hour trips prior to occupancy/final inspection of the first building permit for the project.

Utilities

Natural gas, and telecommunications do not currently exist within the annexation area. An existing overhead powerline runs across the property. Pacific Gas and Electric (PG&E) is responsible for providing electric power supply to Paso Robles. The annexation area site is in the natural gas service area of Southern California Gas Company (SoCal Gas), which spans central and southern California. The project would connect to an existing gas line along South Vine Street. The annexation area is located in telephone area codes 805 and 820 and is within AT&T California's carrier of last resort territory. The cost to connect new utility services to the project area would be borne entirely by the applicant.

Wastewater

The City of Paso Robles Wastewater Division owns and operates the wastewater treatment plan (WWTP) and sewer collection infrastructure, which serves a population of approximately 31,000 people. The sewer system includes 126 miles of sewer mains. The sewer system consists of mains, trunk lines, and interceptor pipelines. There are also 14 lift stations to pump or lift the waste stream from low lying areas to higher lying areas, so gravity can carry the flow to the WWTP at the north end of the City, near the Salinas River.

The WWTP is a Publicly Owned Treatment Works. In 2015, the City completed a major upgrade of its treatment facility and an advanced secondary treatment process. In May 2019, the City completed construction and commissioned tertiary treatment facilities. Tertiary treatment facilities include cloth media filtration, ultraviolet (UV) light disinfection, a recycled water pond and pump station, and a new maintenance shop. These tertiary treatment facilities produce recycled water for unrestricted spray irrigation and improve the quality of water discharged to the Salinas River. The City is currently designing a recycled water distribution system, which will be used to deliver recycled water to east Paso Robles for use in irrigation for golf courses, parks, and vineyards.

Proposed development in the annexation area would generate wastewater that would feed into the City of Paso Robles wastewater conveyance system and ultimately flow to the City's WWTP. The WWTP is currently limited to a permitted discharge of 4.9 mgd (average dry weather design capacity; approximately 5,492 AFY or 0.13 AFY per capita) pursuant to Waste Discharge Requirement (WDR) Order No. R3-2011-0002 (National Pollutant Discharge Elimination System [NPDES] Permit No. CA0047953). Wastewater flows at buildout under the General Plan are projected to be 4,946 AFY (0.11 AFY per capita) or approximately 4.4 mgd.

Proposed development in the annexation area is estimated to contribute 75,705 gallons per day or approximately 0.8 mgd (896.7 AFY) to projected wastewater flows, for a total City wastewater flow projection of 3.72 mgd (4,169.7 AFY; 0.13 AFY per capita [2019 + project]). The City's total projected wastewater generation of 4,169.7 AFY or 3.72 mgd, including wastewater generated from buildout of proposed development in the annexation area, would be within the permitted 4.9 mgd capacity of the City's conveyance and treatment facilities.

Two sewer main line segments that would receive flow from the annexation area are identified as capacity deficient under existing and five-year peak flow conditions and must be upsized in order to accommodate any additional wastewater flow from the proposed development. These sewer main lines are at the SR 46 West interchange with U.S. 101 and in Ramada Drive. Per Final EIR Mitigation Measure UTIL-2(a), future development in the annexation area would be required to contribute an equitable share to fund sewer line

improvements along SR 46 W at the SR 46 West interchange with U.S. 101 and along Ramada Drive, or would be required to horizontally bore a new sewer main under U.S. 101 from the eastern edge of the annexation area towards Firestone Walker Brewery.

The City's Salt/Nutrient Management Plan (2015) identifies detrimental salt and nutrient sources in the Paso Robles Groundwater Basin caused by municipal wastewater system discharges to groundwater and the use of regenerative water softeners in the basin. In addition, the City's sewerage system operations ordinance (14.08) sets requirements for discharges from water softening systems, including the limits for discharging water softening-brine for commercial or industrial users. Future development in the annexation area would be prohibited from using self-generating or regenerative water softeners (Final EIR Mitigation Measure UTIL-2(b)).

Water and Recycled Water

Currently, the annexation area is undeveloped and does not utilize water from the City of Paso Robles. According to the Water Supply Assessment (WSA) for the annexation area, there are currently seven private wells on the property (see Exhibit A – Water Supply Assessment). Only two wells remain active, which are used to provide irrigation for 95.2 acres of off-site vineyards and on-site pasture for cattle grazing. In 2017, these two wells supplied a total of 48.38 AFY for onsite pasture irrigation and off-site vineyard irrigation.

Future development in the annexation area would be served by the City of Paso Robles Water Division. The Water Division provides potable water to over 10,000 residential and non-residential service connections in the City of Paso Robles. The City's water service area is generally coterminous with the City boundaries. The Water Division is responsible for water supply, treatment, distribution, and resource planning.

Water demand projections for the City in the 2015 Urban Water Management Plan (UWMP) were developed using representative water demand factors, anticipated future conservation and projected water savings, and City General Plan growth assumptions and buildout conditions. Table 1 below shows the City's projected population and water demands to buildout in 2045.

According to the WSA prepared for the project, proposed development in the annexation area would result in an estimated water use of 138.5 to 144 AFY for commercial and transient lodging uses, and 16 AFY for agricultural uses. The proposed development in the annexation area would use City-supplied water for the commercial and transient lodging uses. The development of the annexation area was not considered in the water demand and supply projections in the City's 2015 UWMP. The estimated maximum water use of the annexation area of 144 AFY would increase the projected demand at buildout in 2045, and necessary water supply to meet the projected demand, to 9,663 AFY.

The two existing active water wells would supply water to the proposed vineyards, orchards, and other potential agricultural uses. According to the WSA, the total proposed future water use of the two existing wells for on-site irrigation and off-site irrigation is 28.38 to 31.48 AFY, which includes 16 AFY for on-site agricultural uses included in the annexation area, including vineyards and other agricultural uses that would be located in the permanent agricultural/conservation easement area required by Final EIR Mitigation Measure AG-1.

This projected water use from on-site private wells would be reduced by approximately 16.9 to 20 AFY from the recorded 2017 water use from these wells of 48.38 AFY. In 2017, water use in the annexation area consisted primarily of on-site pasture irrigation. As described in the WSA, the project is located within the Atascadero Subbasin, which is not in overdraft and can sustain the continued use of the on-site wells to supply projected future irrigation of off-site vineyards and on-site vineyards, orchards, and other potential agricultural uses.

Table 1. City of Paso Robles Supply and Demand Projections

	2020	2025	2030	2035	2040	Buildout (2045 or later) ¹	Total Available Supply
Population	32,300	34,400	37,700	39,900	41,900	44,000	-
Water Demands (AFY)	7,089	7,575	8,061	8,546	9,032	9,519 [9,663 w/project]	-
Water Supply Sources to Meet Demands (AFY)							
Paso Robles Groundwater Basin - Basin Wells	2,600	2,506	2,602	2,124	2,610	2,200	4,000
Salinas River - River Wells	3,100	3,500	3,800	4,558	4,558	4,558	4,558
Nacimiento Water from Water Treatment Plant	1,120	1,120	1,120	1,120	1,120	2,017	6,488
Nacimiento Water from the Recovery Well	269	269	269	269	269	269	
Recycled Water for Potable Offset	0	180	270	475	475	475	2,200
Total Supply	7,089	7,575	8,061	8,546	9,032	9,519 [9,663 w/project]	17,246

¹ Supply amounts shown above do not reflect total supply available to the City from each source, nor do they reflect any limits on the City's groundwater rights, but instead represent the water planned to supply projected demands.

Source: City of Paso Robles 2016

Attachment E

Resolution of Application

RESOLUTION 21-092

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
ADOPTING A RESOLUTION OF APPLICATION REQUESTING THAT THE SAN LUIS
OBISPO LOCAL AGENCY FORMATION COMMISSION RE-INITIATE PROCEEDINGS FOR
THE ANNEXATION OF THE UNINCORPORATED AREA KNOWN AS THE GATEWAY
ANNEXATION PROPERTY TO THE CITY OF EL PASO DE ROBLES ANX 16-01 PURSUANT
TO CERTIFIED FINAL ENVIRONMENTAL IMPACT REPORT SCH# 013101050 FOR THE
PASO ROBLES GATEWAY PROJECT; ADOPTING ENVIRONMENTAL FINDINGS
PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; ADOPTING A
STATEMENT OF OVERRIDING CONSIDERATIONS AND A MITIGATION MONITORING
AND REPORTING PROGRAM**

**GATEWAY ANNEXATION REAUTHORIZATION
APPLICANT – QUORUM REALTY FUND IV, LLC**

APNs: 040-031-001, 040-031-017, 040-031-019, 040-031-020, 040-091-039, and 040-091-041

WHEREAS, the City of Paso Robles desires to initiate proceedings pursuant to the Cortese-Knox Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for annexation of territory to the City of El Paso de Robles (“City” or “Paso Robles”) from the County of San Luis Obispo (“County”), including amendment to the established Sphere of Influence and Municipal Service Review; and

WHEREAS, the Gateway Annexation Project (“Gateway” or “project”) consists of 170 acres located adjacent to the southwest side of the City in the unincorporated San Luis Obispo County, outside of the Paso Robles City limits, in the City’s General Plan Planning Impact Area, and included in the area covered by the City’s Purple Belt Action Plan and the Paso Robles Gateway Plan: Design Standards; and

WHEREAS, the territory subject to the proposed change of organization is uninhabited, and a description of the external boundary of the territory is set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, Mike Furlotti, on behalf of Quorum Realty Fund IV, LLC, (the “Applicant”), filed an application requesting that the City initiate annexation proceedings (ANX 16-01) to annex the property defined by the project, Pre-Zone the project territory (ZC 17-03), and amend the Land Use Element (GPA 17-03) to assign City General Plan land use designations to approximately 170 acres of land located in the unincorporated San Luis Obispo County, at the northwest corner of U.S. 101 and State Route 46 West, APNs: 040-031-001, 040-031-017, 040-031-019, 040-031-020, 040-091-039, 040-091-041, and 009-631-025 (ptn.); and

WHEREAS, the Applicant filed this request in connection with a request for approval of a Conceptual Master Development Plan (PD 17-009), Lot Line Adjustment (PR/COAL 18-0098), Phased Vesting Tentative Tract Map (TR 3120), Oak Tree Removal Permit (OTR 20-04), Development Agreement (DA 20-04), and annexation to the Citywide Community Facilities District 2005-1 to allow for the phased development of:

- Two (2) hotel/resorts with up to 325 rooms
- Three (3) commercial centers with a total of 73,600 leasable square feet
- 17 workforce apartment units
- Up to 80 attached single-family residential resort units OR a third hotel with up to 100 rooms

- Approximately 98± acres of agriculture and open space areas; and

WHEREAS, pursuant to Government Code Section 56654(a), the City must approve a resolution of application in order to initiate annexation proceedings; and

WHEREAS, the principal reasons for the proposed reorganization are to incorporate property along the westerly City boundary and which are currently served by South Vine Street, a City street. Annexation (including amendment to the Sphere of Influence and Sphere of Services) will allow the City to provide infrastructure, facilities, and services that will permit development of the subject property in a manner consistent with the City's General Plan (as amended by GPA 17-03) and Economic Development Strategy.

WHEREAS, the following agency or agencies would be affected by the proposed jurisdictional changes:

<u>Agency</u>	<u>Nature of Change</u>
City of Paso Robles	Annexation
County of San Luis Obispo	Transfer of Jurisdiction (Detachment)

WHEREAS, the proposed land use of the territory subject to change will be Resort/Lodging, Regional Commercial, Parks and Open Space, Agriculture, and Multi-Family (8 units/acre), consistent with the City's General Plan and Zoning of the adjacent properties to the south and east located within City boundaries.

WHEREAS, the territory subject to change is not subject to a contract executed pursuant to the Williamson Act set forth in Government Code Section 51200 et. seq.; and

WHEREAS, as recommended by the 2013 Sphere of Influence update and Memorandum of Agreement, the Sphere of Influence amendment and Annexation are being submitted simultaneously; and,

WHEREAS, the proposed annexation is subject to the following terms and conditions: the annexation shall be consistent with the Cortese-Knox Local Government Reorganization Act of 2000, terms and conditions established by the San Luis Obispo as of the date of the filing of this resolution; and

WHEREAS, the Paso Robles City Council approved the Gateway Annexation Project on June 16, 2020, including initiation of the Annexation, Sphere of Influence Amendment, Municipal Service Review, and Tax Sharing Agreement with LAFCO; and

WHEREAS, Revenue and Taxation Code Section 99 requires that before an annexation may occur, the affected local governments must come to an agreement regarding the amount of property tax to be exchanged. This section also requires that the County Assessor provide the County Auditor a report that identifies the assessed valuation of the property subject to annexation and that the County Auditor shall in return estimate the amount of property tax generated by the property subject to annexation and shall estimate what proportion of the property tax revenue is attributable to each affected jurisdiction, including which amount of the tax revenue is subject to negotiation. Only the annual growth in excess of the base revenue is negotiable.; and

WHEREAS, the estimated property tax revenue generated by the Gateway Annexation property for 2020/2021 is \$55,713. It was determined that 9.1932% of the annual property tax increment after transfers to the Educational Revenue Augmentation Fund can be negotiated for exchange between the City and County; and

WHEREAS, the City submitted an Application for Annexation to San Luis Obispo County Local Agency Formation Commission (LAFCO) on October 10, 2020; and

WHEREAS, on November 5, 2020, the City received a letter from LAFCO that additional information was needed to process the application; and

WHEREAS, on January 26, 2021, the County approved the commencement of negotiation for the exchange of property tax revenue relative to the Gateway Annexation Property. Per Revenue and Taxation Code Section 99, property tax negotiations were required to be completed by May 20, 2021.; and

WHEREAS, on March 16, 2021, the City provided additional information to LAFCO that satisfied the information request from November 5, 2020, with the exception of a Property Tax Exchange Agreement that has been approved by both the County and City; and

WHEREAS, on June 7, 2021, LAFCO returned the application for the Gateway Annexation, citing Revenue and Tax Code Section 99, which provides specific direction and timeframes for completing property tax negotiations for an annexation; and

WHEREAS, GPA 17-03, ZC 17-03, and PD 17-009 would become effective upon successful annexation of the property from the San Luis Obispo County to the City of Paso Robles jurisdiction; and

WHEREAS, pursuant to section 21067 of the Public Resources Code of the California Environmental Quality Act (Pub. Res. Code §§ 21000 et seq.) (“CEQA”), Section 15367 of the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.), and the City’s Local CEQA Guidelines, the City is the lead agency for the proposed Project; and

WHEREAS, pursuant to CEQA, an Environmental Impact Report (EIR) was prepared to describe the impacts of the project and on February 28, 2020, the City and the Governor's Office of Planning and Research distributed the Draft EIR, which identified and evaluated the potential environmental impacts of the proposed project and associated entitlements to interested parties and responsible agencies (SCH #2013101050) for a 45-day public review period, February 28, 2020 through April 13, 2020; and

WHEREAS, the City Council reviewed and certified the Environmental Impact Report prepared for the project pursuant to Section 15091 of the State CEQA Guidelines (14 California Code of Regulations [CCR]) and Section 21081 of the Public Resources Code on June 16, 2020; and

WHEREAS, pursuant to CEQA, when taking subsequent discretionary actions in furtherance of a project for which an EIR has been certified, the lead agency is required to review any changed circumstances to determine whether any of the circumstances under Public Resources Code section 21166 and State CEQA Guidelines section 15162 require additional environmental review; and

WHEREAS, staff evaluated the proposed annexation in light of the standards for subsequent environmental review outlined in Public Resources Code section 21166 and State CEQA Guidelines section 15162; and

WHEREAS, based on that evaluation, staff concluded that the EIR fully analyzed and mitigated, where feasible, all potentially significant environmental impacts, if any, that would result from the proposed annexation, and therefore, no subsequent EIR or mitigated negative declaration is required; and

WHEREAS, notice of intent to adopt this resolution of application has been given, and the City Council has conducted a public hearing based upon this notification; and,

WHEREAS, on June 25, 2021, a Notice of Public Hearing was published in a newspaper of general circulation within the City of El Paso de Robles and was mailed to all interested parties, as well as property owners within a 300-foot radius; and

WHEREAS, on July 8, 2021, the City Council conducted a duly noticed public hearing to consider re-adoption of a Resolution of Application to reinitiate proceedings for annexation of the Project, at which time all persons wishing to testify were heard and the Project was fully considered.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES, AS FOLLOWS:

Section 1. Recitals. The City Council hereby finds that the foregoing recitals are true and correct and are incorporated herein as substantive findings of this Resolution.

Section 2. Compliance with the California Environmental Quality Act. As the approving body for the Project, the City Council has reviewed and considered the EIR, and administrative record on file with the City and available for review at 1000 Spring Street, Paso Robles, California. The City Council found that the EIR has been completed in compliance with the California Environmental Quality Act (Pub. Res. Code § 21000 et seq.: “CEQA”) and the State CEQA Guidelines.

Section 3. Findings Regarding Environmental Impacts. Based on the substantial evidence set forth in the record, including but not limited to the EIR, the City Council finds that, based on the whole record before it, none of the conditions under State CEQA Guidelines section 15162 requiring subsequent environmental review have occurred because proposed annexation:

a) will not result in substantial changes that would require major revisions of the EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and

b) will not result in substantial changes with respect to the circumstances under which the Revised Project is developed that would require major revisions of the EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of the previously identified significant effects; and

c) does not present new information of substantial importance that was not known and could not have been known with the exercise of reasonable diligence at the time the EIR documents were certified or adopted, as applicable, showing any of the following: (i) that the proposed annexation would have one or more significant effects not discussed in the earlier environmental documentation; (ii) that significant effects previously examined would be substantially more severe than shown in the earlier environmental documentation; (iii) that mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects, but the applicant declined to adopt such measures; or (iv) that mitigation measures or alternatives considerably different from those analyzed previously would substantially reduce one or more significant effects on the environment, but which the applicant declined to adopt.

Further, based on the substantial evidence set forth in the record, including but not limited to the EIR the City Council finds that the applicable mitigation measures identified in the EIR have been incorporated into a specific mitigation monitoring program for proposed annexation and would ensure that any potential environmental impacts would be reduced to less than significant levels. Those impacts which were identified in the EIR as significant and unavoidable remain significant and unavoidable. However, the proposed annexation would not add to or further exacerbate those previously identified significant impacts.

The City Council further finds that those impacts identified in the EIR as significant and unavoidable remain significant and unavoidable under the proposed annexation but that the proposed annexation does not increase those previously identified impacts in their severity.

Section 4. Statement of Overriding Consideration. The City Council further finds that the CEQA Findings and Statements of Overriding Considerations adopted in support of the Project attached as **Exhibit D** attached hereto, and by this reference incorporated herein, remain valid and appropriate for purposes of the proposed annexation.

Section 5. Mitigation Monitoring and Reporting Program. The City Council re-adopts those mitigation measures identified in the EIR as detailed specifically in the Mitigation Monitoring and Reporting Program prepared as attached as **Exhibit E**, attached hereto and by this reference incorporated herein.

Section 6: Resolution Regarding Staff Direction: A Notice of Determination shall be filed with the County and the State Clearinghouse within 5 (five) working days of the City Council's approval of the Resolution.

Section 7. Findings for Adoption of Resolution of Application. Based on the facts and analysis presented to it, including all written and oral testimony and staff presentations, the City Council finds as follows regarding the proposed Annexation and Sphere of Influence and Sphere of Service amendments:

- a. The boundaries of the proposed annexation are definite and certain and conform to lines of assessment where possible.
- b. The boundaries of the proposed annexation will not result in any areas difficult to serve.
- c. There is a demonstrated need for governmental services and controls in the area proposed for annexation.
- d. The City has the resources capable of meeting the need for services in the area proposed for annexation.
- e. There is a mutual social and economic community of interest between the residents of the municipality and the proposed territory.
- f. The proposed annexation is compatible with the City's General Plan and represents a logical and reasonable expansion of the City.

Section 8. Initiation of Annexation. Based on all of the above, the City Council of the City of El Paso de Robles, California, finds that ANX 16-01 is compatible with the surrounding land uses in the vicinity and would provide for orderly growth and development, and does hereby reaffirm approval of ANX 16-01 and requests that the San Luis Obispo Local Agency Formation Commission re-initiate proceedings for the annexation into the City of Paso Robles. Having already commenced negotiations with County staff, City acknowledges the terms of and will accept the Master Tax Sharing agreement with the understanding if the update to the Master Property Tax Sharing Agreement results in a revised tax sharing formula that it is more beneficial to the City those revisions will apply to this annexation. Furthermore, the annexation shall be consistent with Exhibits A, B, C and C1 attached hereto and incorporated herein by reference.

Section 9. Custodian of Records. The documents and materials that constitute the record of proceedings on which these findings are based are located at the City's office at 1000 Spring Street, Paso Robles, CA 93446. The City Clerk, is the custodian of the record of proceedings.

Section 10. Execution of Resolution. The Mayor shall sign this Resolution and the Deputy City Clerk shall attest and certify to the passage and adoption thereof.

PASSED AND APPROVED by the City Council of the City of El Paso de Robles, California, at its regular meeting held on this 16th day of June 2020, by the following vote, to wit:

AYES: Hamon, Gregory, Garcia, Strong, Martin



Steven W. Martin, Mayor

ATTEST:

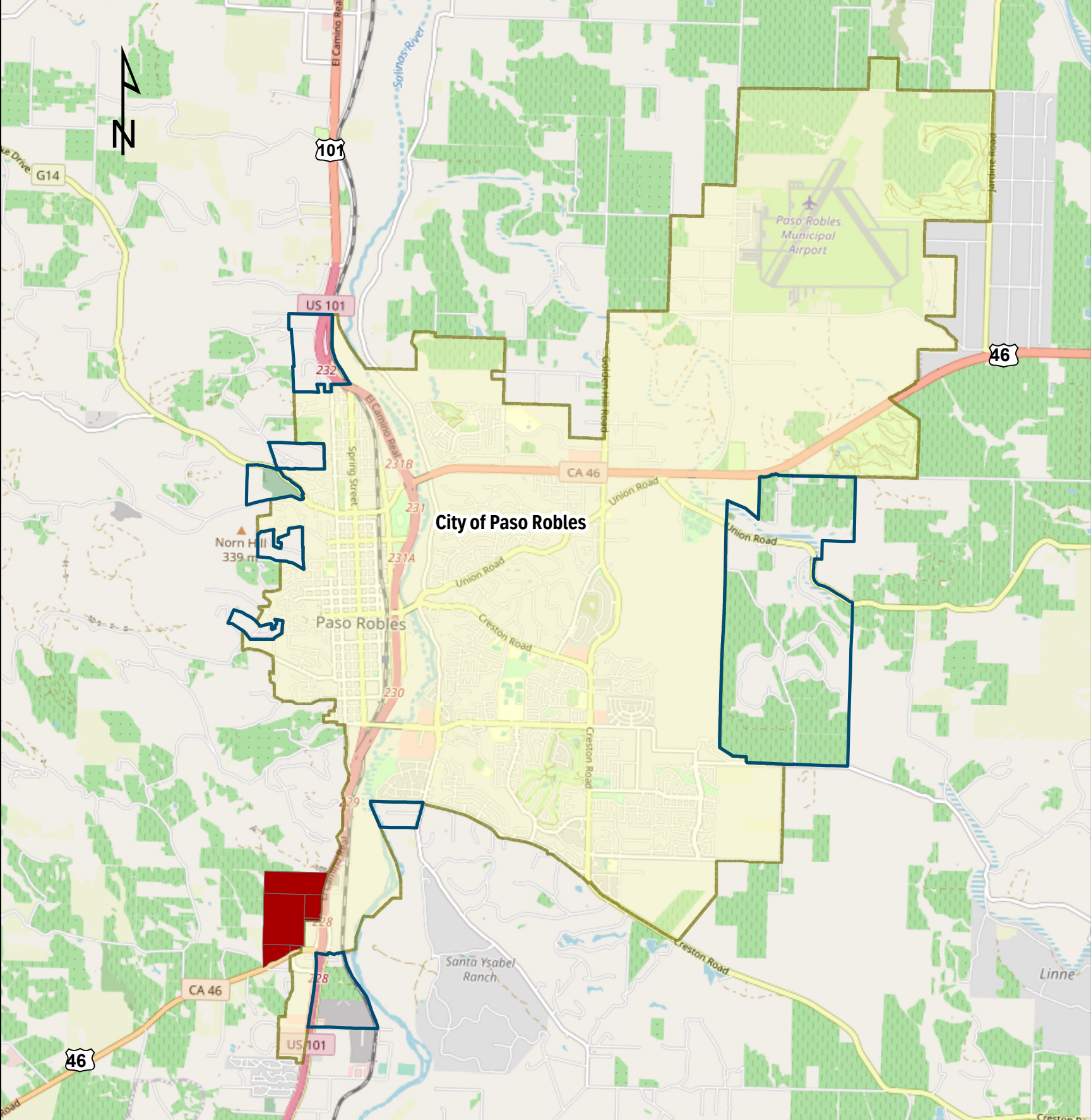


Melissa Boyer, City Clerk

Exhibit A – Legal Description Text
Exhibit B – Legal Description Diagram
Exhibit C – Plan for Services
Exhibit C1 – Water Supply Assessment
Exhibit D - CEQA Findings and Statements of Overriding Considerations
Exhibit E - Mitigation Monitoring and Reporting Program

Attachment F

Sphere of Influence Annexation Boundary Maps



SOI & Anx #90 to the City of Paso Robles (Gateway)

Legend

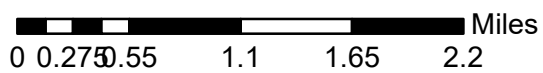
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- Sphere of Influence
- Service Area

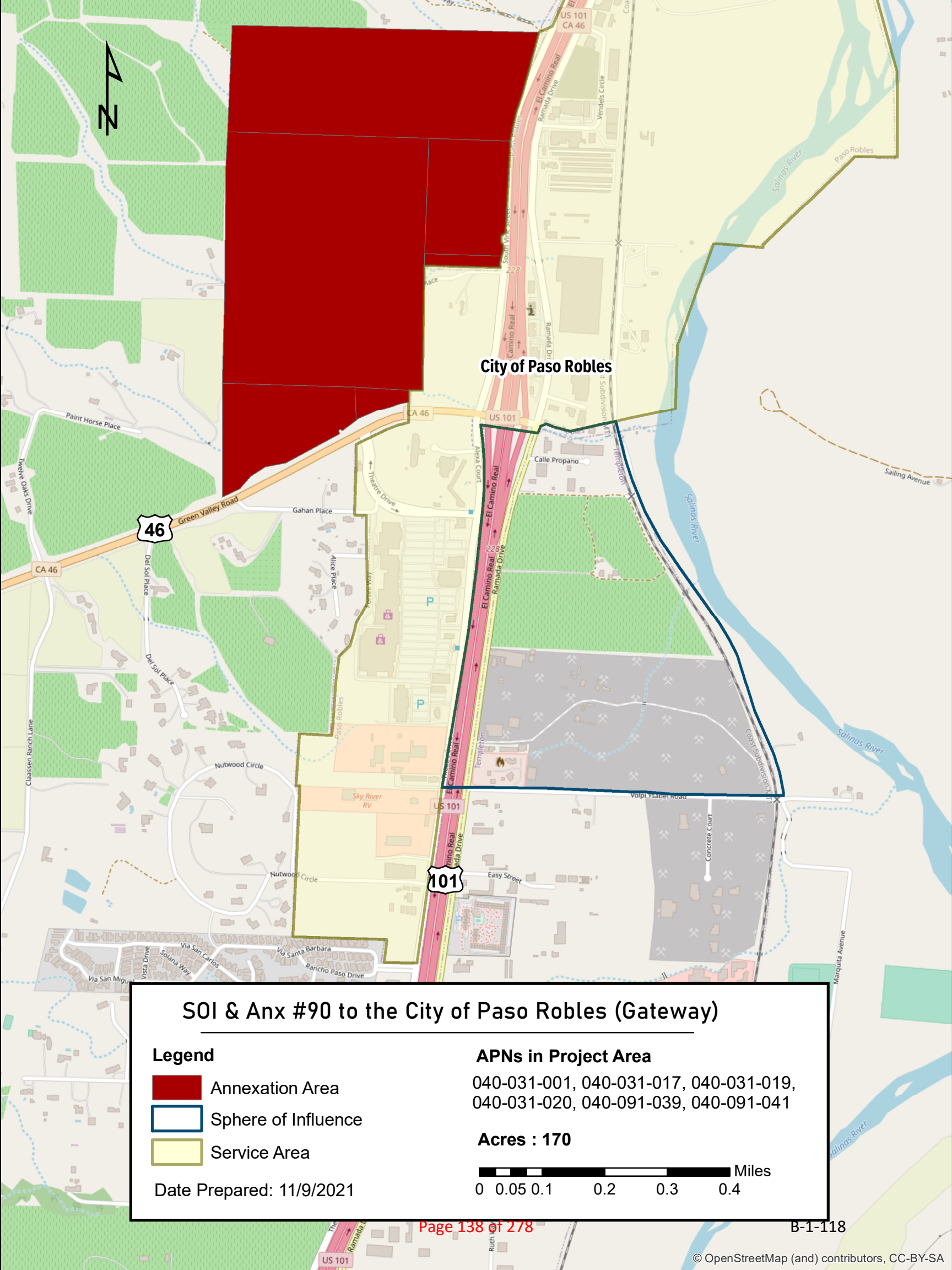
Date Prepared: 11/9/2021

APNs in Project Area

040-031-001, 040-031-017, 040-031-019,
040-031-020, 040-091-039, 040-091-041

Acres : 170





SOI & Anx #90 to the City of Paso Robles (Gateway)

Legend

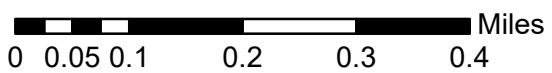
- Annexation Area
- Sphere of Influence
- Service Area

Date Prepared: 11/9/2021

APNs in Project Area

040-031-001, 040-031-017, 040-031-019,
040-031-020, 040-091-039, 040-091-041

Acres : 170



Attachment G

Developer Agreement

NOTE: Due to file size, we have made this document available on the LAFCO website at www.slolafco.com

Attachment H

Economic and Fiscal Impact Analysis



THE PASO ROBLES GATEWAY DEVELOPMENT

ECONOMIC AND FISCAL IMPACT ANALYSIS

ABOUT BEACON



Founded in 2007, Beacon Economics, an LLC and certified Small Business Enterprise in California, is an independent research and consulting firm dedicated to delivering accurate, insightful and objective economic analysis. Leveraging unique proprietary models, vast databases and sophisticated data processing, the company's specialized practice areas include sustainable growth and development, real estate market analysis, economic forecasting, industry analysis, economic policy analysis, and economic impact studies. Beacon Economics provides its clients with the data and analysis required to understand the significance of on-the-ground realities and to make informed business and policy decisions.

Practice Areas:

- Economic, Fiscal and Social Impact Analysis.
- Economic and Revenue Forecasting.
- Regional and Sub-Regional Analysis.
- Housing, Land Use and Real Estate Advisory.
- Litigation and Testimony.
- Sustainable Growth and Development.

EXPERTISE IN ECONOMIC IMPACT ANALYSIS

Since 2011, Beacon Economics has conducted multiple comprehensive analyses that have provided reliable and quantifiable data on the economic impact of entertainment and sporting events and venues, public policies and projects, and universities and other institutions, including USC, UCLA, and California State University, Long Beach. The analyses evaluate major economic impacts associated with these entities and evaluate their fiscal impact on national, state and local governments. By combining sampling methods, financial data, surveys, and other available economic resources with current frameworks for studying economic impacts, Beacon Economics estimates the amount of economic activity generated in the local and broader economy by calculating the spending of entities and other participants in the affected region.

PROJECT TEAM

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EXECUTIVE SUMMARY

Tourism is playing an ever-bigger role in the economies of Paso Robles and San Luis Obispo County. Quorum Realty Fund IV intends to tap into this growth by developing the Paso Robles Gateway Development, a mixed-use development, which will include two hotels, retail space, office space, and residential units. Equidistant from Los Angeles and San Francisco, the Paso Robles Gateway Development project is in proximity to the region's wineries, beaches, and cultural attractions.

This analysis estimates the potential economic impact of the direct expenditures associated with the construction of the mixed-use development, and the ongoing expenditures that will be directly supported by the Paso Robles Gateway Development once it's operational. These expenditures will include wages for local workers, supplies from local businesses, and visitor expenditures at establishments throughout San Luis Obispo County. Construction and ongoing expenditures will create ripple, or multiplier, effects that will work their way through the regional economy, generating an economic impact above and beyond the initial spending.

KEY FINDINGS

After analyzing expenditure data related to construction, Beacon Economics found the Paso Robles Gateway Development project will:

- Increase economic output by **\$103.9 million**, with \$81.9 million generated in the City of Paso Robles and \$21.9 million elsewhere in San Luis Obispo County.
- Support **684 jobs**, with 549 jobs supported in Paso Robles and 135 elsewhere in San Luis Obispo County.
- Increase labor income by **\$48.5 million**, with \$41.8 million generated in Paso Robles and \$6.7 million elsewhere in San Luis Obispo County.
- Increase local tax revenue by **\$1.4 million**, with \$584,600 generated in Paso Robles and \$789,900 elsewhere in San Luis Obispo County.

After analyzing visitor, business, and resident expenditure data related to ongoing operations, Beacon Economics found the Paso Robles Gateway Development project will:

- Increase economic output by **\$183.3 million**, with \$105.6 million generated in Paso Robles and \$77.6 million elsewhere in San Luis Obispo County.
- Support **2,079 jobs**, with 1,279 jobs in Paso Robles and 800 elsewhere in San Luis Obispo County.
- Increase labor income by **\$65.7 million**, with \$38.6 million generated in Paso Robles and \$27.1 million elsewhere in San Luis Obispo County.
- Increase local tax revenue by **\$9.3 million**, with \$6.5 million generated in Paso Robles and \$2.7 million elsewhere in San Luis Obispo County.



INTRODUCTION

On California's central coast, San Luis Obispo County exemplifies California's tourism, wine industry, and lifestyle. Visitors from around the world come to experience the region's laidback charm and wealth of attractions.

Just outside Paso Robles in unincorporated San Luis Obispo County, the proposed 170-acre Paso Robles Gateway Development will be much more than just a destination resort. The development will include the Vine Street Vineyard Hotel; the Village Commercial Center, which will include workforce residential units; the Hillside Premium Destination Resort Hotel; the Promontory Commercial Center; 80 multifamily residences; the Vine Street Commercial Center; and nearly 100 acres for agriculture and open space use.

Beyond its aesthetic appeal, the project will contribute economic benefits to the region through its construction, business operations, residents, and visitor activity. This study evaluates these impacts on the economies of Paso Robles and San Luis Obispo County. Specifically, it demonstrates how development of the Paso Robles Gateway Development will influence local spending, job creation, wages, and tax revenue. In short, this analysis demonstrates that the project will have a significant impact on the economy in each of these respects.

METHODOLOGY AND DATA COLLECTION

For this report, Beacon Economics analyzed expenditure data related to the construction and ongoing spending activity of the Paso Robles Gateway Development, as provided by Quorum Realty Fund. In addition, Beacon estimated typical visitor spending, spending by new residents, and spending by new business by using data sourced from Pinnacle Financial Services, PKF Consulting, the U.S. Bureau of Labor Statistics, and the U.S. Energy Information Administration.

Impact studies assume that any increase in spending has three effects: a direct effect, an indirect effect, and an induced effect. A **direct effect** is the output of goods or services resulting from immediate spending associated with the Paso Robles Gateway Development. These expenditures include construction spending and ongoing operations spending. An **indirect effect** is the additional output of goods or services generated by the Paso Robles Gateway Development's supply chain. That is, the effect used to support the outputs produced by the direct effect. As businesses increase productivity from the direct and indirect effects, their payroll expenditures grow through more hiring or increased salaries. Subsequently, household spending patterns expand. These new personal market transactions, generating additional outputs of goods or services, are the **induced effect**.

DIRECT + INDIRECT + INDUCED = TOTAL IMPACT

Using the IMPLAN modeling system, Beacon Economics estimates the direct, indirect, and induced economic impacts of the construction and operation of the Paso Robles Gateway Development on the economy of Paso Robles and San Luis Obispo County.





NOTE: Site plans, building plans and elevations depicted in these exhibits are conceptual in nature and are intended to provide a representation of the extent and magnitude of the proposed development along with design character and potential themes. While the magnitude of the project will not be increased and site locations and configurations portray realistic implementation of proposed uses, the Applicant reserves the right to modify the concepts based on further market research and specific requirements of tenants and operators.

ECONOMIC AND FISCAL IMPACT OF CONSTRUCTION

Paso Robles benefits from being a suburban-rural community that retains a small-town feel. Halfway between San Francisco and Los Angeles, the city is home to roughly 31,200 people. Construction of the Paso Robles Gateway Development will generate economic impacts in Paso Robles in the form of labor income and output. Because the city is fairly small, few supply chains will participate in the construction of the development at the city level.

Comparatively, San Luis Obispo County is a significantly larger region for impact analysis, with a population of over 280,390. As such, the likelihood of business-to-business transactions is much greater. As a result, the economic impact of resort construction is significantly higher when accounting for the supply chain available in the County.

Construction of the Paso Robles Gateway Development will total \$120.7 million. Although some expenditures will go to businesses outside San Luis Obispo County, the vast majority will go to local workers and businesses. Based on estimates from Quorum Realty Fund, construction expenditures in Paso Robles will total \$78.1 million, which is probably a conservative estimate.¹ These expenditures include employee wages and supplies and will go toward hard construction costs, engineering, and other project support industries.

¹ An estimated two-thirds of hard construction costs and one-third of engineering and support costs were estimated to occur in Paso Robles.

This local spending will make up the direct impact of the Paso Robles Gateway Development project and lead to “ripple effects” in the economy. For example, construction will generate \$81.9 million in economic output in Paso Robles, which includes the \$78.1 million in direct impacts, \$2.1 million in indirect (supply chain-related) impacts, and \$1.7 million in induced (household-related) impacts. In addition, construction will generate \$21.9 million in economic impacts elsewhere in the County, including \$10.9 million in indirect (supply chain-related) impacts and \$11.0 million in induced (household-related) impacts.

CONSTRUCTION EXPENDITURES IMPACT, PASO ROBLES

Impact Type	Employment	Labor Income	Output
Direct	526	\$40,707,596	\$78,140,000
Indirect	11	\$616,177	\$2,083,717
Induced	12	\$511,643	\$1,725,694
Total	549	\$41,835,416	\$81,949,411

Source: IMPLAN; Analysis by Beacon Economics

Furthermore, construction will support 549 jobs in Paso Robles, including 526 jobs from direct impacts, 11 from indirect impacts, and 12 from induced impacts. In other parts of San Luis Obispo County, construction activity will support 135 jobs, including 59 indirect and 78 induced jobs. The development will also generate \$41.8 million in labor income (wages and benefits) in Paso Robles, of which \$40.7 million will come from direct impacts, \$0.6 million from indirect impacts, and \$0.5 million from induced impacts. Elsewhere in the County, construction will generate \$6.7 million in labor income, of which \$3.3 million will come from indirect impacts and \$3.4 million from induced impacts.

CONSTRUCTION EXPENDITURES IMPACT, OTHER SAN LUIS OBISPO COUNTY

Impact Type	Employment	Labor Income	Output
Direct	0	\$0	\$0
Indirect	59	\$3,252,422	\$10,901,646
Induced	78	\$3,422,205	\$11,014,430
Total	135	\$6,674,627	\$21,916,076

Source: IMPLAN; Analysis by Beacon Economics

Because a significant amount of development spending will be for construction salaries, building materials and equipment, most of the impacts from construction expenditures will be felt in the Construction, Real Estate, Wholesale Trade, Banking, Health Care, and Legal Services industries. Restaurants and gasoline suppliers will also be impacted as workers spend on local dining and fuel during the construction phase.

Through the economic activity produced by construction, the Paso Robles Gateway Development will generate \$1.4 million in tax revenue for Paso Robles and other parts of San Luis Obispo County. This includes \$1.1 million in property tax revenue, \$213,400 in sales tax revenue, and \$49,100 in other taxes and fees. Of the \$1.4 million in tax revenue generated, construction would generate \$584,600 for Paso Robles and \$789,900 for local government in other parts of the County. Because these figures do not include potential permitting or development fees, they are conservative estimates of the fiscal benefits of the project for Paso Robles and other parts of the County.

FISCAL IMPACT – CONSTRUCTION EXPENDITURES

Category	Tax Revenue
Property	\$1,111,896
Sales	\$213,385
Other	\$49,138
Total	\$1,374,420

Source: IMPLAN; Analysis by Beacon Economics



NOTE: Site plans, building plans and elevations depicted in these exhibits are conceptual in nature and are intended to provide a representation of the extent and magnitude of the proposed development along with design character and potential themes. While the magnitude of the project will not be considered and site locations and configurations jointly illustrate implementation of proposed uses, the Applicant reserves the right to modify the concepts based on further market research and specific requirements of tenants and operators.



The Paso Robles Gateway

HILLSIDE HOTEL
PERSPECTIVE VIEW #1

ECONOMIC AND FISCAL IMPACTS OF ONGOING EXPENDITURES

The Paso Robles Gateway Development will generate significant ongoing expenditures in Paso Robles and other parts of San Luis Obispo County. Based on estimated square footage of the commercial space, the number of residential units, and estimated visitor spending, ongoing expenditures in Paso Robles will total \$98.8 million annually, with an additional \$24.5 million generated elsewhere in the County, Beacon Economics estimates. These include operations of the non-hotel commercial spaces, visitor expenditures, and the expenditures of new residents.

ONGOING EXPENDITURES

Category	Expenditures
New Businesses ²	\$12,538,458
New Residents ³	\$6,622,869
New Visitors ⁴	\$104,138,533
Total	\$123,299,860

Sources: Quorum Realty Fund, Pinnacle Advisory Group, PKF Consulting, U.S. Bureau of Labor Statistics, U.S. Energy Information Administration; analysis by Beacon Economics

The ongoing expenditures supported by the Paso Robles Gateway Development will also generate economic activity in Paso Robles in the form of labor income and output. Because the city is fairly small, some of these expenditures will occur at businesses elsewhere in San Luis Obispo County. This will be particularly true of visitors, who will seek out the variety of amenities and activities the county offers.

After analyzing ongoing expenditures spanning a range of categories for the Paso Robles Gateway Development, Beacon Economics found that ongoing expenditures will generate \$105.6 million in economic output in Paso Robles, which includes the \$98.8 million in direct impacts, \$5.3 million in indirect (supply chain-related) impacts, and \$1.6 million in induced (household-related) impacts. In addition, ongoing expenditures will generate \$77.6 million in economic impact elsewhere in the County, which includes \$24.5 million in direct impacts, \$32.0 million in indirect (supply chain-related) impacts, and \$21.1 million in induced (household-related) impacts.

ONGOING EXPENDITURES IMPACT, PASO ROBLES

Impact Type	Employment	Labor Income	Output
Direct	1,229	\$36,323,191	\$98,789,203
Indirect	38	\$1,774,615	\$5,257,294
Induced	11	\$482,822	\$1,602,655
Total	1,279	\$38,580,628	\$105,649,151

Source: IMPLAN; Analysis by Beacon Economics

² Estimated using the square footage of new construction for retail and offices space from Quorum Realty Fund and estimates for the number of square feet per worker from the U.S. Energy Information Administration

³ Estimated using the number of new residential units from Quorum Realty Fund and the Consumer Expenditure Survey from the U.S. Bureau of Labor Statistics

⁴ Estimated using projected expenditures by visitors to the destination resort hotels from Pinnacle Advisory Group and PKF Consulting

In addition, once operational, the Paso Robles Gateway Development will support 1,279 jobs in Paso Robles, including 1,229 from direct impacts, 38 from indirect impacts, and 11 from induced impacts. Elsewhere in the County, ongoing operations will support 800 jobs, including 412 direct jobs, 242 indirect jobs, and 145 induced jobs. The development will also generate \$38.6 million in labor income (wages and benefits) in Paso Robles, of which \$36.3 million will come from direct impacts, \$1.8 million from indirect impacts, and \$0.5 million from induced impacts. In other parts of San Luis Obispo County, ongoing operations will generate \$27.1 million in labor income, of which \$9.7 million will come from direct impacts, \$10.9 million from indirect impacts, and \$6.6 million from induced impacts.

ONGOING EXPENDITURES IMPACT, SAN LUIS OBISPO COUNTY

Impact Type	Employment	Labor Income	Output
Direct	412	\$9,697,657	\$24,510,657
Indirect	242	\$10,895,682	\$31,978,589
Induced	145	\$6,556,011	\$21,122,806
Total	800	\$27,149,349	\$77,612,052

Source: IMPLAN; Analysis by Beacon Economics

Like the construction impact, ongoing expenditures will mainly affect those industries that receive direct spending, primarily those related to hotels, restaurants, and retail. In addition, visitors and new residents of the mixed-use development will spend significantly at entertainment, recreational, and transportation establishments in the region. Real estate, advertising, and legal services will also be impacted because they will be supported by businesses operations down the supply chain.

The ongoing expenditures supported by the Paso Robles Gateway Development will also provide a long-term fiscal benefit to Paso Robles and the County. Through the economic activity produced by ongoing expenditures, the Paso Robles Gateway Development will generate \$9.3 million in tax revenue for Paso Robles and the County. This includes \$5.4 million in property tax revenue, \$2.5 million in transient occupancy tax revenue, \$1.1 million in sales tax revenue, and \$240,900 in other taxes and fees. Of the \$9.3 million in tax revenue generated by ongoing expenditures, \$6.5 million will be generated in Paso Robles and \$2.7 million for local governments in other parts of the County.

FISCAL IMPACT - ONGOING EXPENDITURES

Category	Tax Revenue
Property	\$5,439,640
Transient Occupancy Tax	\$2,526,528
Sales	\$1,052,438
Other	\$240,931
Total	\$9,259,537

Source: IMPLAN; Analysis by Beacon Economics

APPENDIX

MULTI-REGIONAL INPUT-OUTPUT METHODOLOGY & IMPLAN

This report is based on an economic analysis technique known as Multi-Regional Input-Output (MRIO) analysis, which is a means of examining interindustry relationships across several regions. A MRIO analysis builds off of the standard Input-Output (I-O) analysis by expanding effects from monetary market transactions beyond a single region and helps capture leakages in other regions. In a MRIO analysis, the direct effect in one region triggers indirect and induced effects in other regions. The results of the analysis reveal the effects of a change in one or several economic activities on an entire economy, and the economic interdependence of regions.

IMPLAN expands upon the traditional I-O approach to include transactions among industries and institutions, and among institutions themselves, thereby capturing all monetary market transactions in a given time period. This specific report uses the IMPLAN web model. For more information on the IMPLAN modeling process, visit IMPLAN.com.

Although IMPLAN provides an excellent framework for conducting impact analysis, Beacon Economics takes extra precautions to ensure model results are valid, employing decades of experience to tailor the model to the unique demands of each economic impact analysis the firm conducts. Procedures and assumptions are thoroughly and systematically inspected for validity and individual project appropriateness before any analysis is performed.

GLOSSARY

Direct Effects/Impacts: The set of expenditures made by the producers and/or consumers of an event, activity, or policy. These expenditures are applied to the industry multipliers in an IMPLAN model, which result in further, secondary expenditures (known as the indirect and induced effects).

Expenditures: Money paid for goods or services.

Indirect Effects/Impacts: The set of expenditures made by local industries on goods and services from other local industries as a result of the direct effects. This cycle of spending works its way backward through the supply chain until all money "leaks" from the local economy.

Induced Effects/Impacts: The set of expenditures made by households on local goods and services as a result of increased labor income generated by the direct and indirect effects.

Input-Output Analysis: A type of applied economic analysis that tracks the interdependence among various producing and consuming sectors of an economy.

Jobs (Employment): A job in IMPLAN is equal to the annual average of monthly jobs in that industry (this is the definition used by the U.S. Bureau of Labor Statistic and the U.S. Bureau of Economic Analysis, Federal statistical agencies that provide authoritative U.S. economic data). Thus, one job lasting 12 months equals two jobs lasting six months each, which equals three jobs lasting four months each. A job can be either full or part time.

Labor Income: All forms of employment income, including employee compensation (wages and benefits) and proprietor income.

Leakages: Expenditures, income, resources, or capital located outside the region of study. Because leakages do not affect local industries, they are not included in the economic impact of the region where direct monetary transactions of the study's focus occur.

Multiplier Effect: In simple terms, the phenomenon of final increased spending resulting from some initial amount of spending.

Output: The value of industry production. In IMPLAN, these are annual production estimates for the year of the data set and are in producer prices. For manufacturers, this is sales plus/minus changes in inventory. For service sectors, production is equal to sales. For retail and wholesale trade, output is equal to gross margin (not gross sales).

Total Effect/Impact: The entire economic impact of an event, activity, or policy, found by combining the direct, indirect, and induced impacts.

Fiscal Impact: Tax revenue generated at the federal, state, and local level. These expenditures are included in the total impact as government expenditures.

Paso Robles Gateway Project LAFCO Response

PART 1

INTRODUCTION

The Paso Robles Gateway project is a mixed-use development that will include two hotels, residential units, and office and retail businesses. Given the proximity of the City of Paso Robles and San Luis Obispo County to metropolitan regions such as Los Angeles and San Francisco, the project is estimated to generate significant residential, business, and visitor spending and support thousands of jobs.

This memo highlights the jobs that will be supported by the Paso Robles Gateway in Paso Robles and San Luis Obispo County. Specifically, it elaborates on the direct, indirect, and induced jobs the project will support. The following table defines key terms:

Term	Definition
Construction expenditures	Total construction and capital expenditure spending, including hard and soft costs
Ongoing expenditures	Annual operations spending, including for maintenance and utilities, property, and on-site management, and non-hotel commercial, visitor, and resident spending
Direct effect	The output of goods or services resulting from immediate spending. For example, if a company is hired to build a property for the Gateway Project, the upfront cost of employing the construction firm is the direct effect.
Indirect effect	The additional output of goods or services generated by business-to-business interaction with suppliers of direct purchasers and the suppliers of the suppliers. For example, the upfront cost paid to the construction firm supports businesses down the firm's supply chain, such as the power tool industry and the businesses that supply the raw materials needed to build the power tools.
Induced effect	The additional outputs of goods and or/services resulting from increased spending by individuals as household incomes rise. As businesses increase productivity from direct and indirect effects, their payroll expenditures grow through new hires or increased salaries. For example, the higher revenue received by the construction firm for building a new property for the Gateway Project leads to increased salaries for employees. As workers' and therefore household incomes rise, people spend more on goods and services including groceries, recreational activities, and personal expenses.
Secondary impacts	Impacts resulting from the indirect and induced effects

Paso Robles Gateway Project

LAFCO Response

THE IMPACT OF CONSTRUCTION EXPENDITURES ON JOBS

Construction generates temporary impacts, that is, those generated for the duration of the building phase. A significant number of jobs are expected to be supported¹ in Paso Robles and elsewhere in San Luis Obispo County.

City of Paso Robles

Expenditures for the Paso Robles Gateway will support an estimated 549 jobs during construction. Direct construction will account for 526 of the 549 jobs. The 23 jobs supported through secondary impacts (indirect or induced) will be in family services, restaurants, logistics, and retail.

San Luis Obispo County (Excluding Paso Robles)

Because all the construction is to be in Paso Robles, no direct impacts will be captured by construction expenditures elsewhere in San Luis Obispo County. But the construction phase is expected to support 135 jobs through secondary impacts, with indirect effects supporting 59 and induced effects supporting 76. Industries benefiting from construction spending in San Luis Obispo County will be restaurants and food/drinking places (13 jobs), real estate (10), architecture (eight), wholesale trade (four), and truck transportation (three).

THE IMPACT OF ONGOING EXPENDITURES ON JOBS

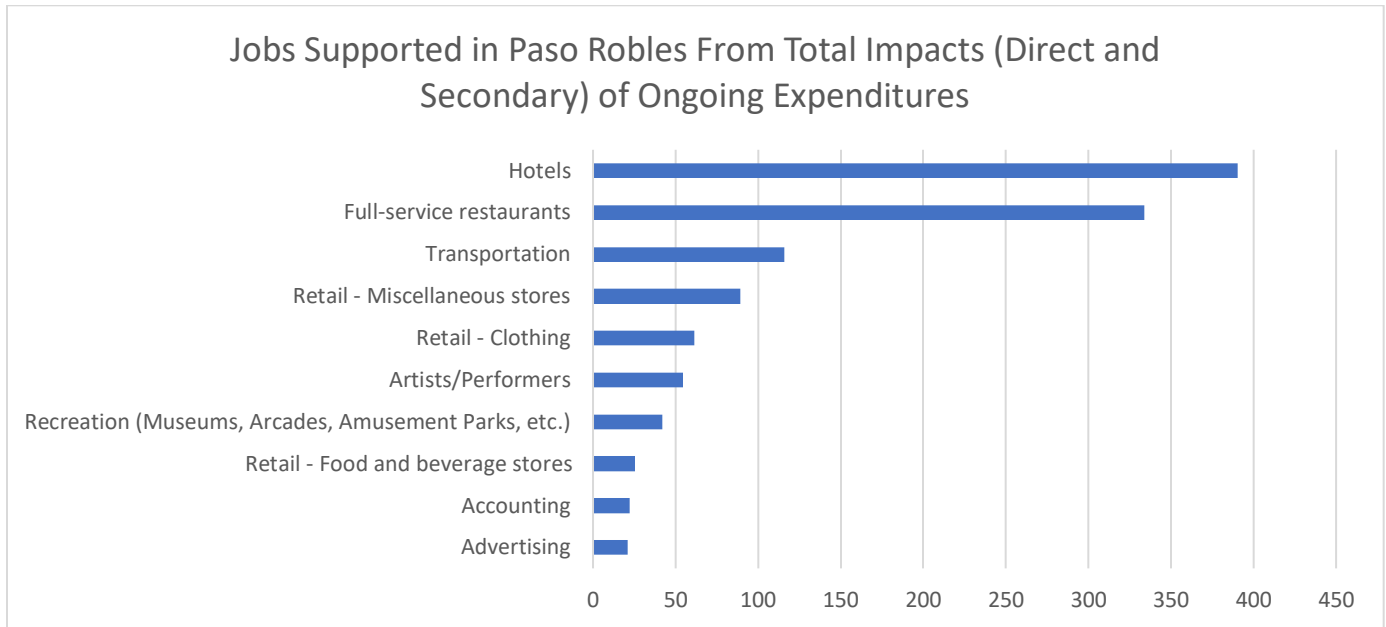
Ongoing expenditures support the operations of the Paso Robles Gateway and business, resident, and visitor spending. Impacts generated by these expenditures are reflected in a one-year snapshot, and will continue generating annual impacts long-term.

City of Paso Robles

Ongoing expenditures will support 1,279 jobs in Paso Robles, with 1,229 supported directly and roughly 50 supported through secondary impacts. The Gateway will support a range of industries in Paso Robles through its direct and secondary impacts. Jobs will be in hotels (390), full-service restaurants (334), retail (183 combined across all subsectors), transportation services (116), artists (53), and recreation (42).

¹ Jobs “supported” includes those newly generated and existing jobs that will expand in scope through spending associated with the Gateway. For example, a grocery worker in Paso Robles will have more work as a result of increased demand from residents/visitors/employees of the Gateway, but it is unlikely this position was created specifically as a result of the project, and thus the job is considered “supported.” Conversely, on-site jobs such as property manager and commercial staff are positions created directly by the project; in the absence of the development, these jobs would be nonexistent.

Paso Robles Gateway Project LAFCO Response

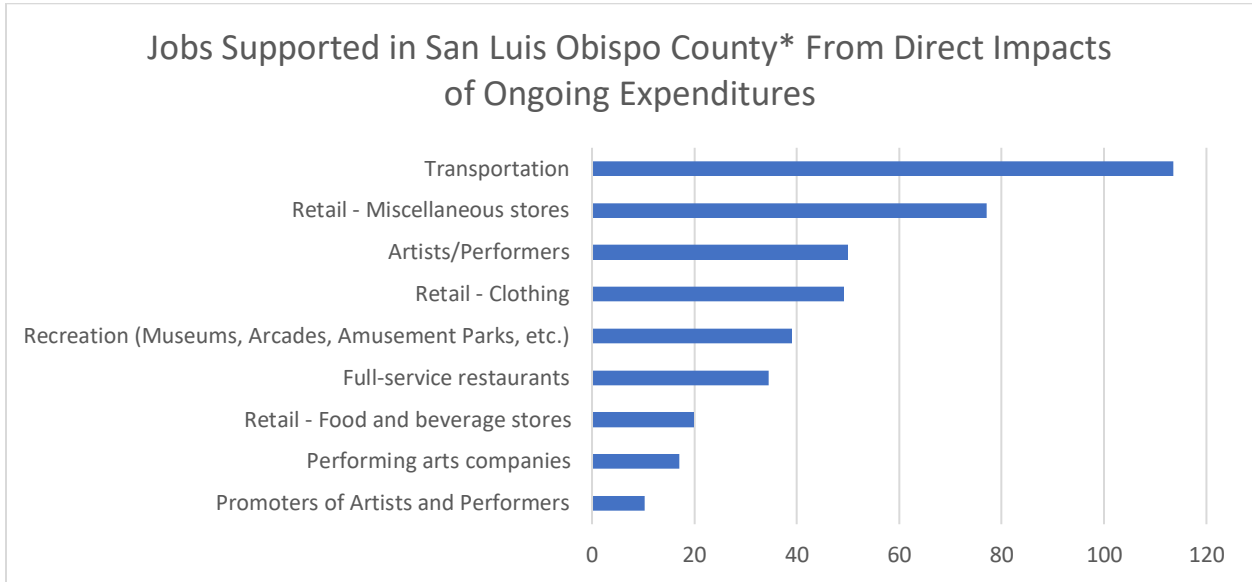


Source: IMPLAN; analysis by Beacon Economics

San Luis Obispo County (Excluding City of Paso Robles)

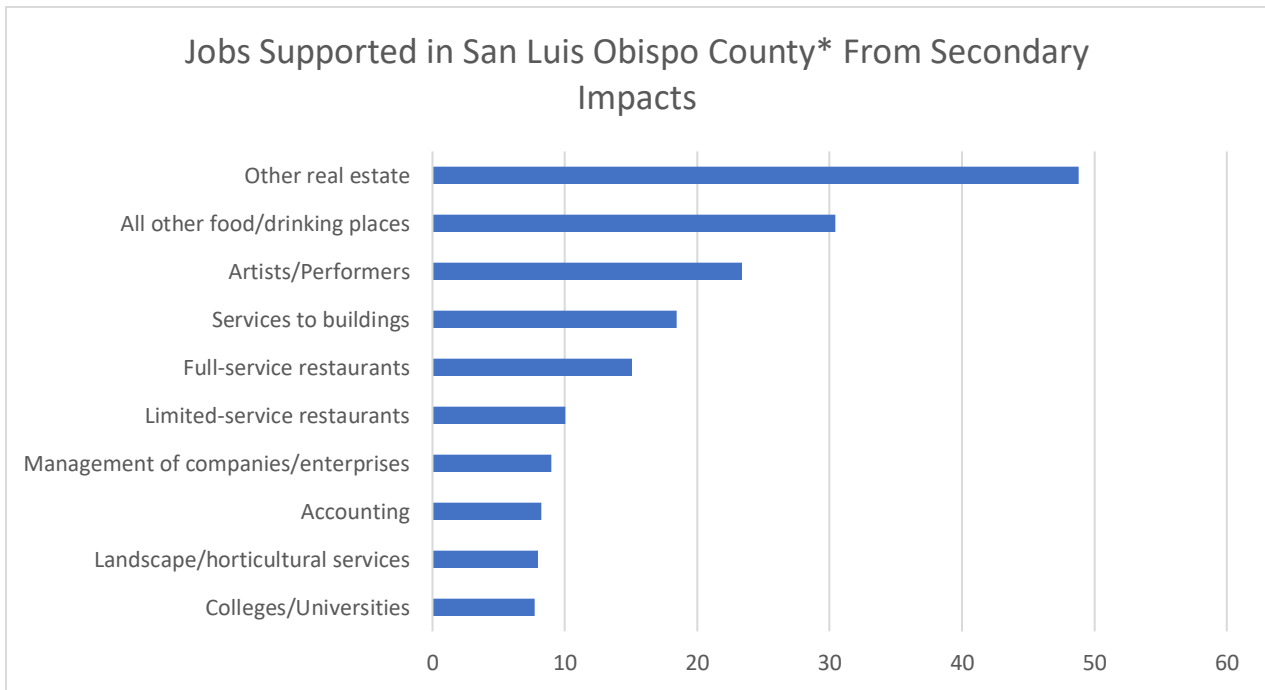
Because Paso Robles is relatively small, supply chains and employee residences are likely to occur outside the city. As such, secondary impacts in Paso Robles are smaller than elsewhere in San Luis Obispo County. Ongoing expenditures elsewhere in San Luis Obispo County are expected to support 800 jobs, with 412 supported through direct impacts (off-site visitor spending) and 387 supported through secondary impacts. Most jobs supported through direct impacts will be in retail (146 combined across all subsectors) and transportation (114), followed by artists/performers (50), recreation (39), and restaurants (35). Jobs supported through secondary impacts will be in restaurants (64 combined across all subsectors), real estate (49), performers (30), services to buildings (23), management (9), and accounting (8).

Paso Robles Gateway Project LAFCO Response



Source: IMPLAN; analysis by Beacon Economics

*Excluding Paso Robles



Source: IMPLAN; analysis by Beacon Economics

*Excluding Paso Robles

Paso Robles Gateway Project LAFCO Response

PART 2

The mixed-use development in the Gateway will include 80 detached residential units in a resort community.

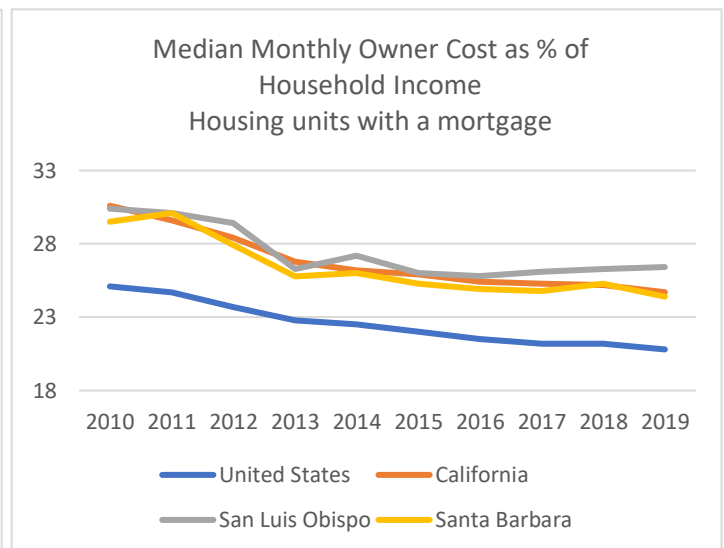
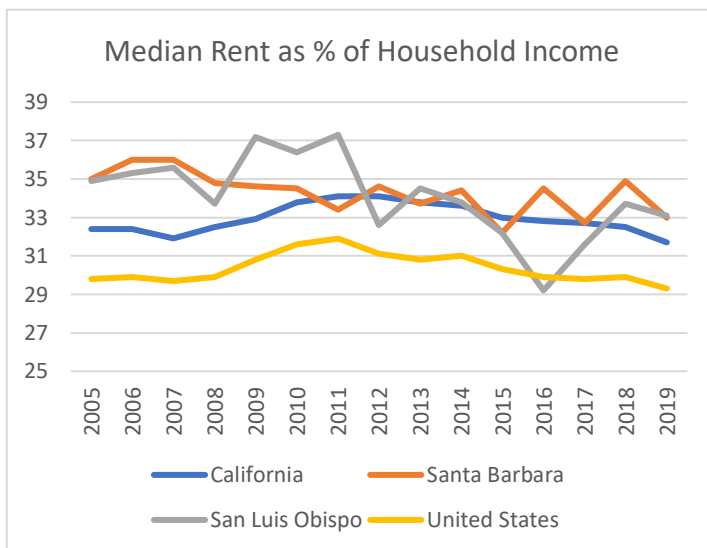
Housing is tight throughout California, with low vacancies in both the ownership and rental market. In 2018, Paso Robles had an estimated 8,415 detached residential units. The addition of the Gateway will increase the number of detached units in the area roughly 1.0%. Paso Robles' homeowner vacancy rate is estimated at 1.5%, around the same level as the nation's and only slightly better than California's 1.2%.

San Luis Obispo county's rental market is also competitive, with an estimated average apartment vacancy rate of 2.4% in 2019 — lower than in Santa Barbara, the state, and the United States. Given the relatively inelastic supply of housing coming online, the cost of rent in the region has been increasing at a considerable rate. From 2018 to 2019, rent rose 5.0% annually in the region — higher than in Bakersfield, Santa Barbara, California, and the United States.

Region	Cost of Rent		Vacancy Rate	
	2019 (\$)	1-Yr % Growth	2019 (%)	1-Yr Change
San Luis Obispo	1,246	5.0	2.4	0.2
Santa Barbara	1,651	4.6	2.9	-0.2
California	2,107	4.3	3.7	0.0
United States	1,479	4.3	4.7	-0.1
Bakersfield	1,014	2.7	1.7	-0.4

Source: REIS; analysis by Beacon Economics

Apartment rents in San Luis Obispo county rose 25% from 2014 to 2019. The lack of new housing and tight supplies have raised prices, which has increased pressure on households. In fact, San Luis Obispo households pay a larger share of rent relative to household income (33.1%) than those in Santa Barbara (33%) and California (31.7%). The region falls considerably behind the U.S. average of 29.3%.



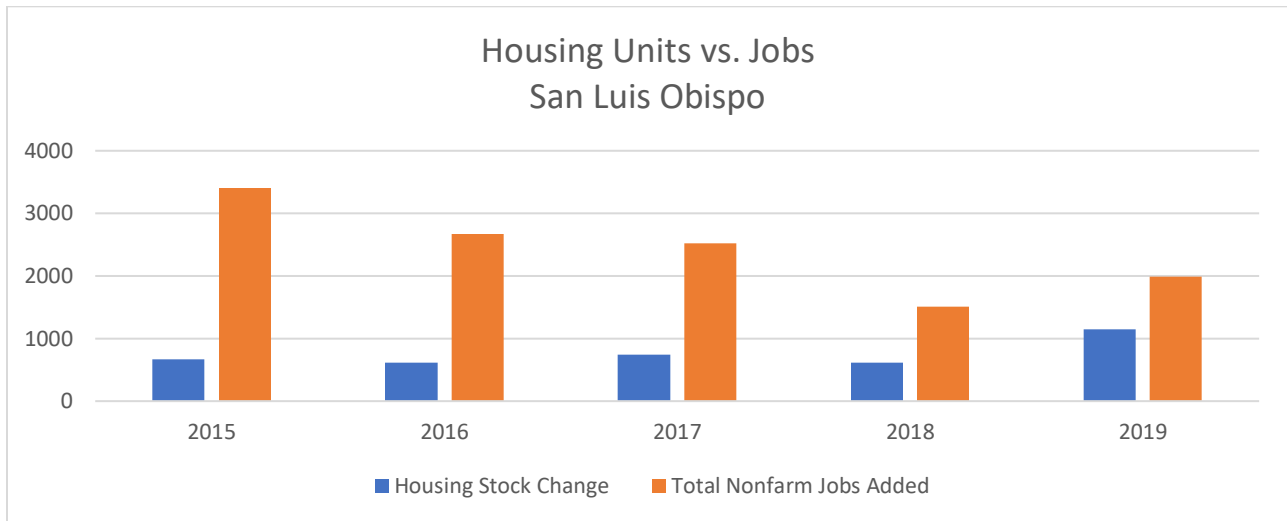
Source: American Community Survey; analysis by Beacon Economics

Paso Robles Gateway Project

LAFCO Response

Housing affordability challenges extend beyond the rental market. Median home prices in Paso Robles rose from \$416,400 in 2015 to roughly \$506,700 in 2019, a 21.7% increase. Furthermore, owner costs as a percent of household income in San Luis Obispo county are considerably higher, at 26.9%, than Santa Barbara (24.4%) and California (24.7%). It's also significantly higher than the nationwide average of 20.8% — meaning households in San Luis Obispo spend much more on housing costs than the average U.S. household.

Housing hasn't kept up with job growth over the past few years in San Luis Obispo. From 2015 to 2019, an average of 2,420 jobs have been added annually, but just 756 homes have been built on average each year.



Sources: California Department of Finance, California Employment Development Department; analysis by Beacon Economics

Attachment I

Final Water Supply Assessment



FINAL

**WATER SUPPLY
ASSESSMENT**

**GATEWAY PROJECT
PASO ROBLES**

December 2019

TODD 
GROUNDWATER

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Table of Contents

1.	INTRODUCTION	1
1.1.	Proposed Project	1
1.2.	Background	3
1.3.	WSA Purpose and Organization.....	3
2.	PROJECT WATER DEMAND	5
2.1.	Current Water Use.....	5
2.2.	Estimated Future Water Demand	6
3.	CITY OF PASO ROBLES WATER SUPPLY AND DEMAND	9
3.1.	City Supply and Demand Overview	9
3.2.	City of Paso Robles Supplies	10
3.2.1.	Climate.....	10
3.2.2.	Water Supplies.....	11
3.3.	Sustainable Groundwater Management Act.....	14
3.4.	Water Supply Factors	15
3.4.1.	Legal.....	15
3.4.2.	Environmental	16
3.4.3.	Water Quality	16
3.4.4.	Climatic.....	17
4.	COMPARISON OF SUPPLY AND DEMAND	19
4.1.	City Supply and Demand.....	19
4.2.	Local Wells.....	20
5.	CONCLUSIONS	22
6.	REFERENCES	23

Appendix A

Ordinance No. 1021 N.S. Relating to Recycled Water Service and Private Wells within the City

List of Tables

Table 1. Land Use, Gateway Project, Paso Robles	2
Table 2. Current and Proposed Use of Onsite Private Wells, Gateway Project, Paso Robles	5
Table 3. Future Water Use, Gateway Project, Paso Robles	7
Table 4. City of Paso Robles Supply and Demand Projections	9
Table 5. Climate Data.....	10
Table 6. Past City of Paso Robles Supplies Used to Meet Demands	11
Table 7. City of Paso Robles Normal Year Supply and Demand Projections	19
Table 8. City of Paso Robles Single and Multiple Dry Year Supply and Demand Projections....	20

List of Figures (follow text)

Figure 1. Gateway Project Location
Figure 2. Gateway Project Conceptual Plan
Figure 3. Paso Robles Annual Rainfall
Figure 4. Wells in the Vicinity of the Gateway Project

1. INTRODUCTION

This Water Supply Assessment (WSA) was prepared for the Gateway Project (Project) for the City of Paso Robles. The 170-acre site is northwest of the US Highway 101 and State Route 46 West interchange and just outside the southwestern boundary of the Paso Robles city limits (**Figure 1**). The property is proposed to be annexed into the City and the General Plan amended with appropriate land use designations.

The Project will include two hotels and three commercial centers. It will also include one of two alternatives: a resort center with a third hotel and a conference center or a resort community with 80 residences.

The City will supply potable water to the Project. Recycled water service is not planned for the area at this time and will not be included in the Project. The use of private wells for irrigation of landscaping, including ornamental vineyards or orchards, will not be permitted. Private wells can supply water to agriculturally-zoned properties for agricultural uses with an approved agreement and permit from the City. Wastewater will be treated at the City's wastewater treatment plant.

Currently, the Project site contains undeveloped grasslands, oak woodlands, riparian habitat and ephemeral drainages. Suburban commercial land uses are located to the south with agricultural uses and scattered residences located to the north and west. Existing and historical site use includes intermittent cattle grazing. Almond trees are on the northern portion of the site but have exceeded their productive life cycle and are no longer irrigated (Kirk Consulting, 2019).

This WSA was prepared in accordance with the City's Rules and Regulations for implementing projects subject to the California Environmental Quality Act (CEQA). The primary purpose of this WSA is to provide an independent evaluation of the Project's water needs and impacts on City water supplies. It documents Project water demand and provides information to verify that the City has sufficient water supply to meet future water demands within the Project area and within the City's water supply service area under normal and dry hydrologic conditions for the next 20 years.

1.1. PROPOSED PROJECT

The proposed Project (**Figure 2**) will be developed in phases and consist of the following (Fusco, 2019):

- **Hillside Hotel** (200,000 sf)
 - 225 rooms
 - restaurant space (5,000 sf)
 - meeting facilities and ballroom (up to 20,000 sf)
 - spa (7,000 sf)
 - pool.
- **Vineyard Hotel** (76,000 sf)
 - 100 rooms
 - meeting area (1,500 sf)
 - pool.
- **Village Commercial Center** (37,100 sf)
 - retail space (18,200 sf)
 - office space (3,800 sf)

- 2 restaurants (5,600 sf)
- 17 residential units (9,500 sf).
- **Promontory Commercial Center** (24,000 sf)
 - commercial and office space (24,000 sf).
- **Vine Street Commercial** (22,000 sf)
 - commercial and office space (22,000 sf).
- **Alternative A: Highway 46 Resort** (135,000 sf)
 - 100 rooms
 - 2 restaurants (5,600 sf)
 - ballroom and meeting areas (4,800 sf)
 - spa (6,000 sf)
 - outdoor event area, pool, and poolside café/bar.
- **Alternative B: Resort Community** (80 residences)
 - 80 residences for individual ownership for short or long-term stays.
- **Irrigation**
 - commercial landscaped areas (36 acres, City water)
 - agriculture (vineyard and/or orchard) (47 acres, private well(s)).

The square-footage areas listed above for each Project component generally correspond to building areas and not total land use areas. Phase 1 will consist of the development on the northern portion of the site (Hillside Hotel, Village Commercial Center and Promontory Commercial Center). The southern portion of the site will be developed in Phase 2 and include the Vine Street Commercial Center and one of the alternatives (Highway 46 Resort or the Resort Community).

Areas associated with these development components are provided in **Table 1**.

Table 1. Land Use, Gateway Project, Paso Robles

Land Use	Area (acres)	Number of Hotel Rooms or Dwelling Units
Agriculture	82.1	-
Open Space	16.6	-
Resort Alternatives (Highway 46 Resort or Resort Community)	18.5	100 rooms or 80 dwelling units
Hospitality (Hillside Destination Resort)	35.2	225 rooms
Commercial/Hospitality (Vineyard Hotel and Village Commercial Center)	9.9	100 rooms and 17 dwelling units
Commercial (Promontory and Vine Street Commercial)	4.0	-
Public Roads	3.2	-
Total	169.5	-

Information from (Kirk Consulting, 2019 – Table 2-3 and Figure 2-6)

1.2. BACKGROUND

The City of Paso Robles requires that certain CEQA documents (e.g., an Environmental Impact Report or Mitigated Negative Declaration) be informed by an independent evaluation of the project's water supply needs and impacts on the City's water supply. This requirement applies to all general plan amendments that propose an increase in residential, commercial, and/or industrial intensity and all annexations that have not been approved by the City Council as of January 1, 2014. Each independent evaluation is to be prepared by a consultant of the City's choice based on demonstrated competence in water supply assessment and evaluation and familiarity with the UWMP. The applicants are requesting a sphere of influence amendment and annexation and a general plan amendment.

The California Water Code Section 10910 (also termed Senate Bill 610 or SB610) requires that a Water Supply Assessment (WSA) be prepared for a project that is subject to CEQA and subject to SB610 as defined in Water Code Section 10912. The Gateway Project is subject to CEQA and SB610 because it is a project that will need water equivalent to 500 dwelling units. Under SB610, documentation of water supply sources, quantification of water demands, evaluation of drought impacts, and provision of a comparison of water supply and demand are required to assess water supply sufficiency. This WSA follows the guidelines set out in the Guidebook for Implementation of Senate Bill 610 and Senate Bill 221 (DWR, 2003).

A foundational document for preparation of a WSA is an UWMP; the City has prepared and adopted a 2015 UWMP (Todd, 2016) in compliance with the Water Code. The 2015 UWMP details City water supplies and demands to buildout (2045 or later) and includes projected increases in water demand of both residential and non-residential land uses located within the City limits. The Gateway Project is outside City boundaries and is not included in the City's General Plan nor UWMP.

1.3. WSA PURPOSE AND ORGANIZATION

The purpose of this WSA is to document the City's existing and future water supplies for its service area and to compare them to the area's future water demand, including that of the proposed Project. This comparison, conducted for both normal and drought conditions in five-year increments over the next 20 years, is the basis for assessing water supply sufficiency in accordance with SB610.

The WSA incorporates current and future water supply and demand information from the City's 2015 UWMP, available City and County documents regarding water supplies (groundwater, Nacimiento supply, recycled water), current water use, and estimated water use of the Project and other approved and proposed projects. The analysis extends to 2045 (assumed to be City buildout), addresses water demands in five-year increments, and provides information consistent with SB610 WSA requirements.

While fulfilling SB610 information requirements, this WSA is organized to be easily read and understood, as follows:

- Section 1 introduces the Project and provides background.
- Section 2 focuses on the current and proposed water demands of the Project that is the subject of this WSA.
- Section 3 documents the City's existing and future supplies and demands in normal and drought years. The City currently relies on groundwater, surface water, and Lake Nacimiento water. Recycled water will be available in the future. Section 3 also includes a summary of the status of

the development of a Sustainable Groundwater Management Plan for the Paso Robles Groundwater Basin and provides a discussion of the degree of certainty associated with available water supplies.

- Section 4 provides the comparison of water supply and demand (in normal and drought years) that fulfills the intent of SB610.
- Section 5 summarizes the report's conclusions.

2. PROJECT WATER DEMAND

This section addresses water demands for the existing property and presents water demand estimates for the proposed development.

2.1. CURRENT WATER USE

The Project site is currently used for seasonal cattle grazing for vegetation management purposes through an annual grazing lease (Kirk Consulting, 2019). Almond trees exist on the northern portion of the site but have exceeded their productive life cycle and are not irrigated. There are currently seven private wells on the site; four of these are older wells that previously supplied domestic and irrigation water and will be properly abandoned as part of the Project approval process. The remaining three wells (F&T #1, F&T #2, and Mazzi #1) are shown on **Figure 2**. The Mazzi #1 well does not have a pump and will also be properly abandoned.

The two wells that are proposed to remain in operation, F&T #1 and F&T #2, are currently used to provide irrigation water to 95.24 acres of vineyards with F&T #1 supplying about 4.13 AFY and F&T #2 supplying about 8.25 AFY (Fuscoe, 2019) (**Table 2**). In 2017, these two wells were also used for onsite pasture irrigation for cattle grazing with F&T #1 supplying about 12 AFY and F&T #2 supplying about 24 AFY (Fuscoe, 2019).

Table 2. Current and Proposed Use of Onsite Private Wells, Gateway Project, Paso Robles

Onsite Private Well	Current Water Use (AFY)			Proposed Future Use of Private Wells (AFY)		
	Onsite Pasture Irrigation in 2017 ¹	Offsite Vineyard Irrigation ²	Total Water Use in 2017	Onsite Irrigation ³	Offsite Irrigation ⁴	Total Future Water Use
F&T #1 Well	12.00	4.13	16.13	0.00	4.13-5.18	4.13-5.18
F&T #2 Well	24.00	8.25	32.25	16.00	8.25-10.30	24.25-26.30
Total 2017 Water Use	36.00	12.38	48.38	16.00	12.38-15.48	28.38-31.48

AFY=acre-feet per year

1. Water used for onsite cattle forage pasture in 2017 (Fuscoe, 2019).
2. Both wells are used to irrigate 95.24 net acres of offsite vineyards (Fuscoe, 2019).
3. F&T #2 well will be used for vineyard and/or orchard irrigation on the Project Site (Fuscoe, 2019). Project site demand from Table 3. F&T #1 well is proposed to continue to supply offsite irrigation only (Fuscoe, 2019).
4. Both wells are proposed to continue to supply offsite vineyard irrigation (Fuscoe, 2019).

The F&T #1 and #2 wells are completed within the sand and gravel aquifers of the Paso Robles Formation in the Atascadero Area Subbasin. Well F&T #1 has a recommended flow rate of 75 gallons per minute (gpm) [121 AFY if pumped continuously] (Williams, 2010). Well F&T #2 has a capacity of 150 gpm [242 AFY if pumped continuously] (Fuscoe, 2019).

2.2. ESTIMATED FUTURE WATER DEMAND

The Project is proposed to be constructed in two phases with the northern portion of the area developed first. Most of the development is projected to be completed by 2025, except for one of the alternatives (Highway 46 Resort or the Resort Community) which will be completed by 2030 (Fusco, 2019). **Table 3** shows the buildout water demands of the Project. Water demands are broken down into water use components for each development area. The table lists the development component; the number of hotel rooms, dwelling units, or area in acres for each of these development components; and the associated City or private well buildout water demands. The last column (right-hand side) shows the water rates used to determine these buildout water demands.

Water use rates were obtained from several sources, including the applicant (Fusco, 2019), the City (based on its 2015 UWMP planning), and duty factors used by the Monterey Peninsula Water Management District for calculation of water use rates and fees (MPWMD, 2019). The hotel room water use rate and the landscaping and vineyard irrigation rates were from the applicant (Fusco, 2019). The hotel room rate was similar to that used in other City water supply evaluations/assessments. The applicant's irrigation rates (1.28 AFY/acre for landscaping and 0.34 AFY/acre for vineyards) are lower than typically used but it will be assumed that state of the art irrigation practices will be utilized to attain these rates as proposed by the applicant (Fusco, 2019). Residential demands are based on water use rate projections used for future development in the City's 2015 UMWP (0.2 AFY for single family homes). Several non-residential demands were projected based on water use factors described in MPWMD's Rule 24 - Calculation of Water Use Capacity and Capacity Fees. These include restaurant, commercial, retail and office uses.

City water will be used to supply Project landscaping irrigation while the F&T #2 well will supply irrigation water to the onsite agriculture (vineyards and/or orchards). A seven percent increase was applied to City water demands to include unaccounted-for (non-revenue) water in the total water demands. Unaccounted-for water is water that represents main flushing or firefighting, meter error, and leaks.

At buildout, total City demand was estimated to be 144.0 AFY with Alternative A (Highway 46 Resort) or 138.5 AFY with Alternative B (Resort Community). Onsite private well demand from the F&T #2 well was estimated to be 16 AFY.

As discussed in the previous section, the F&T #1 and F&T #2 wells will continue to be used to supply irrigation water to offsite vineyards with annual totals ranging between 12 and 16 AFY (see **Table 2**). These demands were not included in the Project demand totals.

Table 3. Future Water Use, Gateway Project, Paso Robles

Development Component	Planned Number of Rooms, Units or Area in Acres	Buildout Water Demands, AFY		Water Use Rate ³
		City Supplied Potable Water	Private Well Agriculture Irrigation ¹	
Hillside Destination Resort (200,000 sf)				
Hotel Rooms	225	27.0	0.0	0.12 AFY/room (applicant)
Restaurants (5,000 sf)	0.11	6.7	0.0	Assume 200 seats at 30 gpd/seat (MPWMD, 2019)
Spa (7,000 sf)	0.16	1.0	0.0	Estimated at 1 AFY
Ballroom and Conference Rooms (20,000 sf)	0.46	1.8	0.0	0.08 gpd/sf (3.9 AFY/acre) (MPWMD, 2019)
Hillside Resort Water Demands	-	36.5	0.0	-
Non-Revenue Water (7%)²	-	2.7	0.0	-
Total Hillside Resort Water Use	-	39.3	0.0	-
Vineyard Hotel (76,000 sf)				
Hotel Rooms	100	12.0	0.0	0.12 AFY/room (applicant)
Pool	-	0.5	0.0	Pool usage 0.5 AFY (North Coast Engineering, 2016)
Meeting Area (1,500 sf)	0.03	0.1	0.0	0.08 gpd/sf (3.9 AFY/acre) (MPWMD, 2019)
Vineyard Hotel Water Demands	-	12.6	0.0	-
Non-Revenue Water (7%)²	-	1.0	0.0	-
Total Vineyard Hotel Water Use	-	13.6	0.0	-
Village Commercial Center (37,100 sf)				
Retail (18,200 sf)	0.42	1.6	0.0	0.08 gpd/sf (3.9 AFY/acre) (MPWMD, 2019)
2 Restaurants (5,600 sf) ~240 seats	0.13	8.1	0.0	Assume 240 seats at 30 gpd/seat (MPWMD, 2019)
Office (3,800 sf)	0.09	0.3	0.0	0.08 gpd/sf (3.9 AFY/acre) (MPWMD, 2019)
Residential Units (9,500 sf)	17	3.4	0.0	0.20 AFY/unit (2015 UWMP)
Village Commercial Water Demands	-	13.4	0.0	-
Non-Revenue Water (7%)²	-	1.0	0.0	-
Total Village Commercial Water Use	-	14.5	0.0	-
Promontory Commercial (24,000 sf)				
Commercial and Office (24,000 sf)	0.55	2.1	0.0	0.08 gpd/sf (3.9 AFY/acre) (MPWMD, 2019)
Promontory Commercial Water Demands	-	2.1	0.0	-
Non-Revenue Water (7%)²	-	0.2	0.0	-
Total Promontory Commercial Water Use	-	2.3	0.0	-
Vine Street Commercial (22,000 sf)				
Commercial and Office (22,000 sf)	0.51	2.0	0.0	0.08 gpd/sf (3.9 AFY/acre) (MPWMD, 2019)
Vine Street Commercial Water Demands	-	2.0	0.0	-
Non-Revenue Water (7%)²	-	0.1	0.0	-
Total Vine Street Commercial Water Use	-	2.1	0.0	-
Alternative A Highway 46 Resort (135,000 sf)				
Hotel Rooms	100	12.0	0.0	0.12 AFY/room (applicant)
2 Restaurants (5,300 sf)	0.12	7.4	0.0	Assume 220 seats at 30 gpd/seat (MPWMD, 2019)
Spa (6,000 sf)	0.14	1.0	0.0	Estimated at 1 AFY
Ballroom and Meeting Areas (4,800 sf)	0.11	0.4	0.0	0.08 gpd/sf (3.9 AFY/acre) (MPWMD, 2019)
Outdoor event area, pool, poolside café/bar	-	0.3	0.0	Assume 1,200 sf at 0.02 AF/100 sf + 0.1 AFY/café
Alternative A Water Demands	-	21.2	0.0	-
Non-Revenue Water (7%)²	-	1.6	0.0	-
Total Alternative A Water Use	-	22.8	0.0	-
Alternative B Resort Community				
Single Family Units (Attached or Detached)	80	16.0	0.0	0.2 AFY/unit (2015 UWMP)
Alternative B Water Demands	-	16.0	0.0	-
Non-Revenue Water (7%)²	-	1.2	0.0	-
Total Alternative B Water Use	-	17.2	0.0	-
Irrigation				
Commercial Landscaped Areas (City Water)	36	46.1	0.0	1.28 AFY/acre (applicant)
Vineyard and Orchard (Private Well)	47	0.0	16.0	0.34 AFY/acre (applicant)
Irrigation Water Demands	-	46.1	16.0	-
Non-Revenue Water (7%)²	-	3.5	-	-
Total Irrigation Water Use	-	49.5	16.0	-
Total Project Water Use with Alternative A	-	144.0	16.0	-
Total Project Water Use with Alternative B	-	138.5	16.0	-

Table 3 Footnotes:

Information from Fuscoe (2019) and Project Description Tables 2-2 and 2-4 (working draft EIR, Kirk Consulting, May 2019). Note that the square footage areas listed in this table generally represent building areas and are not the same areas as those listed in Table 1.

1. An additional 12.4 to 15.5 AFY of water from private wells is proposed for irrigation of offsite agriculture and is not included in this table (see Table 2).
2. Non-revenue (unaccounted-for) water was assumed to be 7% of potable and 7% of recycled demands to be consistent with the 2015 UWMP and includes water used for main flushing or firefighting, meter error, and leaks.
3. Water use rates are from the following sources:
 - **Applicant (Fuscoe, 2019):** hotel rooms (0.12 AFY/room) [Similar to rates assumed in other WSE's (Cabernet Links (0.11 AFY/room), Hyatt Hotel (0.15 AFY/room))]; commercial landscaping irrigation (1.28 AFY/acre); vineyard and/or orchard irrigation (0.34 AFY/acre).
 - **2015 UWMP (Todd, 2016):** single family homes (0.20 AFY/home).
 - **MPWMD (2019):** restaurants (assumed 200 seats for a 5,000 sf restaurant at 30 gpd/seat); light commercial, retail, offices, rec/visitor serving commercial, and ballroom (0.08 gpd/sf (3.9 AFY/acre), increased slightly from low water use retail).
 - **North Coast Engineering (2016):** average pool usage (0.5 AFY).
 - For health spas, assumed 1 AFY, which is slightly higher than the applicant's estimates of 0.8 and 0.7 based on a commercial water usage rate of 4.88 AFY/acre.

Water use for construction or to fill pools is not included in these annual buildout demand estimates.

3. CITY OF PASO ROBLES WATER SUPPLY AND DEMAND

3.1. CITY SUPPLY AND DEMAND OVERVIEW

The City has relied on groundwater from the Paso Robles Groundwater Basin¹, water from the Salinas River, and more recently, Lake Nacimiento water for its water supply. The City has fulfilled water demand in years that have included both extreme dry years (such as 2013) and prolonged severe drought extending over seven years (1984-1990) (see **Figure 3** for annual rainfall data). Recycled water is planned for the future. Discussion of current and projected City water demand and supplies has recently been updated and documented in the City’s 2015 UWMP and will only be summarized here. The UWMP can be found on the City’s website: <https://prcity.com/467/Urban-Water-Management-Plan-PDF>.

Table 4 summarizes projected population and water demands to buildout and the supplies projected to be used to meet those demands.

Table 4. City of Paso Robles Supply and Demand Projections

	2020	2025	2030	2035	2040	Buildout (2045 or later)
Population	32,300	34,400	37,700	39,900	41,900	44,000
Water Demands (AFY)	7,089	7,575	8,061	8,546	9,032	9,519
Water Supply Sources to Meet Demands (AFY)						
Basin Wells	2,600	2,506	2,602	2,124	2,610	2,200
River Wells	3,100	3,500	3,800	4,558	4,558	4,558
Nacimiento Water from Water Treatment Plant	1,120	1,120	1,120	1,120	1,120	2,017
Nacimiento Water from the Recovery Well	269	269	269	269	269	269
Recycled Water for Potable Offset	0	180	270	475	475	475
Total Supply	7,089	7,575	8,061	8,546	9,032	9,519

Note: Supply amounts shown above do not reflect total supply available to the City from each source, nor do they reflect any limits on the City’s groundwater rights, but instead the water planned to supply projected demand.

¹ In 2016, the Atascadero Area was subdivided from Paso Robles Area of the Salinas Valley Groundwater Basin (**Figure 1**). In this WSA, the use of the phrase Paso Robles Groundwater Basin is generally meant to cover both the Atascadero Area and the Paso Robles Area subbasins unless indicated otherwise.

The water demand projections in the 2015 UWMP were developed using representative water demand factors, anticipated future conservation, and City General Plan growth assumptions and buildout conditions. Projected water conservation savings are included in these demand projections. Water demand at buildout is projected to be 9,519 AFY (Todd, 2016).

The supply amounts listed in the table above represent the water planned to supply projected demands and are not the total supply available to the City from each source. More detail on supply sources is provided below.

3.2. CITY OF PASO ROBLES SUPPLIES

3.2.1. Climate

Climate has a notable influence on water availability and demand on a seasonal and annual basis. During drought, influences include greater water demand for outdoor uses, specifically landscape irrigation, and less supply availability because of reduced precipitation and greater evaporation.

Representative climate data for the Paso Robles area are summarized in **Table 5** below, including average monthly rainfall, temperature, and evapotranspiration (ETo). The area has a Mediterranean climate, with moderate temperatures year-round, dry summers and wetter winters. Most of the rainfall occurs between November and April.

Table 5. Climate Data

Month	Average Rainfall ¹ (inches)	Average ETo ² (inches)	Average Temperature ³ (°F)
January	3.45	1.69	46.89
February	3.01	2.24	50.02
March	2.46	3.72	52.98
April	1.01	4.76	56.60
May	0.34	6.03	61.71
June	0.06	6.56	67.44
July	0.05	6.60	71.55
August	0.05	6.30	71.26
September	0.16	4.94	68.12
October	0.59	3.50	61.22
November	1.36	2.02	52.66
December	2.53	1.51	46.76
Average Calendar Year Total	14.77	49.87	-
Monthly Average	1.26	4.16	59.01

1. Precipitation at Paso Robles Station 046730 (Jan 1894-Dec 2018) (WRCC, 2019). Note that Average Calendar Year Total is not the sum of numbers above but rather historical annual average.

2. ETo=Average Evapotranspiration at CIMIS Station 163 Atascadero (CIMIS, 2019).

3. Temperature at Paso Robles Station 046730 (Jan 1894-Dec 2018) (WRCC, 2019).

Figure 3 shows annual rainfall for the 1931 to 2018 period with average annual rainfall at 14.63 inches for the 1931 to 2018 period. Historical average rainfall for the 1894 through 2018 period is 14.77 inches.

3.2.2. Water Supplies

The City of Paso Robles has historically relied on groundwater from the Paso Robles Groundwater Basin and Salinas River water for its municipal water supply as shown below. This has been supplemented in recent years with water from Lake Nacimiento; recycled water is planned for the future. **Table 6** presents the amount of supply used from each source for the last eight years. A description of the supplies available to the City is provided in the following sections.

Table 6. Past City of Paso Robles Supplies Used to Meet Demands

Water Source (AFY)	2011	2012	2013	2014	2015	2016	2017	2018
Paso Robles Groundwater Basin – Basin Wells	2,327	2,880	3,257	3,497	2,045	951	842	656
Salinas River – River Wells	4,069	3,814	3,743	2,772	3,021	2,448	3,348	3,710
Nacimiento Water Treatment Plant*	0	0	0	0	87	1,763	1,622	1,446
Total Groundwater and Surface Water	6,396	6,694	7,000	6,269	5,153	5,162	5,812	5,812

Note: Supply amounts shown above do not reflect total supply available to the City from each source, nor do they reflect any limits on the City’s groundwater rights, but instead the water used to supply projected demand.

* Nacimiento Water Treatment Plant amount shown does not include surface water augmentation with Nacimiento Project Water during periods of drought.

Groundwater

Groundwater from the Paso Robles Groundwater Basin has been and will continue to be an important component of the City’s water supply. In 2016, the Atascadero Area Subbasin was subdivided from the Paso Robles Area Subbasin of the Salinas Valley Groundwater Basin (**Figure 1**). In this WSA, the use of the phrase Paso Robles Groundwater Basin is generally meant to cover both the Atascadero Area and the Paso Robles Area Subbasins unless indicated otherwise. The City operates deep wells that pump percolating groundwater from California Department of Water Resources (DWR) Basin No. 3-004.06 (Paso Robles Area Subbasin). The Paso Robles Area Subbasin has not been adjudicated but it has been

designated as high priority and critically overdrafted by the State, requiring management under the Sustainable Groundwater Management Act (SGMA). The City also has shallow river wells in the Atascadero Area Subbasin (DWR Basin No. 3-004.11). More information on these river wells is provided in the subsequent section on surface water.

The Paso Robles Groundwater Basin is the water-bearing portion of the upper Salinas River drainage area. The Salinas River system drains the basin area and surrounding uplands and flows north along the western edge of the drainage area. The major aquifers (or water-bearing units) in the basin include alluvial deposits and the Paso Robles Formation. The alluvial deposits are up to 100 feet in depth and include recent stream-laid sands and gravels along the floodplains of the Salinas River and its tributaries, and older finer-grained terrace deposits along the Salinas River and Estrella River. Wells in alluvium typically produce in excess of 1,000 gallons per minute (gpm) (Fugro, 2002).

The Paso Robles Formation is the most extensive aquifer and consists of sedimentary layers extending from the surface to depths of more than 2,000 feet. It is typically unconsolidated and generally poorly sorted. The water bearing sediments in the basin are 700 to 1,200 feet thick and typically extend to sea level. Paso Robles Formation sediments are relatively thin, often discontinuous sand and gravel layers interbedded with thick layers of silt and clay. Wells generally produce several hundred gpm (Fugro, 2002).

The City operates 13 deep wells that are dispersed across the City east of the Salinas River. All are screened in the Paso Robles Formation as are the many nearby rural residential and agricultural wells surrounding the City.

Groundwater Quality. A general measure of groundwater quality is total dissolved solids (TDS). For drinking water purposes, water with a TDS concentration of 500 mg/L or less is recommended, but can be usable up to 1,000 mg/L. In Paso Robles Groundwater Basin wells, TDS concentrations generally range from 300 to 1,000 mg/L (Fugro, 2002 and 2005).

A survey of local groundwater quality was conducted by the United States Geological Survey (USGS) as part of its Groundwater Ambient Monitoring and Assessment (GAMA) Program (USGS, 2007). The USGS sampled eleven randomly-selected wells located along the major river valleys, including four in or near the City. While trace amounts of pesticides, arsenic, and boron were reported, no constituents of concern were detected above regulatory thresholds.

In general, City water quality is good, but has relatively high TDS and hardness. In response to the hardness, many residents use home water softeners. However, use of water softeners results in addition of salts to the City's wastewater. Nacimiento water is lower in hardness and TDS than groundwater and its provision to City customers may reduce the use of residential water softeners. Reducing or eliminating the use of water softeners will help preserve the quality of local groundwater and advance the use of recycled water for irrigation.

Groundwater Levels and Flow. Groundwater levels in the Paso Robles Groundwater Basin range between 1,500 feet above mean sea level (msl) around the basin margins to below 600 feet msl in the Estrella subarea and along the Salinas River north of the City (Todd, 2007 and GEI, 2011). Groundwater

flows generally from the margins toward the center of the basin and to the northwest, where the outlet to the lower Salinas Valley is located.

Surface Water

River Wells. The City currently pumps Salinas River water from river wells pursuant to appropriate surface water rights and a permit issued by the State Water Resources Control Board. The City has eight river wells and one Nacimiento water recovery well. Approximately half of the City's current well water supply comes from its shallow Salinas River wells in the Atascadero Area. Groundwater basin boundaries were modified by DWR in 2016 and now define the Atascadero Area of the Salinas Valley Groundwater Basin (DWR Basin No. 3-004.11). The City's Permit allows the City to take up to eight cubic feet per second (3,590 gpm) with a maximum diversion of 4,600 AFY (January 1 to December 31). The permit designates a moveable point of diversion within a specific reach of the Salinas River.

Nacimiento Water. The City of Paso Robles holds a 6,488 AFY delivery entitlement for Lake Nacimiento water with the San Luis Obispo County Flood Control and Water Conservation District. In order to directly use its Nacimiento supply, the City constructed a 2.4 million gallon per day (mgd) surface water treatment plant which became fully operational in early 2016. The City anticipates operating the plant approximately five to nine months out of the year to serve peak summer demands, yielding about 1,120 AFY to 2,017 AFY. Treatment plant operation could be increased to provide up to 2,688 AFY.

In addition to direct deliveries, Nacimiento water also can be utilized by the City through a recovery well. This operation allows Nacimiento water to be turned into the Salinas River channel and captured through the recovery well (as distinct from River water that the City produces pursuant to its water rights permit issued by the State Board). The recovery well is operated at a rate of 400 gpm for five months out of the year, averaging 269 AFY.

Finally, Nacimiento water can be used to augment surface water and improve water supply reliability. Similar to the operation of the recovery well, Nacimiento water can be turned into the Salinas River channel adjacent to City's river wellfield. This allows the river wells to operate when native supplies are low.

Recycled Water

Municipal recycled water is wastewater that has been treated to a specified quality to enable it to be used again. The City currently does not use recycled water but is actively pursuing such use. In 2014, the City completed a Recycled Water Master Plan update (AECOM, 2014) that identified potential recycled water customers, estimated recycled water quality and blending needs, identified recycled water distribution system possibilities, and developed preliminary cost options.

The Recycled Water Master Plan identified the potential to provide approximately 1,530 AFY of recycled water to customers within City boundaries to irrigate City parks, schools, and local government facilities; residential, commercial, and industrial landscape irrigation; and golf course irrigation. This estimate of total recycled water includes potential deliveries that offset potable water demand otherwise served by the City, and deliveries that would offset private well use. This estimate also accounts for blending recycled water with lower salinity sources to make it suitable for agricultural and golf course irrigation.

Recycled water amounts shown in **Table 6** would offset potable water demand (475 AFY by 2035). Additional recycled water that is not needed within City boundaries will be available for use outside City boundaries for such uses as agricultural and vineyard irrigation and groundwater recharge.

The City of Paso Robles is currently designing a recycled water distribution system that will serve irrigation demands in the City and will also allow regional recycled water use. Recycled water will benefit the City and regional users by providing a drought-resilient supplemental water supply that can be used to offset irrigation demands and contribute to sustainable use of groundwater. The first phase of the City's recycled water distribution system will consist of construction of a five to six-mile pipeline in 2020. Recycled water will be piped from the treatment plant to the City's east side with a reservoir located south of Barney Schwartz Park. Construction may take 18 months. In the interim, the recycled water will be released into the Salinas River at the current discharge site for treated wastewater. The recycled water will be available to large centralized irrigation uses within the City like golf courses, parks, and commercial landscaping areas. The system will be expanded in the future to serve additional landscape uses in the City and agricultural irrigation.

3.3. SUSTAINABLE GROUNDWATER MANAGEMENT ACT

The Sustainable Groundwater Management Act (SGMA), which became effective on January 1, 2015, provides a framework for sustainable management of groundwater resources by local agencies, defined as a local public agency with water supply, water management, or land use responsibilities within a groundwater basin.

SGMA establishes a process and timelines for local agencies to achieve sustainable groundwater management in basins designated as medium or high priority by the DWR. The Paso Robles Groundwater Basin is on the following accelerated timeline because it is designated as critically overdrafted:

- Local agencies must form local groundwater sustainability agencies (GSAs) by 2017;
- GSAs must prepare and adopt groundwater sustainability plans (GSPs) by 2020; and
- Once GSPs are adopted, GSAs must implement them and achieve sustainability within 20 years.

In January 2015, the County of San Luis Obispo and Flood Control District Board adopted a SGMA Strategy to "establish community focused Groundwater Sustainability Agencies (GSA) based on cooperative interagency and stakeholder relationships in order to comply with SGMA requirements." Subsequently, five GSAs were formed and, in September 2017, entered into a Memorandum of Agreement to prepare the Groundwater Sustainability Plan for the Paso Robles Area Subbasin. The five overlying GSAs, called the Cooperative Committee, are:

- City of Paso Robles
- Paso Basin - County of San Luis Obispo
- San Miguel Community Services District
- Shandon - San Juan Water District
- Heritage Ranch Community Services District

The GSP is in the process of being completed and is available for review on the Paso Robles Groundwater Communication Portal: <http://pasogcp.com>. The Portal also provides meeting information Gateway Project WSA

and updates on other SGMA-related activities in the Paso Robles Groundwater Basin. Additional information on the Paso Robles Groundwater Sustainability Plan can be found on the County's website: [https://www.slocounty.ca.gov/Departments/Public-Works/Committees-Programs/Sustainable-Groundwater-Management-Act-\(SGMA\)/Paso-Robles-Groundwater-Basin.aspx](https://www.slocounty.ca.gov/Departments/Public-Works/Committees-Programs/Sustainable-Groundwater-Management-Act-(SGMA)/Paso-Robles-Groundwater-Basin.aspx). Compliance with SGMA means that the GSP document will be completed by 2020 and sustainability will be achieved by 2040.

As mentioned previously, the Atascadero Area Subbasin was subdivided from the Paso Robles Area Subbasin based on information that indicated the Rinconada Fault as a barrier to groundwater flow. The Atascadero Area Subbasin is a very low priority basin and therefore not required to comply with SGMA. However, the Atascadero Area Subbasin GSA, of which the City of Paso Robles is a member, decided to continue to proactively manage the Subbasin groundwater resources and develop a GSP using grant funds provided by DWR. Draft sections of the Atascadero GSP are available for review at <http://portal.atascaderobasin.com/>.

3.4. WATER SUPPLY FACTORS

The City has a diverse water supply portfolio that increases overall City water supply reliability. It has a Water Conservation and Water Shortage Contingency Plan that establishes mandatory and permanent water management requirements to conserve water, enable effective water supply planning, provide for reasonable and beneficial use of water, and prevent waste, unreasonable use, and unreasonable methods of use of water. However, various factors have the potential to affect the City's water supply, including legal, environmental, water quality, and climatic factors, or a combination thereof.

3.4.1. Legal

The City is taking steps to increase the reliability of its surface water and groundwater supplies. For example, and in addition to other efforts described herein, the City is an active party in the development of the GSP for the Paso Robles Groundwater Basin; this GSP is intended and required to achieve groundwater sustainability. Moreover, under SGMA, the five GSAs in the Paso Robles Groundwater Basin have the legal authority to implement the GSP throughout the entire plan area.

In addition, the City has developed policies that apply to the management of non-City wells within City limits. These policies outline permit requirements for the development and use of private wells within City boundaries, establish policies for recycled water use, and extend the City's Water Conservation and Water Shortage Contingency Plan to these private wells. The policies also require that private wells be maintained and operated in a manner to prevent cross-connection with the City water system and be properly abandoned to prevent migration of surface contaminants to groundwater.

In 2013, a quiet title water rights lawsuit was filed by a small group of North County property owners in San Luis Obispo County Superior Court who argued that their overlying groundwater rights and right to continue pumping from the basin is equal or superior to the rights of the County and other governmental entities that also pump from the basin. The case was moved to the Santa Clara County Superior Court because of the court's experience with complex water law. A jury trial in 2018 found that public water suppliers had acquired prescriptive groundwater rights to the Paso Robles Groundwater Basin during times of groundwater shortage conditions. The next phase of the case will determine how much water public water suppliers have a right to pump.

3.4.2. Environmental

Environmental factors that could affect City's water supply may arise from increased pumping by other groundwater basin users. As noted above, DWR already has designated the Paso Robles Groundwater Basin as a critically overdrafted basin. SGMA regulation will guide the Paso Robles Groundwater Basin water users in the future sustainable management of groundwater resources to prevent SGMA-defined undesirable results (e.g., chronic lowering of groundwater levels, reduction of groundwater storage, degraded water quality, land subsidence, and surface water depletions with adverse impacts on beneficial uses.)

Earthquakes (such as the 2003 San Simeon earthquake) also are an environmental event that could affect supply consistency in the short term as repairs are made to potentially damaged facilities (e.g., storage tanks, pipelines, wells). Heat waves have resulted in power outages in Paso Robles that can temporarily disrupt water supply. The City has backup generators at some but not all City wells. In the past, the City has rented additional generators during power failures.

In addition to the Water Conservation and Water Shortage Contingency Plan, the City has a Water System Emergency/Disaster Response and Notification Plan to respond to emergencies affecting water system operation. The City also has a Local Hazard Mitigation Plan that assesses risks posed by natural and human-caused hazards and includes a mitigation strategy for reducing the City's risks.

Environmental impacts associated with supplying water to the Project will be minimal. The City's main infrastructures for groundwater, surface water and Nacimiento water supplies are already established. The Environmental Impact Report for the Project will address potential environmental impacts associated with construction of the water delivery system on the Project site. Regional water supply-related impacts are being addressed through the SGMA process for the management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results. At time of writing, the Paso Basin GSP is nearing completion; all GSP sections have been provided for public review and the public comment period closed in September 2019. The GSP establishes Sustainable Management Criteria and subsequent projects and management actions to avoid significant and unreasonable undesirable results related to chronic lowering of groundwater levels, reduction of groundwater storage, degradation of groundwater quality, land subsidence affecting land use and depletion of interconnected surface affecting beneficial use.

3.4.3. Water Quality

It is not anticipated that the current or projected quality of surface water, groundwater, Nacimiento water, or recycled water will affect the volume of water available for use by the City. Nacimiento water improves the quality of the City's water supply with respect to lowering the total dissolved solids (TDS) content of the supply.

While all but one of the Salinas River wells are clustered in two well fields, the remaining City wells are distributed widely. Accordingly, the response to contamination of a well field or one or more wells would be cessation of pumping in the affected wells and greater temporary reliance on the remaining wells (as well as Nacimiento water and recycled water supply as applicable). Wellhead treatment is also an alternative that could be implemented in response to a specific water quality issue. Currently, the

Ronconi Well Field has a microfiltration wellhead treatment system and Sherwood 9 and Sherwood 11 wells have treatment systems to remove arsenic and hydrogen sulfide.

The City's supply sources are potentially vulnerable to agricultural drainage, auto repair shops, gas stations, home manufacturing, low-density septic systems, sewer collection systems, dry cleaners, metal plating/finishing/fabricating, animal operations, agriculture and irrigation wells, and plastic and synthetics producers. Despite these potential vulnerabilities, all water supplied by the City consistently meets all applicable drinking water standards.

The potential for contamination of City wells is reduced through preparation of a Drinking Water Source Assessment and Protection Program (DWSAP), a federally-mandated program being coordinated by the California State Department of Health Services. The City has prepared DWSAs for all of its wells. For each well, the DWSAs:

- Delineate source protection areas for both surface water and groundwater;
- Identify all potential sources of significant contamination in source protection areas; and
- Determine the susceptibility of water sources to contamination within protection areas.

Additionally, the City has employed several protection measures to reduce potential for contamination which have included increased monitoring, and abatement or remediation of identified sources of potential contamination. These activities, and the regional policies and ongoing programs listed below directly or indirectly reduce the vulnerability of the City's supplies to contamination or the potential for contamination:

- City and County ordinances prohibiting discharge of contaminants and pollutants
- City and County code enforcement
- City's industrial waste, and pretreatment and source control programs
- Stormwater pollution prevention programs
- Strict adherence to DWR well abandonment procedures for public and private wells.

The City's Water Shortage Contingency Plan can be used if unforeseen water supply interruptions occur due to water quality problems. Water supply wells are dispersed throughout the City and it is unlikely that more than one cluster of wells would be impacted at the same time. As mentioned before, the City's diverse water supply portfolio greatly bolsters overall water supply reliability.

With regard to regional groundwater quality, the Salt/Nutrient Management Plan (SNMP) for the Paso Robles Groundwater Basin (RMC, 2015) has characterized groundwater basin conditions, documented salt and nutrient sources, and estimated loading with a focus on TDS, chloride and nitrate. The SNMP indicated that overall groundwater quality was generally stable and could be improved with additional use of Nacimiento supply. Reduction of salt loading has been a long-term goal of the City, which has pursued the reduction of home water softener use, strategic use of City wells with lower salt concentrations, and implementation of an industrial waste discharge ordinance.

3.4.4. Climatic

The climatic events most likely to affect water supply are droughts. Future climate change can bring additional challenges to water supply management.

While the City's surface water supplies are not dependent on snowmelt (which is most likely to be affected by climate change and global warming), effects of climate change include increased evapotranspiration losses, including increased irrigation water demand and evaporation from Lake Nacimiento. Effects on the water system of increased irrigation demand can be minimized through water conservation measures and provision of recycled water.

4. COMPARISON OF SUPPLY AND DEMAND

To determine water supply sufficiency, water supply assessments must include a comparison of supply and demand during normal, single dry and multiple dry years during a 20-year projection. **Tables 7 and 8** compare City supply and demand projections in five-year increments between 2020 and buildout (anticipated to occur after 2045) for normal and dry climatic years. These tables are based on 2015 UWMP tables. On an annual basis, the City has been able to provide sufficient supplies to meet demand during normal, single-dry, and multiple-dry year periods. Historical annual pumping has not been greatly affected by drought. The top portions of **Tables 7 and 8** show the City's supply and demands from the 2015 UWMP. Note that the supply totals represent the supply that will be used to meet 2015 UWMP demands.

4.1. CITY SUPPLY AND DEMAND

Although the additional 138.5 to 144.0 AFY of water demand associated with the Project was not accounted for in the 2015 UWMP (shown in red in **Tables 7 and 8**), the City has this supply available from its water supply portfolio of Nacimiento water, groundwater from the Paso Robles Groundwater Basin and water from the Salinas River. Section 4.2 provides discussion of the pre-Project and Project buildout use of the onsite private groundwater wells.

Table 7. City of Paso Robles Normal Year Supply and Demand Projections

<i>Acre-feet/year</i>	2020	2025	2030	2035	2040	Buildout (2045 or later)
UWMP Supply and Demand Projections¹						
Supply totals	7,089	7,575	8,061	8,546	9,032	9,519
Demand totals	7,089	7,575	8,061	8,546	9,032	9,519
Difference	0	0	0	0	0	0
Supply and Demand Projections (with Project)¹						
Alternative A (Highway 46 Resort)						
Supply totals	7,089	7,575	8,061	8,546	9,032	9,519
Demand totals	7,089	7,696	8,205	8,690	9,176	9,663
Difference	0	121	144	144	144	144
Alternative B (Resort Community)						
Supply totals	7,089	7,575	8,061	8,546	9,032	9,519
Demand totals	7,089	7,696	8,200	8,685	9,171	9,658
Difference	0	121	139	139	139	139

Note: Supply totals are from the 2015 UWMP and represent the supply that will be used to meet 2015 UWMP demands.

1. Water for the Gateway Project (Table 3) was not included in the 2015 UWMP projections. The City has the additional 139 to 144 AFY of supply available but the supply amounts in this table were kept at 2015 UWMP-listed supplies. Groundwater production has been reduced by over 1,500 AFY the last two years in response to treated Nacimiento water becoming available (see Table 6).

Table 8 shows supply and demand for single year droughts in five-year increments between 2020 and buildout (2045 or later). Although customer water use in drought years may increase initially as a result of increased irrigation, water use in a drought year was assumed to be the same as a normal year because water use restrictions would limit additional water use, especially for landscape irrigation. Supply totals are the supply that will be used to meet demands. The amount of water supply available in times of drought is deemed the same as that available during normal years, and within historical pumping volumes.

Table 8. City of Paso Robles Single and Multiple Dry Year Supply and Demand Projections

<i>Acre-feet/year</i>	2020	2025	2030	2035	2040	Buildout (2045 or later)
UWMP Supply and Demand Projections¹						
Supply totals	7,089	7,575	8,061	8,546	9,032	9,519
Demand totals	7,089	7,575	8,061	8,546	9,032	9,519
Difference	0	0	0	0	0	0
Supply and Demand Projections (with Project)¹						
Alternative A (Highway 46 Resort)						
Supply totals	7,089	7,575	8,061	8,546	9,032	9,519
Demand totals	7,089	7,696	8,205	8,690	9,176	9,663
Difference	0	121	144	144	144	144
Alternative B (Resort Community)						
Supply totals	7,089	7,575	8,061	8,546	9,032	9,519
Demand totals	7,089	7,696	8,200	8,685	9,171	9,658
Difference	0	121	139	139	139	139

Note: Supply totals are from the 2015 UWMP and represent the supply that will be used to meet 2015 UWMP demands.

1. Water for the Gateway Project (Table 3) was not included in the 2015 UWMP projections. The City has the additional 139 to 144 AFY of supply available but the supply amounts in this table were kept at 2015 UWMP-listed supplies. Groundwater production has been reduced by over 1,500 AFY the last two years in response to treated Nacimiento water becoming available (see Table 6).

If approved, at buildout, the Project will use 139 AFY (Alternative B) or 144 AFY (Alternative A) of City-provided potable water (Table 3).

4.2. LOCAL WELLS

One onsite groundwater well (F&T #2) is proposed to supply 16 AFY of water to onsite vineyards and/or orchards and continue to supply an estimated 8.25 to 10.30 AFY to offsite vineyards. In addition, the F&T #1 well is proposed to continue to supply 4.13 to 5.18 AFY of irrigation water to offsite vineyards (Fusco, 2019) (Table 2). These wells pump from the sand and gravel beds of the Paso Robles Formation and range in depth from 400 to 490 feet (Cleath-Harris, 2011).

The site is surrounded by rural residential and vineyards that presumably rely on groundwater. **Figure 4** shows an aerial image of the Project vicinity that shows the Project site in relation to the surrounding agriculture and rural residential areas. It also shows onsite wells and nearby wells, including the City's Thunderbird well field east of the site and Templeton Community Services District (TCSD) production wells to the south and east of the Project site.

The City's Thunderbird well field pumps mainly from the river alluvium (**Figure 4**). TCSD's Platz River well (Platz 2) pumps from the river alluvium but has been on standby for emergency uses only (Fugro, 2013). It is slated for replacement in 2021 (Lechowicz and Tseng, 2018). The Platz Deep well (Platz 4) and Fortini well are active TCSD water supply wells.

In 2017, the two onsite wells reportedly produced about 48 AF for onsite and for offsite irrigation. The closest TCSD well (Platz 4) is about 2,000 feet away from F&T #2 well (**Figure 4**). Use of the F&T #1 and F&T #2 wells for onsite and for offsite irrigation will need to comply with the City's Ordinance for Private Wells (Appendix A) and will require well agreements and issuance of private well permits by the City which address the proposed uses of the private wells. Provisions will be required in the well agreements to ensure water used onsite and offsite is appropriately measured and reported, and to ensure the City has sufficient authority over use of the wells, consistent with the municipal code and other agencies' requirements.

5. CONCLUSIONS

The findings of this WSA are summarized below.

- The Gateway Project will be built on a 170-acre site is northwest of the US Highway 101 and State Route 46 West interchange and just outside the southwestern boundary of the Paso Robles city limits. The property is proposed to be annexed into the City and the General Plan amended with appropriate land use designations.
- Existing and historical Project site use includes intermittent cattle grazing. Almond trees are on the northern portion of the site but have exceeded their productive life cycle and are no longer irrigated.
- The Project will include two hotels and three commercial centers. It will also include one of two alternatives: a resort center with a third hotel and a conference center or a resort community with 80 residences. The Project also includes onsite vineyards and/or orchards.
- Currently, two onsite private wells, F&T #1 and F&T #2, provide irrigation water to offsite vineyards and in 2017, these two wells were also used for onsite pasture irrigation for cattle grazing.
- Once completed, the Project will use an estimated 138.5 AFY (Alternative B) to 144.0 AFY (Alternative A) of City-supplied potable water.
- The Project's potable water demand of 138 to 144 AFY was not included in the City's 2015 UWMP; however, the City has the additional supply from its water supply portfolio of Nacimiento water, groundwater from the Paso Robles Groundwater Basin and water from the Salinas River.
- The Project also proposes use of two private onsite wells. Use of onsite wells will need to comply with the City's requirements for private wells and will be subject to well agreements and private well permits. It is proposed the Project will use an estimated 16 AFY of water from a private onsite well (F&T #2) for onsite irrigation. Additionally, it is proposed the private onsite wells F&T #1 and F&T#2 provide 12 to 16 AFY of water for offsite irrigation.
- The ongoing management of the Atascadero Area Subbasin through the SGMA process is expected to result in sustainable groundwater management in the future allowing the Atascadero Area Subbasin to sustain the continued use of the onsite wells to supply offsite vineyard irrigation (12-16 AFY) and to supply onsite vineyard and/or orchard irrigation (16 AFY).

In conclusion:

The City has adequate potable supply to provide a reliable long-term water supply for the Project under normal and drought conditions.

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FIGURES

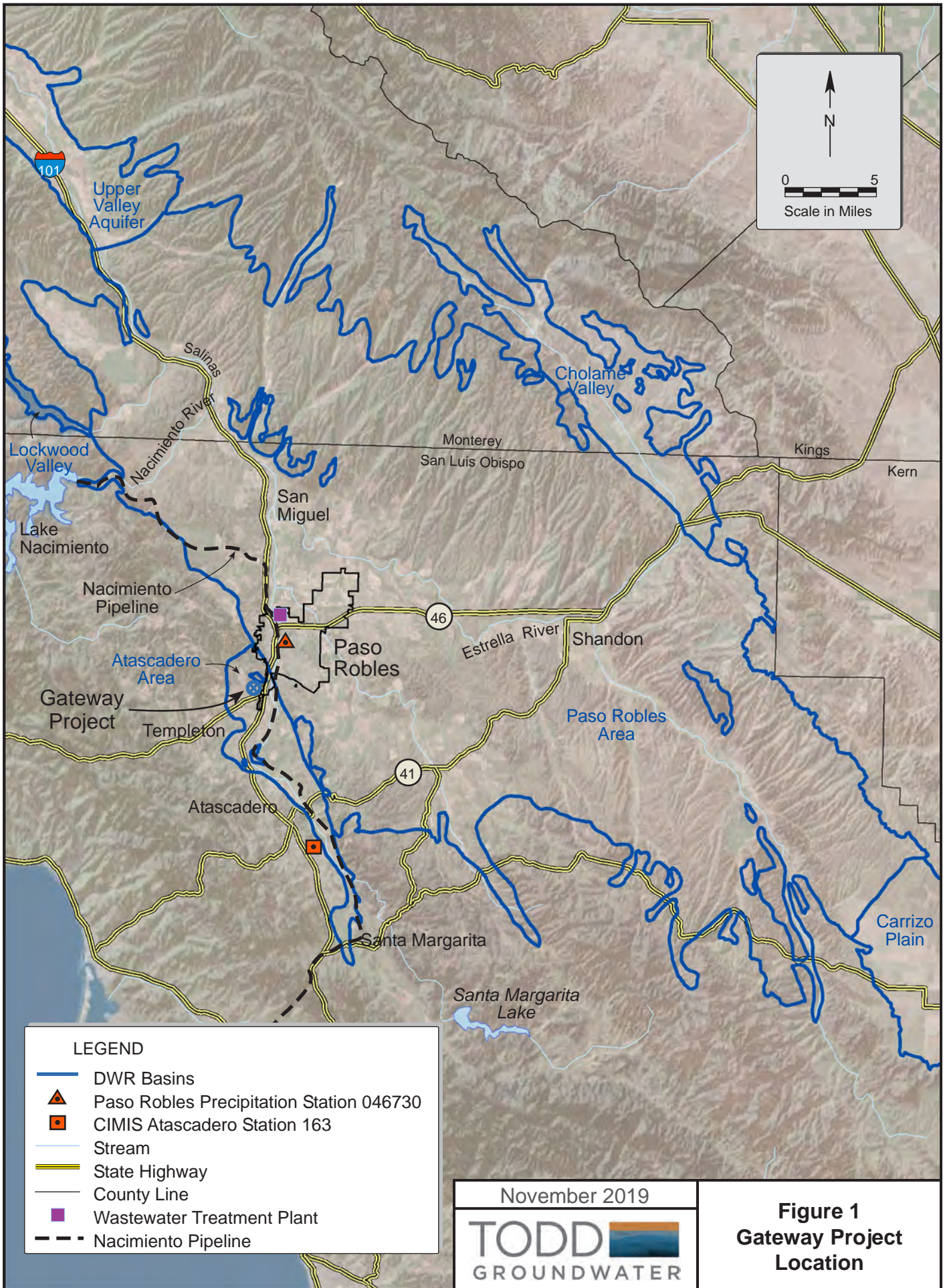
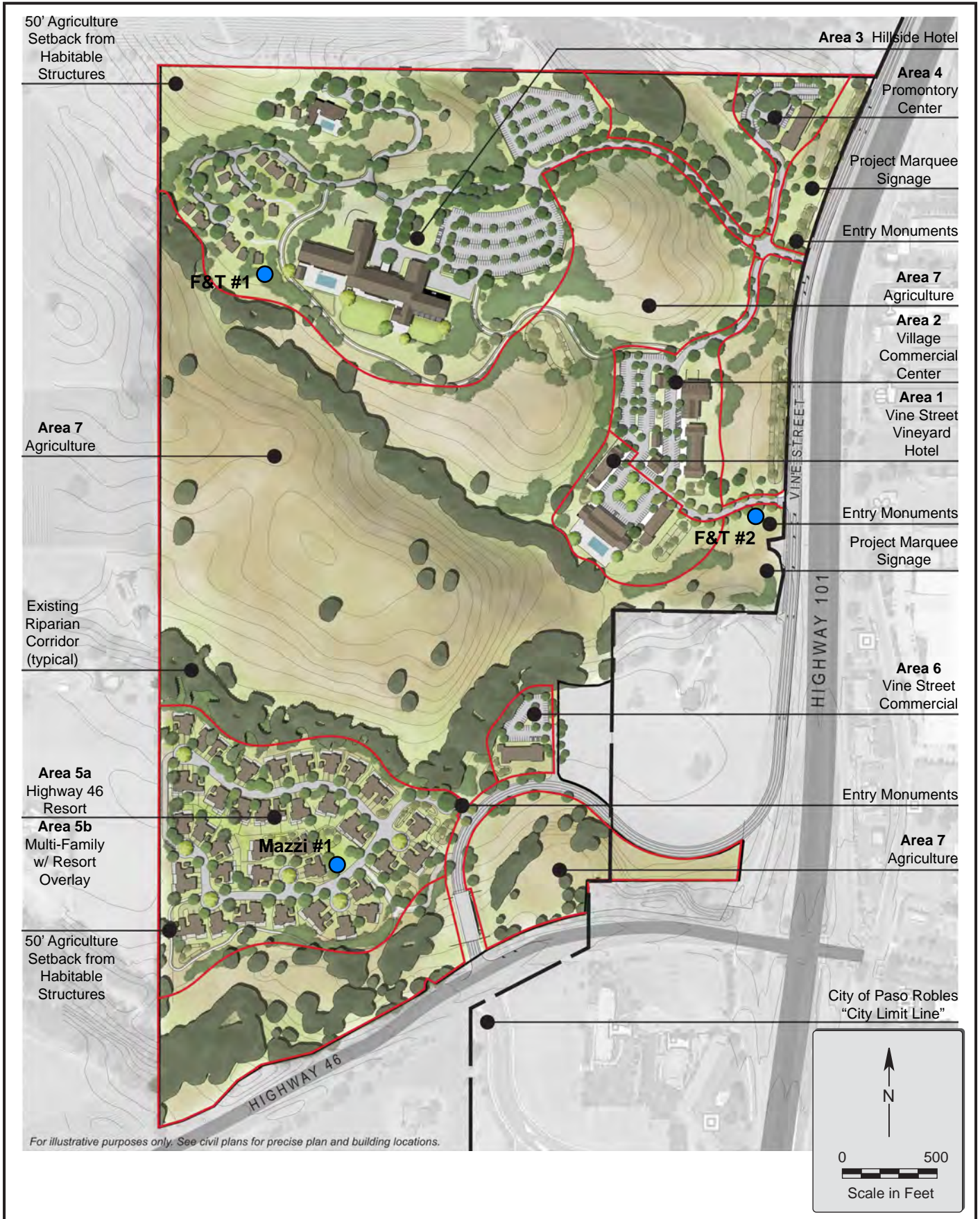


Figure 1
Gateway Project
Location



For illustrative purposes only. See civil plans for precise plan and building locations.

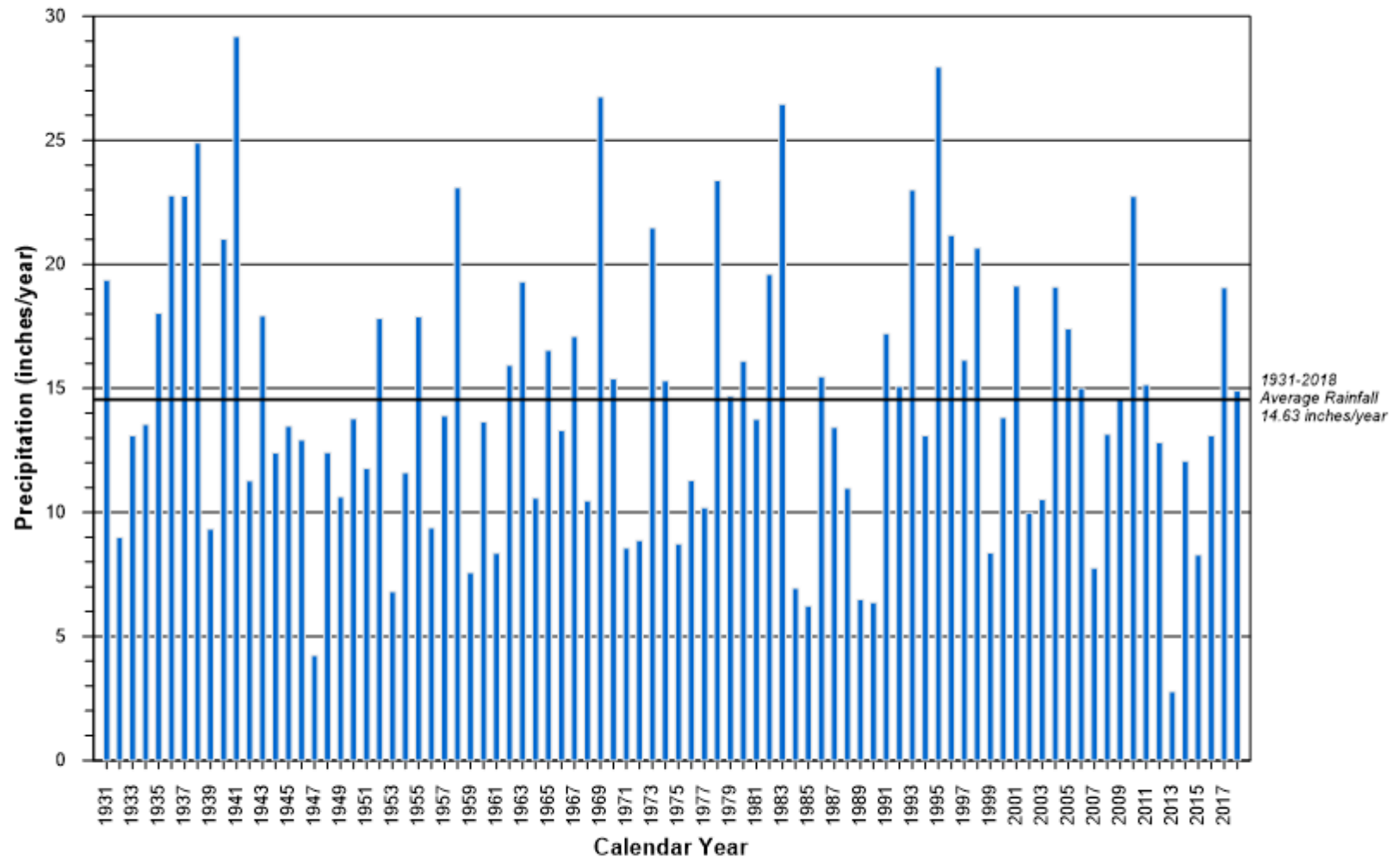
● Private Groundwater Well

Source: MVE Engineers March 29, 2019

November 2019

TODD 
GROUNDWATER

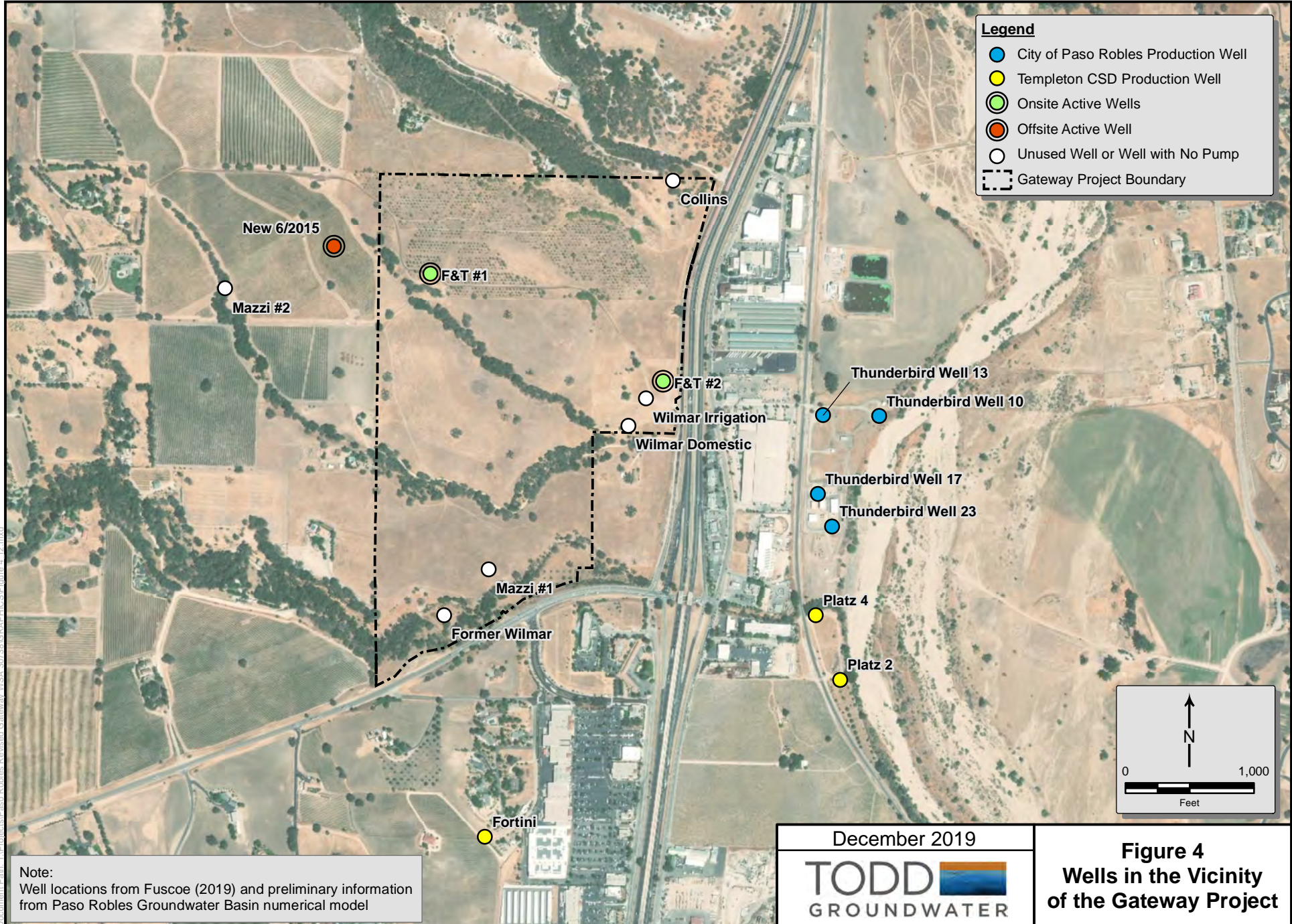
Figure 2
Gateway Project
Conceptual Plan



Note: Precipitation data from Paso Robles Station 046730 (WRCC, 2019)



Figure 3
Paso Robles
Annual Rainfall



Document Path: T:\Projects\Paso Robles Revised Gateway\WSA 30728\GRAPHICS\Figure 4_12.mxd

APPENDIX A

Ordinance No. 1021 N.S.
Relating to Recycled Water Service
and Private Wells within the City

ORDINANCE NO. 1021 N.S.

AN ORDINANCE OF THE CITY COUNCIL OF
THE CITY OF EL PASO DE ROBLES AMENDING SECTIONS
14.02.020, 14.06.020, 14.06.040, 14.06.049, 14.06.052, 14.06.104,
14.06.132, 14.06.135, 14.06.136 AND 14.06.138 OF CHAPTER
14.06 AND ADDING CHAPTER 14.07 TO TITLE 14 OF THE
MUNICIPAL CODE OF
THE CITY OF EL PASO DE ROBLES, CALIFORNIA,
RELATING TO RECYCLED WATER SERVICE AND
PRIVATE WELLS WITHIN THE CITY

WHEREAS, it is the goal of the City of El Paso de Robles to supply water to all premises within the boundaries of the City; and,

WHEREAS, in light of current water conditions and to protect the public health, safety, and welfare, the City Council adopted an urgency ordinance, Ordinance No. 1000, on February 4, 2014, to impose a temporary prohibition on the issuance of permits for new private water wells or modification/rehabilitation of existing wells that would increase groundwater extraction; and

WHEREAS, the provisions of Ordinance No. 1000 were extended by Ordinance No. 1002 in order for the City to have time to consider the issue of private wells more comprehensively; and

WHEREAS, Ordinance No. 1002 will expire on February 5, 2016; and

WHEREAS, with only a few exceptions, the City water system is available to serve the entire City, and therefore private wells may be approved only under limited conditions; and,

WHEREAS, the City's goal and policy regarding private wells is founded on several key principles, including but not limited to the following:

- The City, County, landowners and other stakeholders within the Paso Robles Groundwater Basin should share in the stewardship of Basin resources.
- The City is committed to prudent City-wide use of water and water conservation.
- The goals and objectives of the City's water resource master plans, wastewater and recycled water plans, urban water management plan, and groundwater management and sustainability plans should be integrated to provide a long-term, reliable, and high quality water supply for the City.

- The City's development of a City recycled water system should be used to offset potable water demand, consistent with statewide water recycling goals and the City's integrated water resources management plan.
- A reliable and sustainable water system requires all water users to contribute financially to the system.
- Potential conflicts among well users in the unincorporated areas should be minimized.
- The need exists to control cross-connections and minimize the possibility that private well usage might degrade groundwater quality.
- The need exists to police the proper abandonment of wells.

WHEREAS, it is recognized that some private wells already exist in the City, and it may be appropriate to allow construction of new private wells or modification, replacement or rehabilitation of existing private wells within the City under certain limited circumstances; and,

WHEREAS, to protect the public health, safety and welfare, it is prudent to also require that existing private wells comply with the same groundwater management and sustainability measures as other City water users; and

WHEREAS, private wells may be temporarily needed to provide water in areas without City water service, including areas recently annexed to the City, agricultural areas, or for resort and recreation uses in appropriate zones; and,

WHEREAS, the City Council of the City of El Paso de Robles held a duly noticed public hearing on December 15, 2015 where it took the following actions:

- a) Considered the facts and analysis, as presented in the staff report;
- b) Held a public hearing to obtain public testimony on the proposed ordinance;
- c) Introduced and waived full reading of said ordinance for the first reading by title only;

NOW, THEREFORE, The City Council of the City of El Paso de Robles does ordain the Paso Robles Municipal Code shall be amended as follows:

Section 1. Subsection A. of Section 14.02.020 is hereby amended in its entirety to read as follows:

“14.02.020 Application

“A. This chapter applies to all customers in the use of any water provided by

the City of El Paso de Robles, including customers located within or outside the City, and to all private well owners and operators within the City limits.”

Section 2. Paragraph A.10. in Section 14.06.020 is hereby deleted and a new Subsection J. is hereby added in its entirety to read as follows:

“14.06.020 Definitions and interpretation.

.....

J. "Private well" means any well that supplies potable or nonpotable water, or both, to residential, agricultural, commercial, industrial, parks, open space, recreational or any other use and that is located on property within the boundaries of the city. As used in this Chapter 14.06, a “private well” shall constitute a "noncity well."

Section 3. Section 14.06.040 is hereby amended to read in its entirety as follows:

“14.06.040 Permits.

No person, firm, corporation, or special district formed under the laws of this state shall within the city, construct, replace, repair, modify, rehabilitate, or destroy any well unless such person possess a valid permit issued by the department of public works as provided in this Chapter 14.06. Any person, firm, corporation, or special district refused or denied the issuance of a permit, or issued a conditional permit, shall have the opportunity for an appeal as described under Section 14.06.052”

Section 4. Subsection C. of Section 14.06.049 is hereby amended in its entirety to read as follows:

“14.06.049 Permit – General requirements.

....

C. Permit – Suspension and Revocation. The department of public works may suspend or revoke any permit issued pursuant to this Chapter, whenever it finds that the permittee has violated any of the provisions of this Chapter, has failed to comply with any permit condition, or has misrepresented any material fact in his application, or any supporting documents, for such a permit. An appeal of a decision by the department of public works may be made as described under Section 14.06.052.”

Section 5. Section 14.06.052 is hereby amended in its entirety to read as follows:

“14.06.052 Appeals.

Any person may appeal a decision by the department of public works regarding the issuance, denial, suspension or revocation of a permit, or any conditions attached thereto, by filing an appeal with the council. The city clerk shall set the matter for hearing before the council and shall give reasonable notice of the time and place thereof to the applicant or permittee. The council shall hear the evidence offered by the applicant/permittee and the department of public works, and shall decide the issue.”

Section 6. Section 14.06.070 is hereby deleted in its entirety.

Section 7. Section 14.06.104 is hereby amended in its entirety to read as follows:

“14.06.104 Confidentiality of report.

In accordance with California Water Code Section 13752, reports prepared as set forth in Section 14.06.102 shall not be made available for inspection by the public, but otherwise shall be made available in accordance with State law.”

Section 8. Section 14.06.132 is hereby amended in its entirety to read as follows:

“14.06.132 Special Additional Requirements Regarding Private Wells.

It is the goal of the City of El Paso de Robles to supply water to all premises within the boundaries of the City. With only a few exceptions, the City water system is available to serve the entire city, and therefore private wells may be approved only under limited conditions. The City’s goal and policy regarding private wells is founded on several key principles, including but not limited to the following:

The City, County, landowners and other stakeholders in the Paso Robles Groundwater Basin should share in the stewardship of Basin resources.

The City is committed to prudent City-wide use of water and water conservation.

The goals and objectives of City’s water resource master plans, wastewater and recycled water plans, urban water management plan, and groundwater management and sustainability plans should be integrated to provide a long-term, reliable, and high quality water supply for the City.

The City's development of a City recycled water system should be used to offset the potable water demand, consistent with statewide water recycling goals and the City's integrated water resources management plan.

A reliable and sustainable water system requires all users to contribute financially to the system.

Potential conflicts among well users in the unincorporated areas should be minimized.

The need exists to control cross-connections and minimize the possibility that private well usage might degrade groundwater quality.

The need exists to police the proper abandonment of wells.

It is recognized that some private wells already exist in the City, and it may be appropriate to allow construction of new private wells or modification, replacement or rehabilitation of existing private wells within the City under certain limited circumstances. Private wells may be temporarily needed to provide water in areas without City water service, including areas recently annexed to the City, agricultural areas, or for resort and recreation uses in appropriate zones.

In recognition of these circumstances the director of public works in accordance with this Chapter may authorize the construction, replacement, repair/reactivation, modification, or rehabilitation of private wells for the supply of potable or irrigation water and may issue orders for the abandonment of such private wells. Property owners shall be required to construct, repair, modify, render inactive and abandon private wells in accordance with the applicable rules, regulations, and requirements of federal, state or local agencies.”

Section 9. Section 14.06.135 is hereby added to read in its entirety as follows:

“14.06.135 Existing Private Wells.

Any private well that has been operating continuously in the three-year period immediately prior to the effective date of the ordinance adding this Section 14.06.135 to the Municipal Code may continue in operation, provided, however, that such private well owner shall allow City, at the City’s expense, to install a metering device to monitor the production volume of such well. The owner shall grant to the City the authority to enter the property for periodic inspection to ensure proper operation and maintenance of the metering device. Existing private wells with City-installed metering devices shall be exempt from the requirements to obtain a permit under Section 14.06.136 for so long as such well operations continue as exists on such effective date.

Notwithstanding the foregoing, a new permit shall be required and the requirements of Section 14.06.136 and 14.06.138 shall apply to such permit application for the operation of such private well in the event that:

- (i) use or uses of the property served by the well(s) is proposed to change or intensify, or

- (ii) deepening, replacing, rehabilitating, or re-drilling the well(s) is proposed, or
- (iii) modifications are proposed for such well(s) that would increase the volume of water to be supplied by such well(s), or
- (iv) additional water fixtures are proposed as part of a building permit application for residential properties, or
- (v) the continued operation of the well(s) has created or is likely to create or result in any nuisance or other hazard that threatens the public health and safety.”

Section 10. Section 14.06.136 of Chapter 14.06 of Title 14 of the Municipal Code of the City of El Paso de Robles, California, is hereby amended to read as follows:

“14.06.136 Private Well Permit Eligibility

The director of public works may issue a permit for the construction of a new private well or for the modification, replacement or rehabilitation of existing private well only under one of the following circumstances:

Domestic Uses in Agricultural Zones

For a potable water source for a proposed residence, secondary residence, or an addition to either that is located in an area zoned Agricultural or Parks and Open Space, and where a water service line extension is required, the property boundary is more than 1,000 feet¹ from a City potable water source. Such permit shall remain in effect until such time as a City potable water source becomes available within 1,000 feet of the property boundary.

Agricultural Uses in Agricultural Zones

For non-potable water to be used for agricultural purpose(s) on agriculturally-zoned properties within the City limits and where the nearest property boundary is located more than 1,000 feet from a City recycled or other non-potable water source. Permitted private wells supporting agricultural uses may, at the discretion of the director of public works, remain in service to meet water quality and/or seasonal usage demands if City recycled or other non-potable water source becomes available within 1,000 feet from the property boundary.

Resort and Other Recreational Land Uses

For non-potable water to be used for a recreational land use (golf course, athletic field, related non-potable purpose) in a Parks and Open Space or Agricultural

¹ Distance references are as measured through public right-of-way or existing utility easements. The intent is not to require property owners to secure right-of-way through adjoining private properties

Zone and where the property boundary is located more than 1,000 feet from a City recycled or other non-potable water source.

Other Properties Distant from City Water Supply

To provide water supply to any property not listed above within the City limits whose closest property boundary is located more than 1,000 feet from a City water source.

Existing Well on Property Being Annexed to City

For an active well providing water on property that is annexed to the City after the effective date of the ordinance amending this Section 14.06.136 and that meets one of the conditions described above in this Section 14.06.136.

The issuance of a permit for a private well pursuant to this Chapter 14 shall not be deemed to satisfy any other condition required by the City regarding improvements on the property, including, but not limited to, fire suppression needs.

As used in this Section 14.06.136, "Non-potable water" shall have the meaning set forth in Section 14.07.010."

Section 11. Section 14.06.138 is hereby amended in its entirety to read as follows:

"14.06.138 Private Well Approval Conditions

- A. The issuance of any permit for a new private well or for the modification, replacement or rehabilitation of existing private well shall be conditioned upon compliance with an agreement executed by the property owner ("Owner") and the director of public works on behalf of the City. Such agreement shall be in a form approved by the City Attorney. The terms of such private well agreement shall include, but are not limited to, the following provisions, as applicable:
- (i) The private well shall provide water only to the property identified in the agreement, and strictly for the purpose(s) and for the volume specified in the agreement. Water from the private well shall not be used for any other purpose(s) or for the benefit of or to provide water to any other property.
 - (ii) The private well shall be operated and maintained in a manner to protect against any threat to public health and safety.
 - (iii) Owner shall provide the City with specific information on the location of the well, including accurate coordinates through land surveying or use of a Global Positioning System (GPS) and a property map showing the well location in sufficient detail to allow a City agent to readily locate the well.
 - (iv) City shall have the right to inspect the wellhead, appurtenances, and related facilities with reasonable advance notice to the Owner. The Owner shall grant to the City the authority to enter the property for periodic

inspection to ensure proper operation and maintenance of the well. Owner shall pay the City for the costs of any such inspections.

- (v) All costs of maintenance and repair of the private well shall be at the Owner's expense.
- (vi) For any private well(s) serving more than one single family residence, the Owner shall place an approved metering device on the well to monitor its production volume and shall report such usage no less frequently than quarterly to the director of public works.
- (vii) Owner shall waive any and all claims against the City for interference with Owner's right or ability to extract water from the private well, or the quality or quantity of the water available from such well, and shall defend, indemnify and hold the City harmless from any such claims from third parties.
- (viii) Any private well, appurtenances, and related facilities shall be constructed in accordance with all applicable requirements of the California Department of Water Resources, California Department of Health Services, San Luis Obispo County Health Department, City Public Works Department, and any other local, State or Federal agency with jurisdiction.
- (ix) Any private well, appurtenances, and related facilities shall be operated and maintained in a safe and sanitary manner at all times, at no expense to the City.
- (x) The private well shall be constructed with a reduced pressure principal backflow prevention assembly (RP device) at the discharge outlet of the well. The RP device shall conform to the standards of the University of Southern California Foundation for Cross-Connection Control and Hydraulic Research, and said device shall be inspected and tested at least once per year by a City-approved qualified technician, at the Owner's expense. A report of the inspection shall be submitted to the City Public Works Department. Further, Owner shall maintain an air gap at all times between the private well system and the City water system.
- (xi) If in the opinion of the City director of public works, the San Luis Obispo County Health Department, the San Luis Obispo County Flood Control and Water Conservation District, or any other local, State or Federal agency with jurisdiction, operation of the private well has created or is likely to create or result in any nuisance, or other hazard that threatens the public health and safety, the Owner shall comply with the directives of the enforcement agency. The Owner shall bear any expenses incurred for such compliance. In addition, if a health hazard or nuisance is determined to exist, the City may terminate the private well agreement and revoke the permit and/or certificate of occupancy for those utilizing the private well pursuant to this Chapter 14.06, Sections 102 and 109.6 of the California Building Code and/or Sections 1001.1 and 1001.2 of the Uniform Housing Code, as those sections may be amended from time to time.

- (xii) Private wells may be rendered inactive only in accordance with the provisions of the California Health and Safety Code and any applicable regulations, and the requirements of this Chapter 14.06.
 - (xiii) The private well agreement shall be recorded against the property, and its provisions shall run with the land and be binding upon any successors in interest to Owner.
 - (xiv) For any existing private well on property that is annexed to the City after the date of the ordinance amending this Section 14.06.138, Owner shall be required to provide City with all applicable information required by this Chapter 14.06 regarding such existing well.
 - (xv) The operation of the private well shall comply with the City's Water Conservation and Water Shortage Contingency Plan program, or any similar City water conservation program.
- B. If the director of public works issues an order to abandon the private well due to contamination of the well or other situation posing a pollution risk or other threat to groundwater resources or public health or safety, or in the event that the well is displaced by City water service, then the private well shall be abandoned at the Owner's expense in accordance with the standards of the California Department of Water Resources, and any other agency with jurisdiction, and the requirements of this Chapter 14.06.
- C. The private well agreement shall terminate if:
- (i) Owner fails to comply with the terms of the agreement, or
 - (ii) The parties mutually consent, or
 - (iii) The City determines that the private well is interfering with City's ability to deliver water to City residents, is jeopardizing the quality of City water, or is otherwise posing a threat to public health or safety, or
 - (iv) Owner terminates use of the private well, in which case Owner shall take all steps to properly abandon the well in accordance with the requirements of this Chapter 14.06 and provide evidence thereof to the City, or
 - (v) At the discretion of the director of public works, for a private well providing non-potable water, City recycled or other non-potable water source becomes available within 1,000 feet of the property boundary.
- D. At the discretion of the director of public works, the private well permit agreement may include additional conditions, including but not limited to the following:
- (i) Owner shall submit to the director of public works a report prepared by a qualified and licensed professional assessing the impact of the proposed well, both on quality and quantity, on other wells in the area, and the potential impact of such proposed well on surrounding properties, whether within or outside the City.

- (ii) Owner’s agreement to not oppose formation of an assessment district or other type of public financing mechanism for the purposes of constructing water mains to provide City water service to Owner’s property.
- (iii) The parties shall terminate the private well agreement, and Owner shall either abandon or render inactive the private well and connect to City water either when directed to do so by the director of public works or when the conditions set forth under “Domestic Uses in Agricultural Zones” in Section 14.06.136 no longer apply. Owner shall pay City water connection fees at the rates in effect at the time of connection. Owner shall take all steps necessary to either abandon or render inactive the private well in accordance with the applicable rules and regulations of state law, any or local regulatory or enforcement agency with jurisdiction over such matters, and this Chapter 14.06.”

Section 12. Chapter 14.07 is hereby added to Title 14 of the Municipal Code of the City of El Paso de Robles, California, to read as follows:

**“Chapter 14.07
Non-Potable Water Service**

“14.07.010 Definitions

The definitions in this Chapter 14.07 apply to the provisions of Chapter 14.06 and this Chapter only and do not affect any other provisions of law.

- A. “Non-potable water” means recycled water that is treated municipal wastewater or other non-potable water supply that is treated to meet water quality requirements for the intended end use as established by federal, state, and local laws and regulations.

“14.07.020 Statement of Policy

When in the discretion of the public works department, non-potable water service can be feasibly provided to a particular parcel for particular use(s), the public works director shall require the use of non-potable water in lieu of potable water or private wells for such use(s). As used herein, the term “feasibly” means non-potable water is available for delivery to the property in compliance with all applicable federal, state, and local laws, ordinances and regulations.

“14.07.030 Use and Distribution of Non-Potable Water

The use and distribution of non-potable water shall be in accordance with adopted City procedures and all applicable federal, state, and local laws, permits and regulations including Titles 17 and 22 of the California Code of Regulations, as may be amended from time to time.”

Section 13. The provisions of this Ordinance shall supersede those contained in Ordinance No. 1002.

Section 14. If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held by a court of competent jurisdiction to be invalid, such a decision shall not affect the validity of the remaining portions of this ordinance. The City Council of the City of El Paso de Robles hereby declares it would have passed this ordinance and each section or subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, clauses or phrases subsequently be declared invalid.

Section 15. The City Clerk is hereby ordered and directed to certify to the passage of this ordinance and to cause the ordinance to be published in a newspaper of general circulation, published and circulated in the City of Paso Robles, within 15 days after adoption of this ordinance.

Section 16. This ordinance shall be in full force and effect thirty (30) days after its adoption.

INTRODUCED at a regular meeting of the City Council held on December 15, 2015, and PASSED AND ADOPTED by the City Council of the El Paso de Robles on this 5th day of January 2016, by the following vote:

AYES: Strong, Hamon, Reed, Martin
NOES:
ABSENT:
ABSTAIN: Gregory



Steven W. Martin, Mayor

ATTEST:


Kristen L. Buxkemper, Deputy City Clerk



LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

COMMISSIONERS

Chairperson
ROBERT ENNS
Special District Member

Vice-Chair
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City Member

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Special District Member

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Public Member

ALTERNATES

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CHARLES BOURBEAU
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HEATHER JENSEN
Public Member

JOHN PESCHONG
County Member

STAFF

ROB FITZROY
Executive Officer

BRIAN A. PIERIK
Legal Counsel

IMELDA MARQUEZ
Analyst

CELINE VUONG
Commission Clerk

TO: MEMBERS, FORMATION COMMISSION

**FROM: ROB FITZROY, EXECUTIVE OFFICER
IMELDA MARQUEZ, ANALYST**

DATE: NOVEMBER 18, 2021

**SUBJECT: LAFCO FILE 1-S-21: SPHERE OF INFLUENCE AMENDMENT TO CITY
OF MORRO BAY (PANORAMA LOTS)**

Recommendation. It is respectfully recommended that the Commission consider taking the following actions.

Action 1:

Acting as the Responsible Agency pursuant to the California Environmental Quality Act (CEQA), find by motion, that the Certified Environmental Impact Report (EIR) (SCH # 2017111026) adopted by the City of Morro Bay was reviewed, considered, and determined to be adequate for purposes specified in Section 15096 of the CEQA Guidelines and for use in considering approval of the proposed Sphere of Influence amendment.

Action 2:

Approve by resolution as contained in Attachment A for the proposed Sphere of Influence amendment to the City of Morro Bay and adopt Findings of Fact and a Statement of Overriding Findings for compliance with CEQA (Exhibit A of Attachment A) with the following conditions:

1. This condition applies to the extent allowed by law. The applicant agrees to defend, indemnify, hold harmless and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of

such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.

PROJECT OVERVIEW

Project Proponents: Resolution of Application by the City of Morro Bay (Attachment E)

Certificate of Filing: Issued on September 21, 2021

Acreage and Location: The territory proposed for a sphere of influence amendment is comprised of 212.81 acres located within the western boundary of the County of San Luis Obispo and surround the northeastern portion of the City of Morro Bay with Highway 1 situated to the west. The vicinity maps in Attachment C show the sphere of influence (SOI) amendment area.

APNs: 073-075-002 and portions of 073-076-016

Timeline: In March 2021 the City approved Resolution 14-21 initiating proceedings for the proposed SOI Amendment before LAFCO today.

In May 2021, the City of Morro Bay certified their EIR for the Morro Bay General Plan and LCP Update Final Environmental Impact Report (SCH # 2017111026). The EIR for the General Plan studied the inclusion of future SOI areas, which in part included the proposed SOI for the panorama lots. As Responsible Agency, LAFCO will be relying upon the EIR for compliance with CEQA.

On June 28, 2021, the City applied to LAFCO with the SOI amendment proposal.

On July 28, 2021, within the 30-day response requirement period, staff provided the applicant with an information hold letter describing the items needed to continue processing the application. LAFCO solicited public comment during the referral process and included public comments in the information hold to the City; which included 600 plus signatures in petition of the proposed SOI.

On August 19, 2021, the Commissioners considered a Study Session for this item. At that time, the Commission took the opportunity to get clarity on the project and ask questions to City representatives. At that time the Commission raised questions and asked for clarification in regard to agricultural zoning, LAFCO conditions for agriculture easements, Coastal Commission involvement with the project, Accessory Dwelling Unit opportunities, Chevron's plan to sell the lots, development potential on the lots, preservation plans, slope stability, and the City's capacity to serve the properties.

On September 1, 2021, the applicant provided their response to LAFCO's information request to deem the application complete and allow staff to issue a Certificate of Filing, which was issued on September 21, 2021. The City addressed community concerns in the information hold response letter included in Attachment F.

Public Notification: Notice was mailed to property owners within 300 feet of the proposed annexation area. Mailing was sent out at least 21 days in advance of the hearing. In addition, a 1/8 page display advertisement was placed in the Tribune on October 28, 2021, at least 21 days in advance of today's hearing. Notice has been sent to the proponents, the City, applicable agencies, and other interested parties.

Background: The General Plan Update considered, in part, various expansion areas, which were described as "future SOI" areas, and includes the Panorama Lots. As such, the EIR analyzed potential impacts associated with the future SOI areas and the Panorama Lots. LAFCO would rely upon the Final EIR as a responsible agency. On March 18, 2021, the City of Morro Bay adopted a Resolution of Application (Resolution 14-21) to submit to LAFCO for a SOI amendment that would include the Panorama Lots (Morro Bay Staff Report Item C-1). As described in that staff report, the proposed Panorama Lot SOI amendment is directly related to other anticipated actions between the City of Morro Bay, the Cayucos Sanitary District and the current landowner of the Panorama Lots, Chevron Land and Development Company. The three parties involved have a Memorandum of Agreement (MOU) in place. The MOU specifies the City of Morro Bay's interest in preserving the Dog Beach lots, the Cayucos Sanitary District's interest in detaching their property located on the northern edge of the City's boundary (contains some district infrastructure), and Chevron's interest in including the Panorama Lots into the City's SOI. Today's proposed SOI action is phase I of a larger conservation easement to preserve the backdrop of the City. After amending the sphere, phase II would follow in an effort to preserve the lots above panorama as seen in Attachment C. Numerous public meetings have occurred, and this action has been well vetted through the City as part of its General Plan Update.

Project Description: On June 28, 2021, the City of Morro Bay submitted the application to LAFCO for the SOI amendment to include the Panorama Lots, as shown on Attachment C. The Resolution of Application states that each of the Panorama Lots would accommodate one (1) single family residence, for a total of no more than 5 homes with the opportunity of adding an accessory dwelling unit on each property per state law. It also outlined restrictions to development in the lower portion of each Panorama Lot leaving the remainder of the hillside above Panorama Drive undeveloped thus, preserving the sight line, see Attachment C for vicinity maps. It is important to note that no development can occur on the sight and be served by the City until the appropriate permits and entitlements have been obtained from the City and annexation is completed. It is also important to note that the existing Panorama Lots are within unincorporated County. Under the existing land use designations of the County, one primary residence may be constructed on each lot. As such, the intended future development potential of the Panorama Lots as described in City's Resolution of Application would be the similar to that currently allowed

by the County of San Luis Obispo.

ACTION 1 | ENVIRONMENTAL DETERMINATION

Environmental Determination: The City, Lead Agency, has certified an EIR for the Proposed SOI Amendment SCH# 2017111026 (Attachment B). Per the requirements of CEQA, a Responsible Agency relies on the Lead Agencies environmental documentation to approve the portion of the project under its jurisdiction. LAFCO acting as a Responsible Agency will rely upon the certified EIR for compliance with CEQA with the respect to the SOI component of the project. Staff has determined that the EIR is adequate for the proposed action before LAFCO. While LAFCO may rely upon the environmental documentation prepared by the City, LAFCO must adopt its own CEQA Findings of Fact and Overriding Considerations as found in Exhibit A of Attachment A.

In summary, mitigation measures are proposed to reduce potentially significant impacts to a less than significant level as related to construction air quality emission, special status species, wildlife movement, cumulative impacts to biological resources, archaeological resources, cumulative cultural resources impacts, ground borne vibration, cumulative noise impacts, pedestrian and bicycle travel, tribal cultural resources, and cumulative tribal cultural resources impacts. The City adopted overriding considerations based on significant and unavoidable impacts associated with clean air consistency, cumulative air quality impacts, vehicle miles travelled, and cumulative transportation impacts for all elements of the City's General Plan Update. The General Plan mentioned slope stability issues in this area. Site specific studies would be required to identify and address what the issues are for each of the individual lots at time of annexation.

ACTION 2 | SPHERE OF INFLUENCE AMENDMENT

Municipal Service Review (MSR): The Cortese-Knox-Hertzberg (CKH) Act advises that a current MSR be used to analyze a Sphere of Influence Amendment. The CKH Act also requires LAFCO to update the Spheres of Influence for all applicable jurisdictions in the County every five years or as necessary. SLO LAFCO has traditionally updated MSR's on the as needed basis averaging at about seven years. The MSR is a study of the City's service capabilities and addresses seven factors described in Section 56430 of the CKH Act. LAFCO last adopted a SOI and MSR for the City of Morro Bay in August 2017. This would mean that the City has not yet met the five-year mark.

Sphere of Influence Amendment: The SOI is a plan for the probable physical boundaries of a local agency as determined by LAFCO per GC 56076. This is the only action LAFCO will consider at today's hearing besides the already mentioned environmental determinations.

A SOI is defined by government code 56425 as "...a plan for the probable physical boundary and future service area of a local agency or municipality...". The City has evaluated the Panorama lots as a growth area as a part of its general plan, and is now requesting a SOI amendment, which would allow the City to pursue an annexation when timing necessitates. Approval of an SOI

amendment does not mean the subject area will be in the City or Special District's jurisdiction. The entity must complete the land use planning process, including CEQA prior to an annexation being considered by LAFCO.

Sphere of Influence Factors. To amend the City's Sphere of Influence, the CKH act calls for the following determinations to be considered and a written statement approved by LAFCO per gov code section 56425 (e):

1. **The present and planned land uses in the area, including agricultural and open-space lands.** The present land uses within the project area is zoned agriculture. The proposed land use will remain agriculture for the SOI Amendment.

Per the City's response to LAFCO policies 2.6, the Agricultural zoning in either jurisdiction allows one residence and an accessory dwelling unit on each of the 5 lots with the rest of the property used for agricultural purposes, such as grazing. The City wants to preserve its backdrop by annexing the properties from County jurisdiction into the City and, at the time of annexation, require the residences to be located in the designated building area adjacent to the City (see map 1 in Attachment C) and the property above the designated development area to be restricted to agricultural and / or open space uses. No change in zoning is proposed at this time. As such, the development potential would not change should the SOI be approved. Should the City pursue annexation, as per the Resolution of Application, it is not their intent to change the zoning. As previously mentioned, the proposed SOI action is phase I of a larger conservation easement to preserve the backdrop of the City.

2. **The present and probable need for public facilities and services in the area.** The City's recently adopted Final EIR analyzed public facilities and services for those areas in the planned SOI; which included the Panorama Lots area that is being considered today. No development proposal has been proposed at this time but at the time of annexation (a subsequent action required by LAFCO), there would be a need for services from the City. The EIR and submitted documents concluded that the City would have the capacity to serve further development in this area. Although, additional analysis would be required along with a revised detailed Plan for Services at time of annexation.
3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.** Per the City's Final EIR and submitted project materials the City has adequate resources to serve these five properties. Existing infrastructure providing access to City services is in the immediate area; each future landowner will install the connections as required.

The City has adequate water and sewer capacity to serve the property and connection to City infrastructure is readily available from the surrounding streets. The City also has adequate police and fire services to serve the property and the City maintains mutual aid

agreements with the County related to fire (Cal Fire) and police services (Sheriff's office). Please refer to the City of Morro Bay's General Plan, One Water Plan, and Final Water Reclamation Facility. General Plan Policies LU-1.1 and LU-3.1 sets parameters for locating new development and ensuring sufficient infrastructure and service capacity.

The City submitted a two-page plan for services with the SOI amendment application. The submitted plan for services briefly covers the 'Seven Service Review Factors' that are usually analyzed in the MSR process. This is a preliminary plan for services that would need to be revised at the time of annexation pursuant to the requirements specified in government code section 56653. Nonetheless, this provides sufficient analysis for this type of action.

Additionally, in 2017, LAFCO adopted a SOI and MSR that included conditions of approval for any future annexations to the City of Morro Bay. These conditions of approval address LAFCO's primary policies when annexing into the City. Specifically, the conditions address water, wastewater, agriculture, and open space (conditions listed below). LAFCO has indicated that these conditions would be applied to any annexation for this area.

Water:

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

Wastewater:

As part of an annexation application, the City shall document the progress of the currently-planned upgrade to the wastewater treatment plant in compliance with a NPDES permit.

Agriculture & Open Space:

The City shall identify all agricultural and open space lands to be protected in the annexation areas when rezoning or preparing land use entitlements for an area.

Prior to LAFCO filing the certificate of completion (if an annexation is approved), conservation easement(s) or other appropriate mitigation measures as listed in LAFCO's Agricultural Policy 12, shall be recorded on the deed(s) of the properties affected by the annexation specifying the areas to be protected in perpetuity.

4. **The existence of any social or economic communities of interest in the area if the**

commission determines that they are relevant to the agency. The proposed SOI does not have communities of interest since the area is uninhabited and is currently out of the City's jurisdiction. Additionally, there are no nearby areas of social or economic communities of interest or areas in the City limits that meets the Disadvantaged Communities definition.

- 5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.** 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. The existing SOI and proposed SOI amendment for the city does not have any disadvantaged communities that have a present and probable need for public facilities and services nor are the areas contiguous to the SOI qualify as a disadvantaged community.

The foregoing written statements are intended to comply with Government Code section 56425 (e).

Local Sphere of Influence Policies. The CKH Act requires that each commission establish written policies and procedures and exercise their powers consistent with those policies and procedures. The San Luis Obispo LAFCO's policies encourage and provide for well-ordered, efficient urban development patterns, balanced with preserving open space and agriculture land while discouraging urban sprawl. The SOI Update for the city is consistent with those policies and the purposes of LAFCO. Overall, this is a very common land use planning practice that is consistent with state law, wherein the city evaluates a growth area as a part of its general plan, then requests a SOI amendment, and finally pursues an annexation when timing necessitates.

Sphere of Influence Amendment Analysis and Conclusions. The SOI for the City is recommended as it is consistent with the City of Morro Bay's General Plan adopted May 2021. This is based on the information, application, studies, and documents provided and approved by the City and contained or referenced by in this Staff Report. The City has considered the impacts of this SOI Amendment on its service capacities.

As mentioned in the City's response to LAFCO's information request letter dated July 28, 2021, the proposed inclusion of the subject property in the City's SOI supports the City's goal to protect the scenic backdrop of the City. By including these properties in the SOI and limiting the location of residential development to the area shown in yellow in map 1 of Attachment C wherein the limited development may occur. This is consistent with a much larger effort initiated by Chevron to divest the Estero Terminal properties (generally located above the Panorama Lots) through cooperative efforts with the City, County, Cayucos Sanitary District, and a variety of conservation non-profit groups (LCSLO, TPL, et. al).

Other Agencies

County Department of Agriculture Comments: The Agriculture Department provided an email response to LAFCO regarding this project. The letter asked for clarification on identifying a maximum square footage of development area within the identified potential building areas to ensure impacts to agricultural resources are minimized. The City responded by stating that the building potential has been identified in Attachment C. Additionally, they'd wish to retain flexibility of site location and design until the design phase, when development constraints, environmental factors and design preferences will be addressed.

STAFF RECOMMENDATION

At the conclusion of its consideration, the Commission may approve the request, with or without amendment, wholly, partially, or conditionally, or disapprove the request. The Commission has discretion in light of the whole record to make its decision. If your Commission moves to approve the annexation, staff recommends that one roll call vote be taken for each of the following actions:

Action 1:

Acting as the Responsible Agency pursuant to the California Environmental Quality Act (CEQA), find by motion, that the Certified Environmental Impact Report (EIR) (SCH # 2017111026) adopted by the City of Morro Bay was reviewed, considered, and determined to be adequate for purposes specified in Section 15096 of the CEQA Guidelines and for use in considering approval of the proposed Sphere of Influence amendment.

Action 2:

Approve by resolution as contained in Attachment A for the proposed Sphere of Influence amendment to the City of Morro Bay and adopt Findings of Fact and a Statement of Overriding Findings for compliance with CEQA (Exhibit A of Attachment A) with the following conditions:

1. This condition applies to the extent allowed by law. The applicant agrees to defend, indemnify, hold harmless and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event

of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.

Attachment A: Draft LAFCO Resolution Approving the Sphere of Influence

Exhibit A: Findings of Fact & Overriding Considerations

Exhibit B: SOI Map and Legal Description

Attachment B: City of Morro Bay General Plan and LCP Update - Final Environmental Impact Report, & Statement of Overriding Considerations (Available Online)

Attachment C: Vicinity Maps

Attachment D: City's Projected Plan for Services

Attachment E: Resolution of Application by the City of Morro Bay

Attachment F: Info Hold Letter dated July 28, 2021 response from the City

Attachment A

Draft LAFCO Resolution Approving the Sphere of Influence

IN THE LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

Thursday, November 18, 2021

PRESENT:

ABSENT:

RESOLUTION NO. 2021-XX

RESOLUTION APPROVING SPHERE OF INFLUENCE AMENDMENT TO THE CITY OF MORRO BAY (PANORAMA LOTS)

The following resolution is now offered and read:

WHEREAS, on _____, 2021, the Executive Officer filed a Certificate of Filing regarding a request to consider a proposal for the Sphere of Influence Amendment to the City of Morro Bay (Panorama Lots); and

WHEREAS, the Executive Officer has given the notices required by law and forwarded copies of his report to officers, persons and public agencies prescribed by law; and

WHEREAS, the matter was set for public hearing at 9:00 a.m. on November 18, 2021, and the public hearing was duly conducted and determined and a decision was made on November 18, 2021; and

WHEREAS, at said hearing this Commission heard and received all oral and written protests, objections and evidence, which were made, presented or filed, and all persons present were given the opportunity to hear and be heard in respect to any matter relating to the proposal and report; and

WHEREAS, the Commission determined that the environmental review documentation, including the Environmental Impact Report (State Clearinghouse Number 2017111026), certified by the City of Morro Bay, meets the requirements of the California Environmental Quality Act (CEQA); and

WHEREAS, the Commission determined that the environmental mitigations and statement of overriding consideration adopted by the City of Morro Bay are appropriate and acting as a Responsible Agency LAFCO adopts its own Findings of Fact and statement of overriding

consideration that meets the requirements of the California Environmental Quality Act as contained in Exhibit A hereto; and

WHEREAS, the Commission has considered all Sphere of Influence factors required to be considered by Government Code Section 56425 (e) and adopts as its written statements of determinations therein, the determination set in the Executive Officer's Staff Report dated November 18, 2021, said determinations being incorporated by reference herein as though set forth in full; and

WHEREAS, the Commission duly considered the proposal and finds that the proposal to amend the Sphere of Influence for the City of Morro Bay should be approved.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Local Agency Formation Commission of the County of San Luis Obispo, State of California, as follows:

1. That the recitals set forth hereinabove are true, correct, and valid.
2. That the Certified Environmental Impact Report (EIR) (SCH # 2017111026) adopted by the City of Morro Bay was reviewed, considered, and determined to be adequate for purposes specified in Section 15096 of the CEQA Guidelines and for use in considering approval of the proposed Sphere of Influence amendment.
3. That the Executive Officer of this Commission is authorized and directed to send copies of this resolution in the manner provided by law.
4. That the Sphere of Influence Update for the City of Morro Bay pursuant to the map and legal description in Exhibit B of this Resolution is hereby approved with the following conditions:
 1. This condition applies to the extent allowed by law. The applicant agrees to defend, indemnify, hold harmless and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in

Exhibit A: CEQA Findings of Fact & Overriding Considerations

Exhibit A

San Luis Obispo Local Agency Formation Commission

LAFCO No. 1-S-21

Sphere of Influence Amendment to the City of Morro Bay (Panorama Lots)

CEQA FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS

Prepared by San Luis Obispo LAFCO

1. Consideration of the Environmental Impact Report

The Commission, as a Responsible Agency, has reviewed and considered the information in the Final Environmental Impact Report (EIR) for the Morro Bay General Plan and LCP Update; State Clearinghouse Number 2017111026, among other documents and has concluded that the EIR is adequate for the purposes of the Commissions' compliance with CEQA (pursuant to Public Resources Code Section 21000 et seq., and CA Code of Regulations Section 15000 et seq.) for the proposed action. The Commission has reached its own conclusion whether and how to approve the proposed Sphere of Influence (SOI) Amendment for the City of Morro Bay and the associated Panorama Lots area.

As a Responsible Agency, the Commission must rely upon the EIR prepared for the project and concur with its conclusions relative to the action before the Commission. The action of the Commission would allow the City to amend the area known as the Panorama Lots area into its SOI boundaries. As such, the EIR was reviewed in this context to ensure the annexation would adequately address any potential environmental impacts. The Commission concluded that no substantial changes are proposed in the project which will require major revision of the previously certified EIR, no substantial changes have occurred with respect to the circumstances under which the project is undertaken which will require major revision of the previously certified EIR, and no new information of substantial importance has been identified which was not known at the time that the previous EIR was certified.

Mitigation measures are proposed to reduce potentially significant impacts to a less than significant level as related to construction air quality emission, special status species, wildlife movement, cumulative impacts to biological resources, archaeological resources, cumulative cultural resources impacts, ground borne vibration, cumulative noise impacts, pedestrian and bicycle travel, tribal cultural resources, and cumulative tribal cultural resources impacts. The City adopted overriding considerations based on significant and unavoidable impacts associated with clean air consistency, cumulative air quality impacts, vehicle miles travelled, and cumulative transportation impacts for all elements of the City's General Plan Update. Overriding findings are proposed for impacts that were determined to be significant and unavoidable.

These findings and determinations constitute the independent findings and determinations by the Commission in all respects and are fully and completely supported by substantial evidence, both oral and written, in the entire record relating to the proposal before the Commission.

2. Record of Proceedings

Supporting documentation and other materials (including documents maintained in electronic format) that constitute the record of proceedings upon which this determination is based can be found online and in the custody of the Commission's Executive Officer at office address:

San Luis Obispo Local Agency Formation Commission
1042 Pacific Street, Suite A
San Luis Obispo, CA 93401

The record of proceedings for Commission decisions on the proposal includes, but is not limited to, the following documents:

- a) August 2017 the preparation of Municipal Service Review Determinations and Sphere of Influence update statements of its determinations:
 - LAFCO prepared a Municipal Service Review pursuant to Government Code section 56430 in 2017.
 - Written determination have been prepared pursuant to Government Code section 56430 (a) and section 56425 (e).
- b) March 2021 the City of Morro Bay City Council adopted the following:
 - Resolution 14-21** Initiating Proceedings to amend the Sphere of Influence
 - Exhibit A – Legal Description
 - Exhibit B – Proposed SOI Map
 - Exhibit C – SOI Land Use
 - Exhibit D – Plan for Services
- c) May 2021 the EIR for the Morro Bay General Plan and LCP Update (SCH # 2017111026) was Certified.
- d) On May 25, 2021 the City Council adopted Plan Morro Bay which is a comprehensive update of the City's 1988 General Plan and 1984 LCP (Coastal Land Use Plan).
- e) On August 12, 2021, the California Coastal Commission voted unanimously to certify the Coastal Land Use Plan (LUP) via LCP Amendment #LCP-3-MRB-21-0047-1.
- f) June 28, 2021, the City submitted their Resolution of Application to LAFCO.
- g) Public notices issued by the Commission associated with the proposal.
 - LAFCO prepared and distributed a notice to the affected agencies and land owners on October 28, 2021, consistent with Government Code section 56427, and provided notice in a newspaper of general circulation per Government Code section 56153.

Although the findings below identify specific pages within the record in support of various conclusions, the Commission incorporates by reference and adopts as its own, the reasoning set forth in the EIR and related documents, and thus relies on that reasoning, even where not specifically mentioned or cited below, in reaching the conclusions herein.

3. Significant Impacts Identified in the EIR

The City certified the EIR for the Morro Bay General Plan and LCP Update in May 2021, which evaluated environmental impacts on the expansion of the City's service area. Other than approving the SOI expansion analyzed in the EIR, changes and alterations to avoid or substantially lessen the significant

environmental effects as identified in the EIR are within the responsibility and jurisdiction of the City and not the Commission.

The Commission's jurisdiction to impose conditions on the Project is limited under Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) and CEQA Guidelines sections 15050 (Lead Agency Concept) and 15096 (Process for a Responsible Agency). As a responsible agency, the Commission has responsibility for mitigating or avoiding only the direct or indirect environmental effects of those parts of the Project that it decides to carry out, finance, or approve. (CEQA Guidelines, section 15096(g)(1)).

The Commission hereby makes the following findings regarding the significant effects of the project, pursuant to Public Resources Code section 21081, and section 15091 of the CEQA Guidelines. The discussion below does not attempt to describe the full analysis of each environmental impact contained in the EIR. Instead, the discussion provides a summary of each potentially significant impact, describes the applicable mitigation measures identified in the Draft EIR or Final EIR as adopted by the City of Morro Bay, and states the Commission's findings on the significance of each impact after imposition of the adopted mitigation measures. A full explanation of these environmental findings and conclusions can be found in the DEIR and FEIR, and these findings hereby incorporate by reference the discussion and analysis in those documents supporting the FEIR's determinations regarding mitigation measures and the Project's impacts and mitigation measures designed to address those impacts.

In order for LAFCO to consider the proposed SOI expansion, a Statement of Findings is provided for the following impacts identified in the EIR as significant and unavoidable. LAFCO, as a Responsible Agency, has prepared the following Findings as required per CEQA Guidelines section 15096 (h).

The EIR identified several beneficial (Class IV) and less than significant impacts (Class III), which the Commission has reviewed and considered and concurs with the conclusions of those respective impact analyses. The findings below, as required by CEQA Guidelines Section 15091, are associated with significant impacts, which includes significant impacts that are mitigable and significant impacts that are not mitigable.

CLASS I. Significant Unavoidable Impacts that cannot be fully Mitigated

Impact AQ-1: The General Plan and LCP Update would result in an increase in VMT that would exceed the projected rate of population growth in Morro Bay, which would be inconsistent with the SLOAPCD Clean Air Plan. This would be a significant and unavoidable impact.

- a. Mitigation Measures: The General Plan and LCP Update would comply with applicable General Plan and LCP Update goals and policies that would reduce VMT to the extent feasible. In addition, individual development projects in the planning area would require project-level environmental review, including evaluation of future projects for consistency with the applicable air quality plan in accordance with the SLOAPCD CEQA Air Quality Handbook, which could result in the implementation of project-specific mitigation measures to reduce VMT. However, no additional

policy-oriented mitigation is available that would reduce projected VMT, therefore this impact remains significant and unavoidable. (FEIR p. 4.2-10 – 4.2-19.)

- b. Finding: The Commission finds specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or project alternatives identified in the Final EIR. No mitigation is available that would reduce the project rate of VMT growth below the projected rate of population growth in Morro Bay. Therefore, the General Plan and LCP Update would be inconsistent with the SLOAPCD Clean Air Plan, and impacts related to consistency with the 2001 CAP would remain significant and unavoidable. A statement of overriding considerations for this impact is made in Section 5.

Impact T-2: The General Plan and LCP Update anticipates land use growth that would result in a long-term increase in vehicle miles traveled (VMT) within the City’s Sphere of Influence (SOI). The General Plan and LCP Update Circulation Element includes goals and policies that reduce reliance on passenger vehicles, facilitate pedestrian and bicycle transportation, and establish local targets for VMT reduction. However, future development in Morro Bay would result in increased per service population VMT, and no feasible mitigation is available that would fully address the anticipated increase in VMT. This impact would be significant and unavoidable.

- a. Mitigation Measures: Future development in Morro Bay would result in increased long-term VMT, even with implementation of identified goals and policies that would reduce VMT to an extent. No additional feasible mitigation is available that would fully address the anticipated increase in VMT resulting from the General Plan and LCP Update.
- a. Finding: The Commission finds specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or project alternatives identified in the FEIR. Mitigation is not available that would fully address the anticipated increase in VMT resulting from the General Plan and LCP Update. A statement of overriding considerations for this impact is made in Section 5.

CLASS II. Significant but Mitigable Impacts

Impact AQ-2: Buildout of the General Plan and LCP Update would result in short-term emissions of criteria pollutants. Construction emissions from future project in the planning area would be quantified once project details are known and evaluated for potential impacts in accordance with SLOAPCD guidance. This impact would be less than significant with mitigation.

- a. Mitigation Measures: Proponents of individual land use projects, or other projects requiring grading or building permits, shall require construction contractors to incorporate the following standard mitigation measures, as applicable, to reduce ROG, NOX, and DPM emissions from construction equipment. Mitigation measures shall be listed on project construction plans and the project proponent shall perform periodic site inspections during construction to ensure that mitigation measures are being implemented.
- Maintain all construction equipment in proper condition according to manufacturer’s specifications
 - Fuel all off-road and portable diesel powered equipment with ARB-certified motor vehicle diesel fuel (non-taxed version suitable for use off-road)
 - Use diesel construction equipment meeting ARB's Tier 2 certified engines or cleaner off-road heavy-duty diesel engines, and comply with the State Off-Road Regulation
 - Use on-road heavy-duty trucks that meet ARB’s 2007 or cleaner certification standard for on-road heavy-duty diesel engines, and comply with the State On-Road Regulation
 - Construction or trucking companies with fleets that do not have engines in their fleet that meet the engine standards identified in the above two measures (e.g. captive or NO_x exempt area fleets) may be eligible by proving alternative compliance
 - All on and off-road diesel equipment shall not idle for more than 5 minutes. Signs shall be posted in the designated queuing areas and or job sites to remind drivers and operators of the 5 minute idling limit
 - Diesel idling within 1,000 feet of sensitive receptors is not permitted
 - Staging and queuing areas shall not be located within 1,000 feet of sensitive receptors
 - Electrify equipment when feasible
 - Substitute gasoline-powered in place of diesel-powered equipment, where feasible
- Use alternatively fueled construction equipment on-site where feasible, such as compressed natural gas (CNG), liquefied natural gas (LNG), propane or biodiesel.
- b. Finding: The Commission finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measure AQ-2 would reduce the significant impact to a less than significant level.

Impact BIO-1: **New development facilitated by the General Plan and LCP Update could impact listed and other individual special status species and foraging and breeding habitat for special status wildlife and habitat for special status plants. This impact would be less than significant with incorporation of mitigation.**

- a. Mitigation Measures: BIO-1(a) Avoidance and Minimization during Development. Policy C-1.3 shall be updated to read:

Policy C-1.3. Biological Site Assessments. A biological assessment shall be required for any development proposed on sites that include or are within 100 feet of mapped ESHA in Figure C-2, and all other sites with natural vegetation regardless of whether ESHA has been mapped in Figure C-2, and for all other projects for which evidence indicates that ESHA may be present either on or adjacent to the site. The best available information about the location of ESHA in the City shall be used. Such assessment shall be prepared at the owner's expense by a qualified biologist approved by the City and shall, at minimum:

- a. Identify and confirm the extent of the ESHA,
- b. Document any site constraints and the presence of sensitive plant or animal species,
- c. Recommend buffers and development setbacks and standards to protect the ESHA,
- d. ~~Recommend mitigation measures to address any allowable impacts~~ If listed species, other special status species, or nesting birds are present or have potential to occur, specify avoidance and minimization measures, including compensatory mitigation, to be implemented to avoid or minimize take of individuals and loss of occupied habitat, and specify the necessary consultation pathway(s) with USFWS, NMFS, and/or CDFW to obtain incidental take coverage, where necessary, and
- e. Include any other information and analyses necessary to understand potential ESHA impacts as well as measures necessary to protect the resource as required by the Local Coastal Program.

If the site contains the potential for monarch overwintering or rookeries due to the presence of appropriately sized trees and groves, a seasonally timed survey appropriate for detecting the target species must also be included in the study.

BIO-1(b): External Impacts. Policy OS-7.1 shall be updated to read:

Policy OS-7.1 Account for External Impacts. If any portion of the area outside the city limits is included in the City's sphere of influence in the future, prepare and adopt a plan for the affected parcels that includes infrastructure and services provided by the City of Morro Bay. The plan shall also identify policies for the protection of natural resources in the affected areas.

- b. Finding: The Commission finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measures BIO-1(a) and BIO-1(b) would reduce the significant impact to a less than significant level.

Impact BIO-3: New development facilitated by the General Plan and LCP Update may remove trees, encroach on rookeries and breeding sites, impede movement of terrestrial and aquatic wildlife, and otherwise interfere with the movement of wildlife. Impacts to wildlife corridors, rookeries, and nest sites would be less than significant with incorporation of mitigation.

- a. Mitigation Measures: Wildlife Movement Corridors Protection. The following policy shall be added to the Conservation Element.

Policy C-1.17. Project Design for Wildlife Connectivity. Design new stream crossing structures and extensions or modifications of existing structures to accommodate wildlife movement. At a minimum, structures within steelhead streams must be designed in consultation with a fisheries biologist and shall not impede movement. New project with long segments of fencing and lighting shall be designed to minimize impacts to wildlife. Fencing or other project components shall not block wildlife movement through riparian or other natural habitat. Where fencing or other project components that may disrupt wildlife movement is required for public safety concerns, they shall be designed to permit wildlife movement.

- a. Finding: The Commission finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measure BIO-3 would reduce the significant impact to a less than significant level.

Impact CR-1: Development facilitated by the General Plan and LCP Update has the potential to impact historical and unique archaeological resources. Implementation of applicable General Plan and LCP Update goals and policies would minimize or avoid potential adverse impacts to historical and archaeological resources. This impact would be less than significant with incorporation of mitigation.

- a. Mitigation Measures: CR-1(a). Avoidance or Minimization of Historic, Cultural, and Archaeological Resources Impacts. Policy C-2.3 of the General Plan and LCP Update shall be revised to read:

Policy C-2.3. Protection of Cultural Resources. Ensure the protection of historic, cultural, and archeological resources during development, construction, and other similar activities. Development shall avoid, to the maximum extent feasible, adversely impacting historic, cultural, and/or archaeological resources, and shall include adequate BMPs to address any such resources that may be identified during construction, including avoidance, minimization, and mitigation measures sufficient to allow documentation, preservation, and other forms of mitigation. If the resource(s) in question are of Native American origin, develop avoidance or minimization measures in consultation with appropriate Native American tribe(s).

CR-1(b). Cultural Resources Study Implementation Action. The following implementation action for Goal C-2 shall be added to the General Plan and LCP Update:

Require all discretionary proposals within the cultural resources overlay to consider the potential to disturb cultural resources. If preliminary reconnaissance suggests that cultural resources may exist, a Phase I cultural resources study shall be performed by a qualified professional meeting the Secretary of the Interior's (SOI) Professional Qualification Standard (PQS) for archaeology and/or architectural history, as appropriate (NPS 1983).

A Phase I cultural resources study shall include a pedestrian survey of the project site and sufficient background research and field sampling to determine whether subsurface prehistoric

or historic remains may be present. Archival research should include a records formation Center (CCIC) and a Sacred Lands File (SLF) search with the Native American Heritage Commission (NAHC). Where identified or potential resources are of Native American origin, the appropriate Native American tribe(s) will participate with the qualified professional. The technical report documenting the study shall include recommendations to avoid or, if avoidance is not feasible, reduce impacts to cultural resources.

- b. Finding: The Commission finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the Final EIR. Mitigation Measures CR-1(a) and CR-1(b) would reduce the significant impact to a less than significant level.

Impact N-2: Construction of individual projects facilitated by the General Plan and LCP Update could temporarily generate ground borne vibration, potentially affecting adjacent sensitive land uses. Although the Morro Bay Municipal Code’s timing restrictions on construction activity would limit vibration disturbance, high vibration levels during working construction hours could potentially disturb people or damage fragile buildings. This impact would be less than significant with mitigation. The impact of land sliding and slope instability is a significant impact that can be mitigated with appropriate mitigation measures.

- a. Mitigation Measures: Construction Vibration Control Measures and Notification. The following new policies shall be added to the Noise Element under Goal NOI-3:

Policy NOI-3.5. Vibration Control. Control construction vibration by avoiding the use of vibratory rollers near vibration-sensitive receptors and scheduling construction activities with the highest potential to produce vibration to hours with the least potential to affect sensitive land uses.

Policy NOI-3.6. Construction Vibration Notification. Developers shall notify neighbors of scheduled construction activities that would generate vibration. Mitigation Measure N-2 would be required.

- b. Finding: The Commission finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measure N-2 would reduce the significant impact to a less than significant level.

Impact T-1: Implementation of the General Plan and LCP Update would increase vehicle traffic volumes, which have the potential to interfere with pedestrian and bicycle travel on or along roadways. The General Plan and LCP Update includes goals and policies to improve safety, access, and performance of public transit, bicycle, and pedestrian transportation modes. Implementing specific pedestrian circulation improvement measures at affected facilities would further improve the performance of pedestrian transportation modes. Therefore, impacts to pedestrian operations would be reduced to a less than significant level with mitigation. The impact of soil erosion and loss of

topsoil due to construction and operation of Project components is a significant impact that can be mitigated with appropriate mitigation measures.

- a. Mitigation Measures: Pedestrian Facility Improvements. The following pedestrian facility improvements shall be added to the list of “Planned Circulation Improvements” in the General Plan and LCP Update Circulation Element.
- Embarcadero North of Beach Street: Provide sidewalks and a vehicular connection shifting traffic away from Beach Street for the redeveloped Morro Bay Power Plant site.
 - Morro Bay Boulevard: Provide a landscaped buffer at least two feet wide between the sidewalk and travel lanes.
 - Main Street south of Radcliffe Drive: Provide continuous sidewalks to provide acceptable pedestrian operations.
 - SR 41 east of Main Street: Provide sidewalks with a landscaped buffer when adjacent properties are redeveloped.

In addition, Policy CIR-1.8 shall be revised as follows:

Policy CIR-1.8. Capital Improvement Program. Use the City's Capital Improvement Program (CIP) process to prioritize, fund, and build roadway, and bikeway, and pedestrian improvements, and to address phasing and construction of traffic infrastructure throughout the city.

- b. Finding: The Commission finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measure T-1 would reduce the significant impact to a less than significant level.

4. Findings regarding Alternatives Analyzed in the EIR

CEQA requires that the discussion focus on alternatives to the project or its location that are capable of avoiding or substantially lessening any significant effects of the Project. Only locations that would avoid or substantially lessen any of the significant effects of the Project need be considered for inclusion in the EIR (CEQA Guidelines Section 15126.6[f][2][A]).

An evaluation of an alternative to the Project location is appropriate for a site-specific development project. In the case of the SOI Amendment, the City of Morro Bay City Council considered the required no project alternative. The rest of the alternatives considered do not specifically pertain to the SOI amendment since the sphere itself would not be considered a site-specific development.

Nonetheless, since LAFCO will be relying on this EIR for the purpose of the SOI amendment, LAFCO will address the alternatives that were required to be examined for the proposed General Plan and LCP Update per CEQA guidelines. Of these, the FEIR identified that Alternative 2 would be the environmentally superior alternative when considering overall environmental impacts relative to the performance metrics.

Although Alternative 2 is infeasible because it fails to meet some of the project objectives identified in the General Plan and LCP Update vision and values.

Pursuant to CEQA, the City Council Members considered the following alternatives to the Proposed Project as described in the FEIR, which would reduce or avoid project-specific and cumulative impacts, and rejected them as infeasible as follows:

- Alternative 1: No Project/Continue using 1988 General Plan and 1984 LCP
- Alternative 2: Proposed General Plan and LCP Update without Morro Bay Power Plant/WWTP Redevelopment
- Alternative 3: Reduced Commercial Floor Area Ratio

Alternative 1: No Project – No Development

Subdivision 15126.6(e) of the CEQA Guidelines requires a “no project” alternative be evaluated in an EIR to allow decision makers to compare the impacts of approving a proposed project with the impacts of not approving that project. CEQA Guidelines subdivision 15126.6(e)(3) describes the two general types of no project alternative: (1) when the project is the revision of an existing land use or regulatory plan, policy, or ongoing operation, the no project alternative would be the continuation of that plan; and (2) when the project is not a land use/regulatory plan, such as a specific development on an identifiable property, the no project alternative is the circumstance under which that project is not processed (i.e., no development occurs). Alternative 1 represents the former type of no project alternative and assumes the continued implementation of the 1988 General Plan and 1984 LCP.

This alternative is comprised of a land use pattern that reflects the land use identified in the existing 1988 General Plan. Under this alternative, the proposed General Plan and LCP Update would not be adopted and the existing General Plan and LCP, including the land use map and all of the General Plan and LCP goals and policies, would remain in place through the horizon year of 2040. Thus, any new development in Morro Bay would occur consistent with the existing land use designations and the allowed uses within each designation. Similarly, any new infrastructure would occur as envisioned in the existing 1988 General Plan. Development under this alternative is anticipated to be generally similar in much of the planning area but would not include mixed-use development in the downtown area, or the identified redevelopment of the former Morro Bay Power Plant and City wastewater treatment plant (WWTP) sites, resulting in more non-residential development than under the General Plan and LCP Update. As a result, overall development and anticipated growth would be reduced under the No Project Alternative compared to the General Plan and LCP Update.

This alternative assumes that the City’s Sphere of Influence (SOI) would not be extended to include 1,077 acres of the planning area beyond the city limits that is identified as a future extension of Morro Bay’s SOI. Therefore, the planning area for this alternative encompasses the existing city limits and SOI. (FEIR p. 7-2 – 7-10.)

Alternative 2: Alternative Site

One of the primary long-term strategies of the proposed General Plan and LCP Update land use plan is redevelopment of the former Morro Bay Power Plant and City WWTP sites with uses that respond to their unique site attributes to provide future growth areas for the city within the existing city limit. Under the General Plan and LCP Update land use plan, the former Morro Bay Power Plant and City WWTP sites are planned to accommodate Mixed Use, Public/Institutional, Visitor Serving Commercial, and Open Space/Recreation uses with much of the development being new. Approximately 50 percent of the planned non-residential land use growth (from existing to buildout) and approximately 80 percent of the visitor-serving commercial growth would occur at the former Morro Bay Power Plant and City WWTP sites. The General Plan and LCP Update Land Use Element includes Policy LU-5.4 and Policy LU-5.5, which require the city to develop master plans for these sites and the surrounding areas.

Alternative 2 would remove Policy LU-5.4 and Policy LU-5.5 from the General Plan and LCP Update, and would revise the land use plan to include the former Morro Bay Power Plant and City WWTP sites in Open Space/Recreation, preserving natural areas and resources, and providing future recreational opportunities, consistent with other goals of the General Plan and LCP Update. This alternative would build on the preservation of natural areas within the planning area by reducing the amount of new development compared to the proposed General Plan and LCP Update.

Under Alternative 2, approximately 3.1 million square feet of new commercial development could be constructed in the planning area. This would be 5.7 million fewer square feet of new commercial square footage than could be constructed compared to the General Plan and LCP Update. Additionally, approximately 300 fewer residential units could be constructed within the planning area, as a result of the elimination of the mixed-use overlay in the Morro Bay Power Plant redevelopment area. A comparison of the development that could occur under Alternative 2 and the General Plan and LCP Update is provided in Table 7-1.

Because 300 fewer dwelling units would be constructed under Alternative 2, population density of the city would be slightly reduced compared to the General Plan and LCP Update. Assuming 1.65 people per household, full buildout of Alternative 2 would result in a population of 11,541 in 2040. This would be approximately 521 fewer residents compared to the year 2040 population under full implementation of the General Plan and LCP Update (12,062 people). Overall, Alternative 2 would reduce the growth in population in Morro Bay through the year 2040 by approximately 4 percent and would reduce the net growth in non-residential development through the year 2040 by approximately 52 percent compared to the General Plan and LCP Update. (FEIR p. 7-10 – 7.16.)

Alternative 3: Alternative Ocean Outfall Pipe

Under the Reduced Commercial Floor Area Ratio (FAR) Alternative, the maximum allowable FAR for the Community Commercial and Visitor-Serving Commercial land use designations would be reduced from 1.25 to 1.0 to reduce commercial density and overall vehicle miles traveled associated with new non-residential development. Approximately 75 percent of the potential new commercial development identified in Table 2-5 of the Final EIR is comprised of Community Commercial and Visitor-Serving Commercial land use (approximately 1.1 million square feet of Community Commercial and approximately 5.5 million square feet of Visitor Serving Commercial). Due to the reduction in overall growth, this

alternative would incrementally reduce new vehicle traffic. Development under Alternative 3 assumes that all goals and policies put in place by the General Plan and LCP Update will be in force.

Under Alternative 3, approximately 7.5 million square feet of new commercial development could be constructed in the planning area. This would be 1.3 million fewer square feet of new commercial square footage than could be constructed under the General Plan and LCP Update. Additionally, approximately 103 fewer residential units could be constructed within the planning area, as a result of the FAR reduction within the planned mixed-use overlay areas. A comparison of the development that could occur under Alternative 3 and the General Plan and LCP Update is provided in Table 7-1.

Because 103 fewer dwelling units would be constructed under Alternative 3, population density of the city would be slightly reduced compared to the General Plan and LCP Update. Assuming 1.65 people per household, full buildout of Alternative 3 would result in a population of 11,867 in 2040. This would be approximately 195 fewer residents compared to the 2040 population under full implementation of the General Plan and LCP Update (12,062 people). Overall, Alternative 3 would reduce the growth in population in Morro Bay through the year 2040 by approximately 2 percent and would reduce the net growth in non-residential development through the year 2040 by approximately 12 percent compared to the General Plan and LCP Update. (FEIR p. 7.17-23.)

ENVIRONMENTALLY SUPERIOR ALTERNATIVE AND FEASIBILITY OF PROJECT ALTERNATIVES

1. **Finding:** The No Project Alternative (Alternative 1) would be environmentally superior in comparison to the General Plan and LCP Update because it would continue implementation of the existing 1988 General Plan, which would accommodate less development and growth than the General Plan and LCP Update, Alternatives 2, or Alternative 3. Although Alternative 1 would entail continued growth as dictated by the existing 1988 General Plan, this alternative would not implement new policy language included in the General Plan and LCP Update, such as policies intended to provide guidance for future development and reduce long-term community impacts associated with growth. Alternative 1 would eliminate significant and unavoidable impacts to air quality because it would result in substantially less new growth and associated new vehicle traffic and would therefore be consistent with the assumptions in the 2001 Clean Air Plan. However, Alternative 1 would not eliminate the significant and unavoidable project-level or cumulative impacts associated with increased VMT. (FEIR p. 7.25-26.)
 - The Commission finds the No Project Alternative is infeasible because it fails to meet any of the project objectives, including the Project's objective to guide land use decisions within the City planning area through the year 2040.
2. **Finding:** Alternative 2, Proposed General Plan and LCP Update without Morro Bay Power Plant/WWTP Redevelopment, would perform similar or better to the General Plan and LCP Update for all environmental resource areas. This alternative would result in no new development on the former Morro Bay Power Plant and City WWTP redevelopment sites, instead designating these sites as Open Space/Recreation. As a result of this reduction in future development and growth, Alternative 2 would result in reduced impacts to issue areas including aesthetic resources, GHG emissions, biological and cultural resources, geology, hazards, hydrology, noise, and

transportation. However, Alternative 2 would not eliminate the significant and unavoidable impacts associated with air quality plan consistency or project-level or cumulative impacts associated with increased VMT, because this alternative would still result in substantial new growth and the associated increase in new vehicle traffic. (FEIR p. 7.25-26.)

- While Alternative 2 is environmentally similar to the project and would partially meet the project objective to guide land use decisions within the city planning area through the year 2040, the Commission finds Alternative 2 is infeasible because it fails to meet some of the project objectives identified in the General Plan and LCP Update vision and values, including attracting new businesses and investors, providing head-of-household jobs and affordable housing options, and providing suitable urban infill and mixed-use development that accommodates modest residential and commercial growth.
- 3. Finding:** Alternative 3, the Reduced Commercial Floor Area Ratio (FAR) Alternative, would perform similar or better to the General Plan and LCP Update for all environmental resource areas. This alternative would result in less new commercial growth and development overall due to the reduction in commercial FAR. As a result of this reduction in future development and growth, Alternative 3 would result in reduced impacts to issue areas including aesthetic resources, GHG emissions, noise, recreation, and transportation. However, Alternative 3 would not eliminate any of the significant and unavoidable impacts associated with the General Plan and LCP Update, because this alternative would still result in substantial new growth and the associated increase in new vehicle traffic. Based on the information presented herein, Alternative 2 would be the environmentally superior alternative when considering overall environmental impacts relative to the performance metrics. However, designating the former Morro Bay Power Plant and City WWTP redevelopment sites as Open Space/Recreation would be inconsistent with the vision and objectives of the General Plan and LCP Update because it would eliminate urban development from areas the city has determined would contribute substantially to a pattern of compact future development, reducing long-term development pressure on agricultural lands outside the planning area. Additionally, reduced growth in these targeted redevelopment locations would be inconsistent with the goals of the General Plan and LCP Update to attract new businesses and investors and provide head-of-household jobs and affordable housing options. (FEIR p. 7.25-26.)
- While Alternative 3 is environmentally similar to the project and would partially meet the project objective to guide land use decisions within the city planning area through the year 2040, the Commission finds Alternative 3 is infeasible because it fails to meet some of the of the project objectives identified in the General Plan and LCP Update vision and values, including attracting new businesses and investors, providing head-of-household jobs and affordable housing options, and providing suitable urban infill and mixed-use development that accommodates modest residential and commercial growth.

For further discussion on the Project Alternative details and ability to achieve project objectives or feasibility please refer to the Final EIR for the General Plan and LCP Update Section 7 and the City's Findings of Fact and Statement of Overriding Considerations.

5. Process as Responsible Agency, Findings, and Statement of Overriding Considerations, (CEQA Guidelines Section 15096 (g)(1), 15091, 15093, and 15096 (h))

As a Responsible Agency under CEQA, LAFCO has discretionary authority over the City's request for the SOI amendment. Under CEQA, Responsible Agencies are required to independently review and approve the CEQA document previously prepared by the Lead Agency to comply with environmental review requirements. As such, in light of the City's request, LAFCO reviewed and considered the City's Draft EIR and Final EIR prepared and adopted by the City of Morro Bay's City Council for the 2021 Morro Bay General Plan and LCP Update Environmental Impact Report.

The City, acting as the Lead Agency, adopted a Statement of Overriding Considerations for its adopted Morro Bay General Plan and LCP Update Environmental Report (EIR SCH# 2017111026).

The Commission has made a reasonable and good faith effort to evaluate any alternatives or mitigation measures that would eliminate or substantially mitigate the environmental impacts. The Commission has reviewed the actions by the City Council to eliminate or substantially mitigate the environmental impacts, particularly the City's various mitigation measures in the Draft & Final EIR, and goals and policies identified in the General Plan.

For the reasons set forth below, the Commission determines that any significant environmental impacts caused by the proposed SOI Amendment has been minimized to the extent feasible, and where not feasible, has been outweighed and counterbalanced by the significant economic, fiscal, social, and land-use benefits to be generated to the City. This Statement of Overriding Considerations justifies finding the unavoidable adverse environmental impacts from the Proposal as acceptable.

The Commission finds that any one of the benefits set forth below is sufficient to warrant approval of the Proposal and justify the unavoidable adverse environmental impacts from the City's implementation of the proposed SOI amendment. This determination is based on the findings herein and the evidence in the record. Having balanced the unavoidable adverse environmental impacts against each of the benefits, the Commission hereby adopts this Statement of Overriding Considerations, for the following reasons in accordance with CEQA Section 21081(b) and State CEQA Guideline Section 15093.

LAFCO Policies

1. LAFCO's policies encourage and provide for well-ordered, efficient urban development patterns, balanced with preserving open space and agriculture land while discouraging urban sprawl. The SOI Update is consistent with those policies and the purposes of LAFCO.
2. LAFCO has reviewed and considered the Statement of Overriding Considerations approved by the City and the evidence that supports that Statement as set forth in the Environmental Documentation and has concluded that any adverse environmental effects of the project are outweighed by the benefits of the project that would be provided to the city, including:

- a. Natural resource preservation
 - b. Creating of jobs and housing
 - c. Economic vitality
 - d. New/needed infrastructure and amenities
 - e. Increased mobility and access
 - f. Increase resident services
3. The SOI amendment of these properties is a logical and planned expansion of the City of Morro Bay.
 4. The proposed SOI action is phase I of a larger conservation easement to preserve the backdrop of the city.
 5. After amending the sphere, phase II would follow in an effort to preserve the lots above panorama.
 6. Overall, the approach for the SOI amendment is consistent with state law, wherein the city evaluates a growth area as a part of its general plan, then requests a SOI amendment, and finally pursues an annexation when timing necessitates.

Exhibit B: Sphere of Influence Map and Legal Description

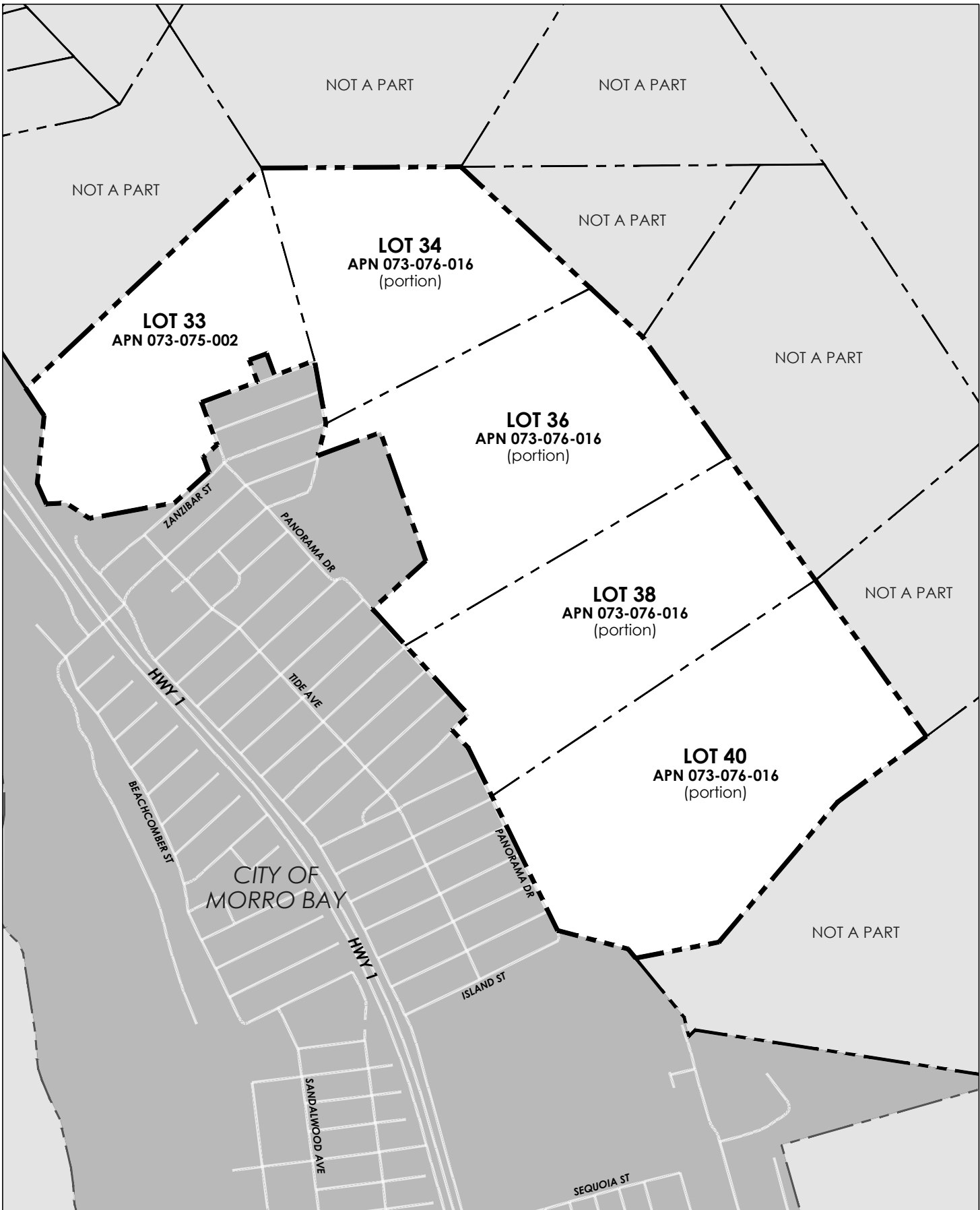


Exhibit B

LAFCO Sphere of Influence Amendment Request
 LOTS 33,34,36,38,40



Drawn By: BAS	Not to Scale	Date: 06.17.2021	Sheet: 1 of 1
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EXHIBIT "A"

Benefited Property Legal Description

Those portions of the Rancho Morro y Cayucos in the County of San Luis Obispo, State of California according to the map of the subdivision of said Rancho filed in Book A, at Page 160 of Maps in the office of the Recorder for said County, more particularly described as follows:

"Lot 33"

Parcel 8 of SUB2010-00027, according to that Certificate of Compliance filed as Document No. 2011-031200 of Official Records in the office of the Recorder for said County;

Lot 1, Block 1E of Atascadero Beach Subdivision, County of San Luis Obispo, State of California designated according to the map of Atascadero Beach filed in Book 2, at Page 15 of Maps in the office of the Recorder for said County, more particularly described as follows:

Beginning at the most northerly corner of said Lot 1;

Thence, along the northwesterly boundary of said Lot 1, South 47°00'47" West, 1748.71 feet to the easterly boundary of the California State Highway 1 Right-of-Way (former designation V-SLO-56-D) conveyed to the State of California by Grant Deed recorded October 26th, 1960, filed in Volume 1090, at Page 263 of Official Records in the office of the Recorder for said County;

Thence, along the easterly boundary of said Highway 1 Right-of-Way, South 33°35'38" East, 177.39 feet to the northern terminus of Course 35 described in said Grant Deed recorded October 26th, 1960, being 370 feet right of Station 793+20.00 "D" L.O. centerline as shown on that Division of Highways-District 5, Right-of-Way Map for Route 05-SLO-01, Post Mile 32.1 on file in the Right-of-Way Engineering Office of Caltrans;

Thence, continue along the easterly boundary of said Highway 1 Right-of-Way, South 05°44'44" West, 368.63 feet to a corner thereon at the northern terminus of Course 36 described in said Grant Deed;

Thence, continue along the easterly boundary of said Highway 1 Right-of-Way, South 23°48'22" East, 130.12 feet to the centerline Logan Avenue (formerly Hill Street as shown on Sheet No. 2 of said map of Atascadero Beach);

Thence, along said centerline Logan Avenue the following three courses:

North 87°55'17" East, 109.13 feet to an angle point thereon at the corner of Lots 7 and 8, Block 3A as shown on Sheet No. 10 of said map of Atascadero Beach;

Thence, South 57°04'43" East, 152.00 feet;

Thence, North 79°36'17" East, 468.42 feet to the centerline of Zanzibar Street (formerly "3rd" Street as designated on said Map of Atascadero Beach);

Thence, leaving the centerline of Logan Avenue, along said centerline of Zanzibar Street, North 47°54'47" East, 249.00 feet to a point thereon 100.00 feet southwesterly from the intersection with the centerline of Panorama Drive (formerly "O" Street as designated on said map of Atascadero Beach);

Thence, leaving said centerline of Zanzibar Street, along a line that is parallel with the centerline of Panorama Drive (being the westerly line of Blocks 1A and 1B as designated on said map of Atascadero Beach), North 20°05'43" West, 85.00 feet;

Thence, along a line parallel with said centerline of Zanzibar Street, North 47°54'47" East, 100.00 feet to an intersection with said centerline of Panorama Drive;

Thence, along said centerline of Panorama Drive, North 20°05'43" West, 255.00 feet to the centerline of Blanca Street (formerly "1st" Street as designated on said map of Atascadero Beach);

Thence, leaving the centerline of Panorama Drive, along said centerline of Blanca Street, North 69°54'17" East, 320.00 feet to a point thereon 330.00 feet southwesterly from the intersection with the centerline of Tuscan Avenue (formerly "P" Street as designated on said map of Atascadero Beach), said point being the southern most corner of that parcel of land conveyed to the Morro Del Mar County Water District by Quitclaim Deed and Transfer of Assets, recorded March 14th, 1963, filed in Volume 1230, at Page 337 of Official Records in the office of the Recorder for said County;

Thence, along the southwesterly boundary of said parcel of land conveyed to the Morro Del Mar County Water District, leaving said centerline of Blanca Street at a right angle therefrom, North 20°05'43" West, 125.00 feet;

Thence, along the northwesterly boundary of said parcel of land conveyed to the Morro Del Mar County Water District, along a line parallel with said centerline of Blanca Street, North 69°54'17" East, 100.00 feet;

Thence, along the northeasterly boundary of said parcel of land conveyed to the Morro Del Mar County Water District, South 20°05'43" East, 125.00 feet to said centerline of Blanca Street;

Thence, leaving the northeasterly boundary of said parcel of land conveyed to the Morro Del Mar County Water District, along said centerline of Blanca Street, North 69°54'17" East, 230.00 feet to the intersection with said centerline of Tuscan Avenue and the most easterly corner of said Lot 1;

Thence, leaving the centerline intersection of Blanca Street with Tuscan Avenue, North 15°15'13" West, 1081.60 feet to the point of beginning.

The above described portion of said Lot 1 contains 34.52 acres.

"Lot 34"

Parcel 9 of SUB2010-00027, according to that Certificate of Compliance filed as Document No. 2011-031201 of Official Records in the office of the Recorder for said County;

All of Lot 2, Block 1E of Atascadero Beach in the County of San Luis Obispo, State of California as said Lot is designated according to the map of Atascadero Beach filed in Book 2, at Page 15 of Maps in the office of the Recorder for said County.

"Lot 36"

Parcel 10 of SUB2010-00027, according to that Certificate of Compliance filed as Document No. 2011-031202 of Official Records in the office of the Recorder for said County;

All that portion of Lot 8, Block 1E of Atascadero Beach Subdivision, County of San Luis Obispo, State of California designated according to the Map of Atascadero Beach filed in Book 2, at Page 15 of Maps in the office of the Recorder for said County, more particularly described as follows:

Beginning at the most northerly corner of said Lot 8 at a point in common with Lots 2 and 3, Block 1E of said Subdivision;

Thence, along the northwesterly boundary of said Lot 8 and the southeasterly boundary of said Lot 2, South 63°15'47" West, 1610.02 feet to the centerline of Tuscan Avenue (formerly "P" Street as designated on said map of Atascadero Beach);

Thence, along said centerline of Tuscan Avenue, South 13°54'17" West, 179.23 feet to the northern boundary of that parcel of land taken by United States of America, by Declaration of Taking No.1, as

recorded October 27th, 1960, filed in Volume 1092, at Page 104 of Official Records in the office of the Recorder for said County;

Thence, leaving said centerline of Tuscan Avenue, along the northern boundary of said parcel of land taken by United States of America, North 69°54'17" East, 361.28 feet;

Thence, continue along the boundary of said parcel of land taken by United States of America, South 19°16'13" East, 736.12 feet;

Thence, South 47°54'47" West, 387.98 feet to the centerline of Panorama Drive (formerly "O" Street as designated on said map of Atascadero Beach);

Thence, leaving the boundary of said parcel of land taken by United States of America, along said centerline of Panorama Drive, South 42°05'13" East, 265.00 feet to the southern most corner of said Lot 8;

Thence, leaving said centerline of Panorama Drive, along the southeasterly boundary of said Lot 8, North 60°08'17" East, 2021.55 feet to the eastern most corner thereof;

Thence, along the northeastern boundary of said Lot 8, North 35°21'03" West, 812.21 feet to a corner on the northwesterly boundary thereof in common with the southern most corner of said Lot 3;

Thence, continue along the northeastern boundary of said Lot 8, North 46°52'43" West, 375.63 feet to the point of beginning.

The above described portion of said Lot 8 contains 46.99 acres.

"Lot 38"

Parcel 11 of SUB2010-00027, according to that Certificate of Compliance filed as Document No. 2011-031203 of Official Records in the office of the Recorder for said County;

All of Lot 7, Block 1E of Atascadero Beach in the County of San Luis Obispo, State of California as said Lot is designated according to the map of Atascadero Beach filed in Book 2, at Page 15 of Maps in the office of the Recorder for said County.

"Lot 40"

Parcel 12 of SUB2010-00027, according to that Certificate of Compliance filed as Document No. 2011-031204 of Official Records in the office of the Recorder for said County;

All that portion of Lot 6, Block 1E of Atascadero Beach Subdivision, County of San Luis Obispo, State of California designated according to the Map of Atascadero Beach filed in Book 2, at Page 15 of Maps in the office of the Recorder for said County, more particularly described as follows:

Beginning at the most westerly corner of said Lot 6 at a point in common with Lot 7 of said Subdivision and on the centerline of Panorama Drive (formerly "O" Street as designated on said Map);

Thence, along the southwesterly boundary of said Lot 6 and the centerline of said Drive, South 25°59'13" East, 799.89 feet to the northerly boundary of that parcel of land conveyed to the City of Morro Bay by Corporation Grant Deed, recorded August 28th, 1978, as filed in Volume 2096, at Page 140 of Official Records in the office of the Recorder for said County;

Thence, leaving the centerline of said Drive, and along the northerly boundary of said parcel of land conveyed to the City of Morro Bay, South 75°08'10" East, 394.75 feet;

Thence, continue along the northerly boundary of said parcel of land conveyed to the City of Morro Bay, South 39°18'50" East, 63.98 feet to the southerly boundary of said Lot 6;

Thence, leaving the northerly boundary of said parcel of land conveyed to the City of Morro Bay, along the southeasterly boundary of said Lot 6, North 79°14'17" East, 459.96 feet;

Thence, North 40°05'17" East, 992.00 feet;

Thence, North 53°16'17" East, 600.07 feet to the most easterly corner of said Lot 6;

Thence, along the northeasterly boundary of said Lot 6, North 35°21'03" West, 1035.07 feet to the most northerly corner of said Lot 6, being a corner in common with Lots 4, 5 and 7 of said Block 1E;

Thence, along the northwesterly boundary of said Lot 6, South 55°58'47" West, 2105.73 feet to the point of beginning.

The herein above described parcel of land contains 57.22 acres.

End Description

Attachment B

City of Morro Bay General Plan and LCP Update – Final Environmental Impact Report and Statement of Overriding Considerations

***NOTE: Due to file size, we have made this document
available on the LAFCO website at www.slolafco.com***

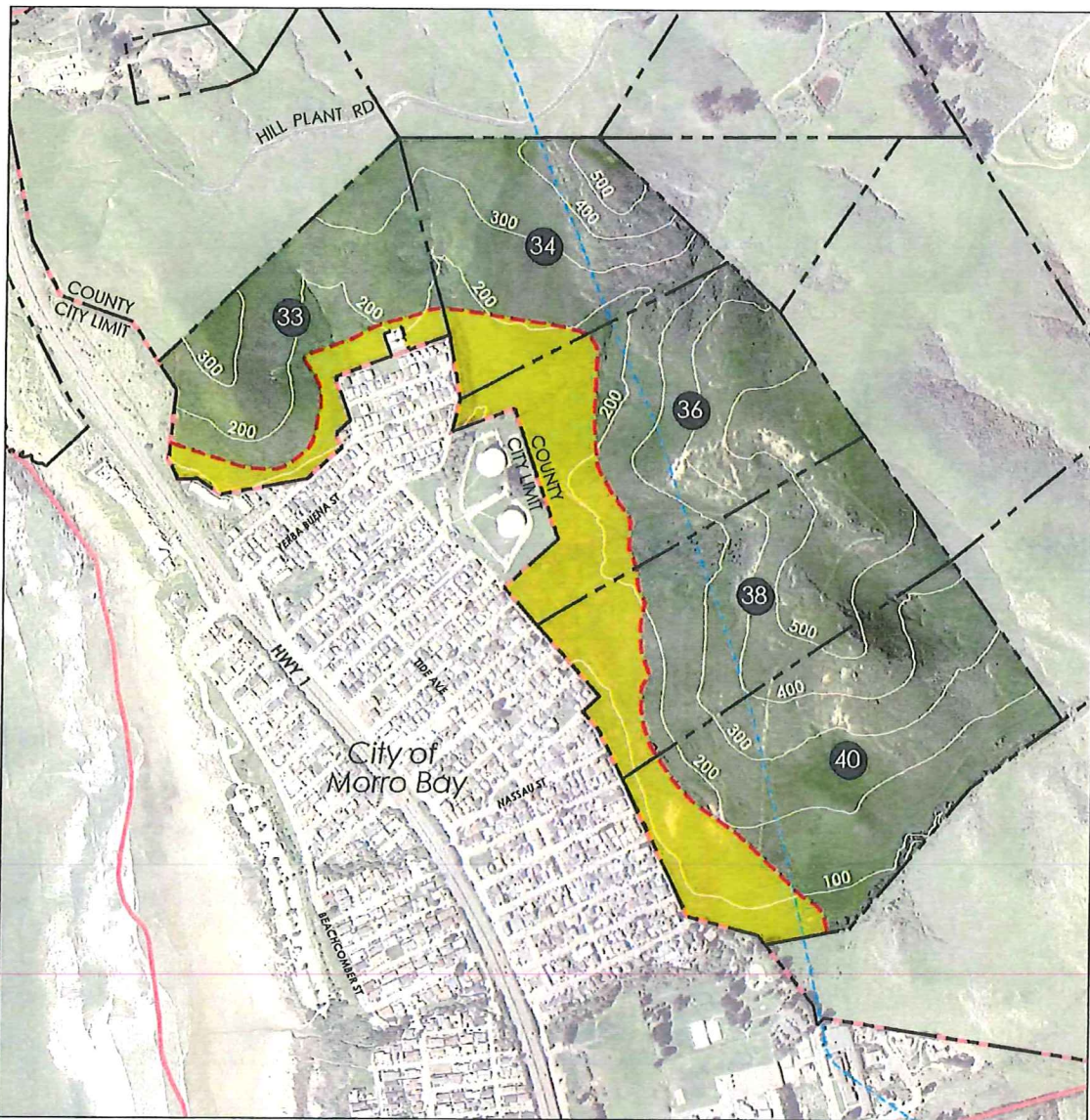
Attachment C

Vicinity Maps

ESTERO - PANORAMA LOTS			
LOT	APN	AREA	ACRES
33	073-075-002	Potential Building Area	6.3
		Total Lot Area	34.3
34	073-076-016	Potential Building Area	4.3
		Total Lot Area	33.5
36	073-076-016	Potential Building Area	14.8
		Total Lot Area	47.0
38	073-076-016	Potential Building Area	7.8
		Total Lot Area	40.7
40	073-076-016	Potential Building Area	10.4
		Total Lot Area	57.4

NOTES

1. Potential Building Area as shown includes constraints such as landslides per the County GIS Maps, easements, steep slopes, difficult access, etc.
2. Actual residence locations will be sited within the Potential Building Areas after field inspections and surveys.
3. Lot Line Adjustments may be needed to provide a residence location on each lot within the Potential Building Area.



Panorama Lots
SAN LUIS OBISPO COUNTY, CA

Potential Building Area

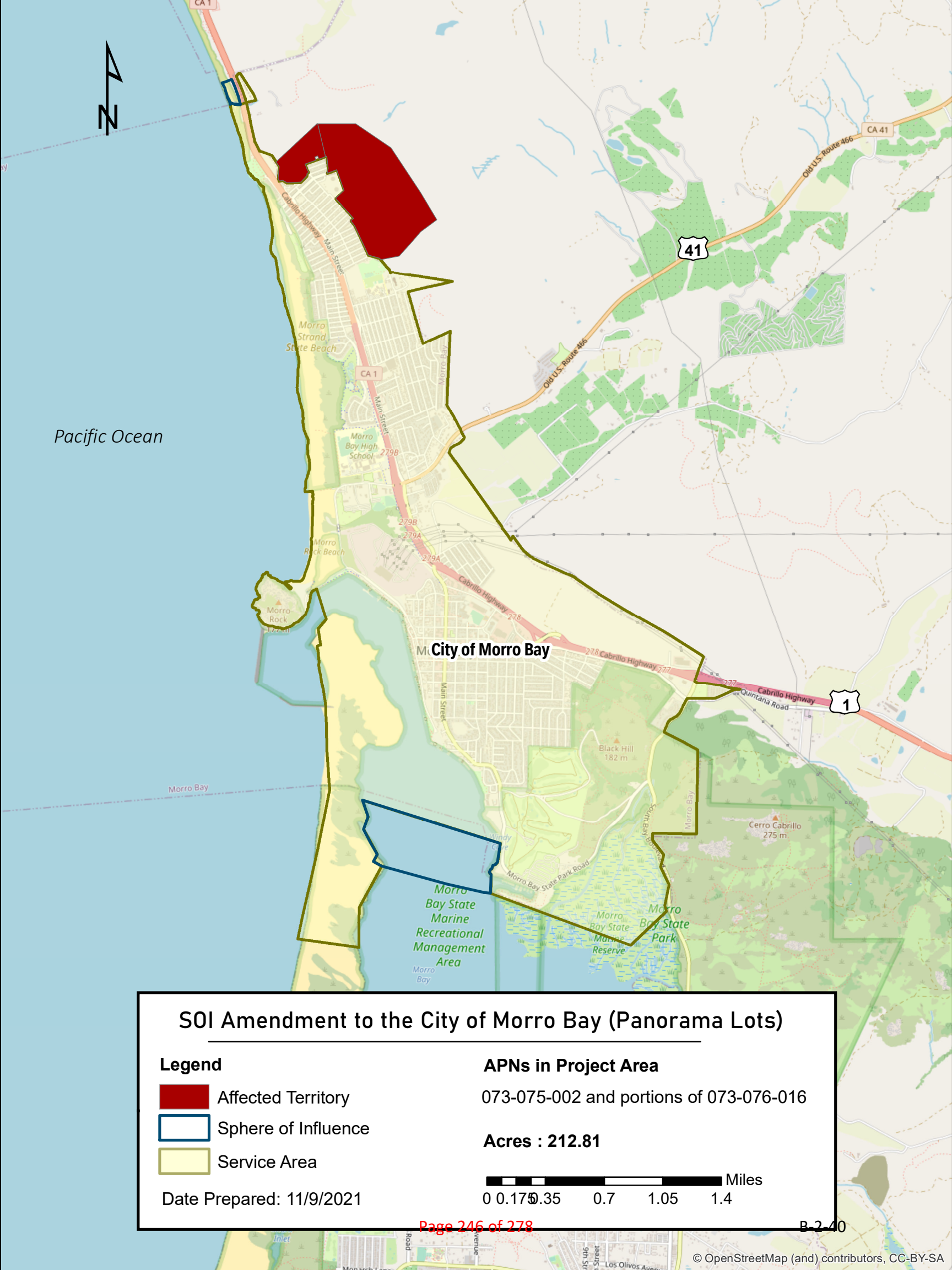


- Existing Lot Boundary
- City of Morro Bay Boundary
- Coastal Zone Boundary
- Limit Line - Potential Building Area
- Potential Building Area

NOTES/SOURCES

1. Aerial photo and parcel data from Canon
2. Contour interval is 100-feet.
3. Other data from County of San Luis Obispo.
4. This map is for illustrative purposes only.





SOI Amendment to the City of Morro Bay (Panorama Lots)

Legend

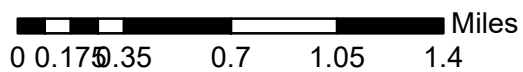
- Affected Territory
- Sphere of Influence
- Service Area

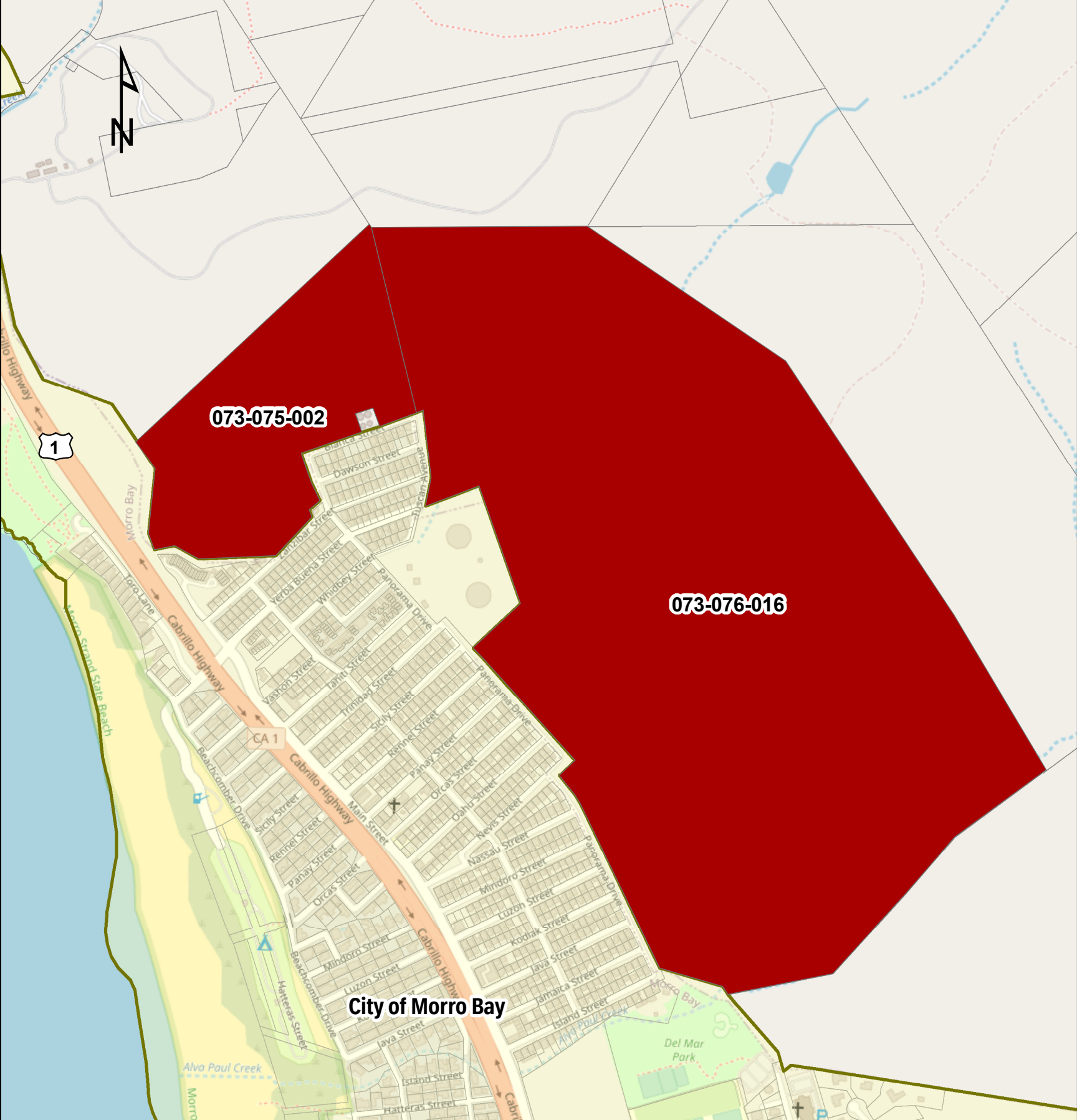
Date Prepared: 11/9/2021

APNs in Project Area

073-075-002 and portions of 073-076-016

Acres : 212.81





SOI Amendment to the City of Morro Bay (Panorama Lots)

Legend

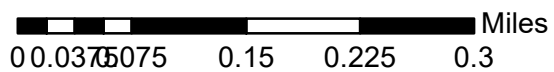
- Affected Territory
- Sphere of Influence
- Service Area

Date Prepared: 11/9/2021

APNs in Project Area

073-075-002 and portions of 073-076-016

Acres : 212.81



Attachment D

City's Projected Plan for Services

Plan for Services

The Sphere of Influence (SOI) Amendment requested for APNs: 073-075-002 and portions of 073-076-016 within the City’s Future Sphere of Influence are evaluated on the ‘Seven Service Review Factors’ outlined in the City of Morro Bay’s 2017 Municipal Service Review (MSR).

1. Growth and population projections for the affected area

No development proposal has been proposed at this time. Will Serve letters will be requested from appropriate service entities and provided at time of the annexation request.

2. Location and characteristics of any disadvantaged unincorporated communities

According to the San Luis Obispo County Council of Government’s Disadvantaged Communities Map Viewer, a majority of the City of Morro Bay has been designated as a Disadvantaged Community, with the following variable point totals. It is important to note that based on the State’s definition of disadvantaged communities, no census tracts within the San Luis Obispo region are designated as a disadvantaged community. However, creating a regional definition of disadvantaged communities for the San Luis Obispo region provides better competition for grant funding, equitable distribution of funds, and meet the state and federal environmental justice requirements. p The total number of points available is 350.

Disadvantaged Unincorporated Communities Variables	Total Point Value
Racial Minority	0
Ethnic Minority	0
Disability Status	40
Household Income	10
Free or Reduced-Price Meals	10
Educational Attainment	15
Language Proficiency	0
Renter Affordability	20
Housing Ownership Affordability	20
Older Adults	20
Youth	0
Households with No Vehicle Available	10
Households with No Computing Device Available	10
Disadvantaged Community	155

The City’s General Plan includes a separate chapter on Environmental Justice and specifies goals and policies, as well as implementing actions.

3. Present and planned capacity of public facilities and adequacy of public services including infrastructure needs or deficiencies

The Future SOI designation and associated areas were analyzed during the City’s environmental review and preparation of the General Plan (GP) and Local Coastal Plan

(LCP) Environmental Impact Report. There is sufficient capacity to provide water and wastewater service to these areas in the anticipated General Plan buildout.

In addition to water and wastewater services, the 5 lots in the Future SOI will need to be served by police and fire protection services, and other public services such as libraries or schools. The General Plan and Local Coastal Plan Update maximum population for Morro Bay is 12,062, per Table LU-2; however, growth (including any potential expansion of the SOI) in Morro Bay must be consistent with Measure F, limiting the city population to 12,200 residents. In order to exceed this number Morro Bay would need to secure additional water resources and a majority of voters would need to elect to remove the limit.

At the time of annexation and/or development, impacts would need to be evaluated and fees or other mitigations implemented to offset those impacts would be determined.

4. Financial ability of agencies to provide services

Cost related to the connection of utilities to serve the annexed properties will be the responsibility of the property owner/applicant for the proposed development project.

5. Status of, and opportunity for, shared facilities

The City's existing Wastewater Treatment Plant (WWTP) no longer provides adequate capacity for the existing population; however, the city is constructing a new Water Reclamation Facility (WRF), which is designed to meet existing needs and future demand. Completion of the new WRF, as well as implementation of the OneWater Morro Bay master plan and the policies in the General Plan and LCP Update Conservation Element ensure adequate wastewater systems and infrastructure to meet future demands.

Based on the water supply projections presented in the OneWater Morro Bay Plan, the city's water supply would be sufficient to meet the projected demand of the development envisioned in the General Plan and LCP Update.

The 5 Future SOI lots will, as appropriate, utilize existing roadways to connect and provide access to.

6. Accountability for community service needs including governmental structure and operational efficiencies

Not applicable to the SOI Amendment.

7. Any other matter related to effective or efficient service delivery, as required by commission policy

None at this time.

Attachment E

Resolution of Application by the City of Morro Bay

RESOLUTION NO. 14-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TAKE
PROCEEDINGS FOR THE AMENDMENT OF THE SPHERE OF INFLUENCE**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay ("City") desires to initiate a proceeding pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 5600 et seq.) ("Act") for amending the Sphere of Influence; and

WHEREAS, the real property proposed for inclusion in the City's Sphere of Influence ("SOI") consists of 5 parcels (APN: 073-075-002 and portions of APN 073-076-016 (Lots 2, 8, 7 & 6)) and is owned by Chevron and is uninhabited and a map of the boundaries of the territory is attached hereto as Exhibit ("Chevron Lots"); and

WHEREAS, the principal reason for the proposed SOI amendment is to protect the hillsides which serve as the backdrop of the City from significant development; and

WHEREAS, the following agency or agencies would be affected by the proposed SOI amendment: the City of Morro Bay and the County of San Luis Obispo; and

WHEREAS, the City has included the SOI amendment area (Chevron Lots) in its General Plan/Local Coastal Program Update as future SOI and has considered the change in the Final Environmental Impact Report (FEIR) associated with the document; and

WHEREAS, the City Council of the City desires that the Local Agency Formation Commission (LAFCO) of San Luis Obispo County assume Lead Agency status responsible for compliance with the California Environmental Quality (CEQA) regarding the subject sphere of influence application, with the understanding that the City shall pay for any additional studies that may be needed beyond those addressed in the City FEIR associated with the General Plan/Local Coastal Program update;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

Section 1. Submission of Application.

The City Council hereby directs Staff to submit an application to the San Luis Obispo Local Agency Formation Commission (SLO LAFCO) initiating the sphere of influence amendment for the Chevron Lots and requests SLO LAFCO to take actions necessary for the sphere of influence designation for the Chevron Lots as authorized and in the manner provided by the Act ("Application").

Section 2. Payment of Additional Studies.

The City Council agrees that it will pay for any additional studies that may be needed for the Application.

Section 3. Development Limitations Applicable to Chevron Lots effected by the SOI Amendment.

1. Upon any future annexation of the Chevron Lots subject of the SOI amendment request, development on each Chevron Lot shall be limited to the "Potential Building Area" identified on the map attached to this Resolution as Exhibit A, which generally conforms to the 200-foot contour interval.

2. Upon any future annexation of the Chevron Lots, development of each Chevron Lot subject of the SOI amendment, shall be limited to one single family home (being a total of 5 single family homes on the Chevron Lots) together with associated access and infrastructure improvements.


PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 23rd day of March 2021 on the following vote:

AYES: Headding, Addis, Barton, Davis
NOES: Heller
ABSENT: None



John Headding, Mayor

ATTEST:



Dana Swanson, City Clerk

Attachment F

Info Hold Letter Dated July 28, 2021, Response from the City



LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

July 28, 2021

SENT VIA E-MAIL

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IMELDA MARQUEZ
Analyst

Scot Graham, Community Development Director
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

Subject: Proposed Sphere of Influence Amendment to the City of Morro Bay (Panorama Lots) LAFCO File No. 1-S-21

Dear Mr. Graham,

This letter is to advise you that the application for the Sphere of Influence (SOI) amendment has been received and was referred to other agencies involved in the annexation process. LAFCO staff has completed an initial review of the application and finds that the following items need to be submitted for LAFCO to continue processing the application:

1. LAFCO has received numerous petition letters from citizens with comments about the application to amend the City's Sphere of Influence (SOI). These petitions are attached for the City's consideration and response. Also, a letter from the County Agricultural Commissioner's office is attached for the City's consideration and response.

Noted.

2. The City's submitted Resolution of Application (attached) supporting application of an SOI amendment "desires" that LAFCO be the lead agency for CEQA purposes for the SOI Amendment. In this circumstance wherein the City is proposing an amendment to the City's SOI, LAFCO shall be the Responsible Agency and will use the CEQA record for decision making purposes. The City's Final EIR project description references areas outside the City boundaries as surrounding areas and the Sphere of Influence, which will allow LAFCO to rely upon the document for compliance with CEQA. This approach is standard practice. It should be noted that it is particularly helpful that LAFCO will have a recent EIR to rely upon.

Noted.

More specifically, the maps in the City's adopted and newly updated General Plan (Plan Morro Bay-2021) identify the Panorama lots as areas that should be considered for inclusion in the Sphere of Influence. The impacts of this action were considered in the Final EIR certified by the City and as stated in the City's resolution of application. The record appears adequate for LAFCO's use as a Responsible Agency.

Noted.

Please provide any concerns or comments the City might have about LAFCO using this record as a Responsible Agency.

3. Please submit a copy of CEQA Filing with the County Clerk, this should include the certified Addendum to the EIR for the General Plan Update that mentions the Panorama Lots.

See attached CEQA filing receipt from the County Clerk (Receipt no.: 40-05272021-064). There is no Addendum to the EIR for the May 2021 General Plan.

4. Please address LAFCO's policies and procedures 2.6 & 2.9 related to a Sphere of Influence amendment and Agriculture. Provide any written documentation that provides reasoning associated with the Sphere of Influence Factors outlined in Government Code 56425 (e) (1-5) and LAFCO policy 2.6.6.

Government Code 56425 (e)(1-5) states:

e) In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

- (1) The present and planned land uses in the area, including agricultural and open-space lands.**
- (2) The present and probable need for public facilities and services in the area.**
- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
- (4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**
- (5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

Response:

(1) These properties, which are currently zoned Agriculture land in the County, will continue to be designated as Agricultural land as set forth in the City of Morro Bay's Land Use Plan and will remain as such. The Agricultural zoning in either jurisdiction allows one residence and an accessory dwelling unit on each property with the rest of the property used for agricultural purposes, such as grazing. The City wants to preserve its backdrop by annexing the properties from County jurisdiction into the City and, at the time of annexation, require the residences to be located in the designated building area adjacent to the City (see Exhibit A) and the property above the designated development area to be restricted to agricultural and / or open space uses.

(2) and (3) The City's recently adopted Final EIR analyzed public facilities and services for those areas in the planned SOI. The City has adequate resources to serve these five properties. Existing infrastructure providing access to City services is in the immediate area; each future landowner will install the connections as required. Fire response is currently provided under County jurisdiction by the California Department of Forestry and Fire Protection (CAL

FIRE) and police response by the County Sheriff's office. The City also has active mutual aid agreements with both Cal Fire and the Sheriff's Department.

(4) and (5) There are no nearby areas of social or economic communities of interest or areas in the City limits that meets the Disadvantaged Communities definition.

See information regarding LAFCO Policy 2.6.6 in responses to Attachment B, LAFCO policy 2.6.6.

LAFCO's policies and procedures should be clearly addressed with the documentation submitted with the application, therefore brief analysis is needed for LAFCO use and reference when processing the project proposal.

Responses have been provided in this letter, see responses to Attachment B policies/procedures 2.6 & 2.9.

5. Conditions of Approval found in the 2017 adopted Sphere of Influence and Municipal Service Review (MSR) would be applied to the SOI Amendment if approved by LAFCO. These conditions address water, wastewater, and Agriculture and Open Space. The conditions provide clarity for the processing a future annexation associated with this SOI amendment. These conditions are attached. Please provide a response as to how the SOI amendment will satisfy each of these conditions and/or support their implementation if and when annexation occurs. Also, these conditions should be addressed (as well as other issues) by the City during the land use approval and CEQA process that would be completed prior to LAFCO considering an annexation application in order for LAFCO to confirm the conditions have been satisfied.

Responses have been provided in this letter, see responses to Attachment C.

6. A Sphere of Influence boundary can be drawn through parcels and does not necessarily have to follow parcel lines. Since a future annexation application would contemplate the five specific residences to be built as defined by a land use approval by the City, the SOI boundary could be determined along the potential building area boundary line in the areas where the City has interest in allowing development. One concept to this end would be to amend the SOI to only areas shown on the map in yellow on the City's Resolution of Application (attached) on the subject parcels. This boundary option would increase the SOI to include just the area where the City could potentially be providing services to the five units. LAFCO has discretion in determining the SOI boundary and this option could be discussed as it would minimize the area included in the SOI to the area that would receive city services based on a land use approval and CEQA approved by the in the Coastal Zone. Should the City be interested in this concept, LAFCO can arrange a meeting to discuss this option further.

The five lots were included in the City's recent General Plan/Local Coastal Land Use Plan update at future SOI in order to preserve the 'backdrop of the City' including the ridgelines in this area of the City. The proposal stated above is contrary to what the City has communicated to the public, in that the intent of bringing the lots into the SOI and eventually into the City through annexation is to maintain local control over development of the lots and to preserve the slopes above the City in an undeveloped state. This information and intent have been consistently conveyed to the public over the five plus year process associated with the General Plan update. The City's goals and objectives of preserving this portion of the City's backdrop have been communicated and coordinated with LAFCO Executive Director Rob Fitzroy and the intent for the SOI line to be concurrent with the property lines has been made apparent.

Also, this approach proposed above in the LAFCO response letter may result in confusion and conflicts between the City and County jurisdictional requirements and other considerations such as provision of services, public safety, land use jurisdiction and decision making, permitting, etc.

7. The Resolution of Application indicates that the City intends to consider development of five residential units (one on each lot) within the “potential building area” as well as preserving in perpetuity certain areas as open space. This is also relates to the aforementioned MSR conditions of approval. Please respond to several questions regarding the SOI amendment to support this plan:

- What are the City’s plans for the open space preservation on these parcels?
The open space portion of the lots will be restricted via a deed restriction, or similar agreement, at the same time as annexation.
- What is the timing of such plans?
Upon annexation. This request only includes a Sphere of Influence amendment.
- What legal instruments would be used to preserve the areas?
Deed restriction or similar recorded document, at the same time of annexation.
- Can any documentation be provided regarding preservation?
To be provided at time of annexation.

The information listed above is requested for LAFCO to be able to continue processing the SOI Amendment application. The application will remain on hold until LAFCO receives a response to the items found in this request. LAFCO may need additional clarification or information before deeming the application complete for processing. If you have any questions, please contact us at 805.781.5795 or email us at rfitzroy@slolafco.com.

Sincerely,



Imelda Marquez, LAFCO Analyst



Rob Fitzroy, LAFCO Executive Officer

cc. Commissioners
Brian Pierik, LAFCO Counsel

Enclosures:

- Attachment A: Comment Letters on the Application
- Attachment B: LAFCO Policies
- Attachment C: Morro Bay Sphere of Influence Conditions
- Attachment D: City of Morro Bay Resolution of Application

Attachment A

Comment Letters on the Application



COUNTY OF SAN LUIS OBISPO

DEPARTMENT OF AGRICULTURE / WEIGHTS & MEASURES

Martin Settevendemie, Agricultural Commissioner / Sealer of Weights & Measures

DATE: July 21, 2021
TO: Imelda Marquez, Analyst
FROM: Lynda L. Auchinachie, Agriculture Department
SUBJECT: Morro Bay Sphere of Influence Amendment (Panorama Lots) (3279)

Thank you for the opportunity to review and comment on the proposed Morro Bay Sphere of Influence (SOI) amendment for the Panorama Lots. The proposed amendment would include approximately 213 acres consisting of five parcels ranging in size from 33.5 to 57.4 acres each. Each parcel has an identified potential building area ranging in size from 4.3 to 14.8 acres. The properties are located adjacent to the northeastern portion of the Morro Bay near Panorama Drive and are currently within the county's Agriculture land use category. The application indicates that if the properties were annexed by Morro Bay, they would be zoned Agriculture with development limited to one single family house on each parcel.

Both LAFCO and Morro Bay have policies to protect agricultural resources. To complement those policies consideration should be given to identifying a maximum square footage of development area within the identified potential building areas to ensure impacts to agricultural resources are minimized.

Response A-1

The building areas will be within the yellow areas on Exhibit A – Potential Building Area. These properties have numerous physical constraints, so it is important to retain flexibility of site location and design to the design phase, when development constraints, environmental factors and design preferences will be addressed. The properties included as part of the Sphere of Influence amendment request are not suitable for agricultural uses other than grazing, due to the soils, sloping characteristic of the land, lack of available water resources, etc. The land is characterized as ‘Grazing Land’ under the Department of Conservation’s Farmland Mapping and Monitoring Program.

The above comments and recommendations are based on the Agriculture Department's application of policies in the San Luis Obispo County Agriculture Element, the Conservation and Open Space Element, the Land Use Ordinance, the California Environmental Quality Act (CEQA) and on current departmental objectives to conserve agricultural resources and to provide for public health, safety and welfare, while mitigating negative impacts of development to agriculture. The Agriculture Department is a referral agency to the Planning and Building Department. Comments and recommendations are specific to agricultural resources and operations and are intended to inform the overall decision-making process.

If you have any questions, please call me at 805.781.5914.

July 21, 2021

JUL 22 REC1

LAFCO
1042 Pacific Street, Suite A
San Luis Obispo, CA 93401

Dear LAFCO Commissioners:

The enclosed citizens' petition with over 600 signatures opposes the Sphere Of Influence ("SOI") application the City of Morro Bay has submitted for APN 073-075-002 and portions of APN 073-076-016. These signatures were gathered during COVID-19 without going door-to-door.

This petition was initiated by residents of north Morro Bay who will be directly and physically impacted by any development on the 5 lots included in the SOI request. The City's application readily states that the intent is annexation. In the August 17, 2017 *Adopted Sphere of Influence Update*, the City stated, "The reasons for this request included greater control of the area and possible future development of the area that may need services from the City." (page 2-6)

Residents and home owners of south Morro Bay join us in our concern due to the financial implications to all of us. As stated in the 2017 *Update*, "Construction of new infrastructure to serve the SOI areas presents a challenge in terms of funding such projects. Serving the SOI areas will likely require a plan for financing infrastructure improvements in these areas. This plan would address funding sources for a number of needed improvements including roads, pipeline infrastructure, and other capital improvements. Funding and timing of these improvements would require planning and investment of resources." (page 3-55)

You'll see that there are 2-3 varying forms of the petition because different individuals started their own. Ultimately, we united. The outstanding concern for all of us are the Hazards as established in our Local Coastal Plan (LCP). City produced maps from the LCP are enclosed, as well as geological maps of previous landslides.

The City has stated in its 2021 *Proposal Application* that it will retain the Agriculture zoning (page 22). Therefore, we believe this statement from the 2017 *Update* should apply, "Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an agency's sphere of influence unless the area's exclusion would impede the planned, orderly and efficient development of the area." (page 2-18)

Response A-2

Not applicable. This citation comes from LAFCO's Municipal Service Review, which was based on the City of Morro Bay's previous General Plan (1988), not the recently updated and adopted General Plan (May 25, 2021). See Response to Item 6 in the July 28th LAFCO letter.

Thank you for your attention to our reservations and objections.

Sincerely,

PEOPLE AGAINST THE DEVELOPMENT OF MORRO BAY PANORAMA LOTS

To: SLO County LAFCO
From: The Undersigned Citizens

We, the undersigned, are opposed the inclusion of the Panorama Lots (see map) in the City of Morro Bay's Sphere of Influence (SOI) for the purposes of residential development for the following reasons:

1. The entire area is a high landslide risk as outlined in the City of Morro Bay's Coastal Plan (MCP), Chapter X, pages, (attached) and has experienced landslides in the past. Any development that involves digging (as detailed in MCP) will put the entire neighborhood beneath these lots at risk.

Response A-3

If the lots are incorporated into the City, no development will occur until after annexation. The City will require the future landowner / applicant to obtain a geotechnical analysis to establish specific building sites and guide construction requirements for the residences.

As mentioned before, the lots are designated Agricultural in the General Plan and limited to one residence plus an accessory unit per lot. (As noted during the LAFCO Study Session on August 19, 2021, additional or secondary dwelling units are allowed/permitted on agricultural lots, per State law.)

2. These lots are a known wildlife corridor, used by many species of protected animals endemic to the coastal area. Development on these lots could eliminate their coastal migratory route.

Response A-4

This comment is premature given that the current proposal is a requested SOI amendment and the land use and development potential is not changing with the requested SOI amendment. The land is currently designated Agricultural land within the County of San Luis Obispo and will remain Agricultural through approval of the SOI amendment and future annexation application. The zoning and residential development (one residence and accessory dwelling unit per lot) will be the same regardless of County or City jurisdiction; however, if annexed the residential development would be limited to the lower elevations next to City streets and the upper elevations would be restricted to agricultural and open space uses, which would be more protective of any wildlife corridors that may exist.

The Final EIR includes Mitigation Measure BIO-3. Wildlife Movement Corridors Protection and the following policy was added to the Conservation Element in the City's General Plan. Policy C-1.17 Project Design for Wildlife Connectivity, which states:

Design new stream crossing structures and extensions or modifications of existing structures to accommodate wildlife movement. At a minimum, structures within steelhead streams

must be designed in consultation with a fisheries biologist and shall not impede movement. New projects with long segments of fencing and lighting shall be designed to minimize impacts to wildlife. Fencing or other project components shall not block wildlife movement through riparian or other natural habitat. Where fencing or other project components that may disrupt wildlife movement is required for public safety concerns, they shall be designed to permit wildlife movement.

Proposed development on the lots in the SOI request will be required to comply with Policy C-1.17 above,

Signed,

OPPOSITION TO THE SPHERE OF INFLUENCE FOR THE PANORAMA LOTS INTO THE CITY OF MORRO BAY

To: SLO County LAFCO

From: The Undersigned Residents and Homeowners of Morro Bay

We, the undersigned, are opposed to the inclusion of the Panorama Lots (see map) into the City of Morro Bay's Sphere of Influence (SOI) for the purpose of development for the following reasons:

1. The entire area is " a high landslide risk zone" with a " High Landslide Risk Rating" as identified in the City of Morro Bay's *Local Coastal Plan*, Chapter X, and has experienced landslides in the recent past. The Lots are of the same geology as the Water Reclamation Facility lot which experienced 2 landslides since construction began last year. Any development on the Panorama Lots would put the neighborhoods just below them, from Island Street to Blanca Street, a mile in length, at risk.

See Response A-3; site-specific geotechnical studies will be completed to establish development sites and requirements. If the property is incorporated into the City, those studies would occur in conjunction with annexation, development design and permitting.

2. The Lots are a known wildlife corridor, used by many protected species endemic to the coastal area. Development on these lots, including urban fencing, could restrict their coastal migratory route.

See Response A-4.

3. An SOI is the necessary step before annexation; the purpose of annexation is development. Adding hundreds of acres into the City's incorporated limits binds the City to be responsible for expanded utility service as well as fire and police coverage. We do not need our resources--fire and police--up in the hills responding to emergencies when we already contend with simultaneous medical/fire calls as we are.

See the Response to Item 4, LAFCO July 28, 2021 Letter. The City of Morro Bay has mutual aid agreements with the County of San Luis Obispo Fire Department (Cal Fire) and the County Sheriff's office.

Signed,

Attachment B

LAFCO Policies



2.6 Sphere of Influence Review Policies

The CKH Act provides the legislative authority and intent for establishing a Sphere of Influence and is included by reference in these policies. A Sphere of Influence is the probable 20-year growth boundary for a jurisdiction's physical development. These policies are intended to be consistent with the CKH Act and take into consideration local conditions and circumstances. All procedures and definitions in the CKH Act are incorporated into these policies by reference.

1. LAFCO intends that its Sphere of Influence determination will serve as a master plan for the future organization of local government within the County. The spheres shall be used to discourage urban sprawl and the proliferation of local governmental agencies and to encourage efficiency, economy, and orderly changes in local government.

The SOI amendment is consistent with the City's current General Plan adopted in May 2021.

2. The Sphere of Influence lines shall be a declaration of policy which shall be a primary guide to LAFCO in the decision on any proposal under its jurisdiction. Every determination made by the Commission shall be consistent with the spheres of influence of the agencies affected by those determinations.

Not applicable.

3. No proposal which is inconsistent with an agency's adopted Sphere of Influence shall be approved until the Commission, at a noticed public hearing, has considered an amendment or revision to that agency's Sphere of Influence.

Amendment application filed.

4. The adopted Sphere of Influence shall reflect city and county general plans, growth management policies, annexation policies, resource management policies, and any other policies related to ultimate boundary area of an affected agency unless those plan or policies conflict with the legislative intent of the CKH Act (Government Code Section 56000 et seq.)

Where inconsistencies between plans exist, LAFCO shall rely upon that plan which most closely follows the legislature's directive to discourage urban sprawl, direct development away from prime agricultural land and open space lands, and encourage the orderly formation and development of local governmental agencies based upon local conditions and circumstances.

The proposed SOI is consistent with the City's adopted General Plan and represents an orderly development approach (see the Response to Item 4, LAFCO July 28, 2021 Letter).



In accordance with the CKH Act a municipal service review shall be conducted prior to the update of a jurisdiction's Sphere of Influence. The service review is intended to be a basis for updating a jurisdiction's Sphere of Influence.

The City of Morro Bay is due for a municipal service review (MSR) based on the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requiring MSR updates every five years. The City will cooperate with the LAFCO initiated MSR update.

5. LAFCO will designate a Sphere of Influence line for each local agency that represents the agency's probable physical boundary and includes territory eligible for annexation and the extension of that agency's services within a zero to twenty-year period.

The Sphere of Influence request being considered by LAFCO was included in the City's recently adopted General Plan Land Use Plan. The subject lots will be eligible for annexation after the SOI request has been approved. Utilities, such as water and sewer connections to City of Morro Bay services will be accessible to the lots. See the Response to Item 4, LAFCO July 28, 2021 Letter for more information about serving these properties.

6. LAFCO shall consider the following factors in determining an agency's Sphere of Influence:
 - a. Present and future need for agency services and the service levels specified for the subject area in applicable general plans, growth management plans, annexation policies, resource management plans, and any other plans or policies related to an agency's ultimate boundary and service area (CKH 56425 (e)(1)).

See the Response to Item 4, LAFCO July 28, 2021 Letter.

The City has adequate water and sewer capacity to serve the property and connection to City infrastructure is readily available from the surrounding streets. The City also has adequate police and fire services to serve the property and the City maintains mutual aid agreements with the County related to fire (Cal Fire) and police services (Sheriff's office). Please refer to the City of Morro Bay's General Plan, One Water Plan, and Final Water Reclamation Facility. General Plan Policies LU-1.1 and LU-3.1 sets parameters for locating new development and ensuring sufficient infrastructure and service capacity.

Links to the documents referenced above are provided below.

Plan Morro Bay (General Plan)

<https://www.morrobayca.gov/DocumentCenter/View/15424/Plan-Morro-Bay-GP-LCP-Final>

One Water Plan

<https://www.morro-bay.ca.us/DocumentCenter/View/12500/OneWater-Plan-Final>

Final Water Reclamation Facility Plan

Link here: <https://morrobaywrf.com/wp-content/uploads/Final-Water-Reclamation-Facility-Plan-April-2019.pdf>

- b. Capability of the local agency to provide needed services, taking into account evidence of resource capacity sufficient to provide for internal needs and urban expansion (CKH 56425 (e)(2)).

Policy OS-7.1 requires areas that might be included in the City's SOI, that a plan will be prepared and adopted to include infrastructure and services provided by the City of Morro Bay. Also, see answer to "a" above and the Response to Item 4, LAFCO July 28, 2021 Letter. Policy OS-7.1 Account for External Impacts states:

If any portion of the area outside the city limits is included in the City's sphere of influence in the future, prepare and adopt a plan for the affected parcels that includes infrastructure and services provided by the City of Morro Bay. The plan shall also identify policies for the protection of natural resources in the affected areas.

- c. The existence of agricultural preserves, agricultural land and open space lands in the area and the effect that inclusion within a Sphere of Influence shall have on the physical and economic integrity of maintaining the land in non-urban use (CKH 56426.5 (a)).

See the Response to Item 4, LAFCO July 28, 2021 Letter.

The proposed inclusion of the subject property in the City's SOI supports the City's goal to protect the scenic backdrop of the City. By including these properties in the SOI and limiting the location of residential development to the area shown in yellow on Exhibit A wherein the limited development may occur. This is consistent with a much larger effort initiated by Chevron to divest the Estero Terminal properties through cooperative efforts with the City, County, Cayucos Sanitary District, and a variety of conservation non-profit groups (LCSLO, TPL, et. al)

- d. Present and future cost and adequacy of services anticipated to be extended within the Sphere of Influence.

See the Response to Item 4, LAFCO July 28, 2021 Letter. The cost for installing connections for the services located in the streets adjacent to the properties will be borne by the landowners.

- e. Present and projected population growth, population densities, land uses, and area, ownership patterns, assessed valuations, and proximity to other populated areas.

The land use of the lots in the SOI Amendment will remain designated Agricultural, as currently designated in the County of SLO. The areas

designated for potential building on the five lots is adjacent to existing development along Panorama Drive, while the remainder of the lots will be deeded to open space. The City is capable to provide services to lots included in SOI. As specified in the General Plan, Measure F, a voter-approved growth management ordinance, limits the City's population to 12,200 residents, unless otherwise approved/amended by a majority of voters, as well as securing additional water resources.



San Luis Obispo LAFCO

- f. The agency's capital improvement or other plans that delineate planned facility expansion and the timing of that expansion.

The amount of development that would be associated with the SOI amendment (5 lots) is minor in nature and would not be significant for the City's public facilities and/or services. Both water and sewer are accessible from two points of access from the subject lots, in addition to dry utility access.

The City is undergoing construction on the Water Reclamation Facility, with expected completion in Spring/Summer of 2022.

- g. Social or economic communities of interest in the area (CKH 56425 (e)(4)).
See the Response to Item 4, LAFCO July 28, 2021 Letter. The City of Morro Bay does not have any officially designated disadvantaged communities as described in state planning law, and the levels of both educational attainment and employment are higher in Morro Bay than in most of California. The City does include an Environmental Justice Chapter in the General Plan and specifies goals, policies, and implementation actions to address the equity impacts of planning and regulatory decisions, particularly while preparing for the effects of climate change, including becoming more prone to flooding, landslides, and extreme heat events.

- h. For an update of a Sphere of Influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, a written determination regarding the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing Sphere of Influence shall be prepared.

Not applicable.

7. LAFCO may adopt a zero Sphere of Influence encompassing no territory for an agency. This occurs if LAFCO determines that the public service functions of the agency are either nonexistent, no longer needed, or should be reallocated to some other agency of government. The local agency which has been assigned a zero Sphere of Influence should ultimately be dissolved.

Not applicable.

8. Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an agency's Sphere of Influence unless the area's exclusion would impede the planned, orderly and efficient development of the area.

Exclusion of this SOI amendment request would impede planned, orderly and efficient development, as these lots could be developed in the County of San Luis Obispo inconsistent with City objectives.

9. LAFCO may adopt a Sphere of Influence that excludes territory currently within that agency's boundaries. This occurs where LAFCO determines that the territory consists of agricultural lands, open space lands, or agricultural preserves whose preservation would be jeopardized by inclusion within an agency's Sphere of Influence. Exclusion of these areas from an agency's Sphere of Influence indicates that detachment is appropriate.

See response to #6c above.

10. Where an area could be assigned to the Sphere of Influence of more than one agency providing needed service, the following hierarchy shall apply dependent upon ability to serve:

- a. Inclusion within a municipality Sphere of Influence.
- b. Inclusion within a multipurpose district Sphere of Influence.
- c. Inclusion within a single-purpose district Sphere of Influence.

In deciding which of two or more equally capable agencies shall include an area within its Sphere of Influence, LAFCO shall consider the agencies' service and financial capabilities, social and economic interdependencies, topographic factors, and the effect that eventual service extension will have on adjacent agencies.

Not applicable.

11. Sphere of Influence boundaries shall not create islands or corridors unless it can be demonstrated that the irregular boundaries represent the most logical and orderly service area of an agency.

Not applicable.

12. Nonadjacent publicly owned properties and facilities used for urban purposes may be included within that public agency's Sphere of Influence if eventual annexation would provide an overall benefit to agency residents.

Not applicable.

13. At the time of adoption of a city Sphere of Influence LAFCO may develop and adopt in cooperation with the municipality, an urban area boundary pursuant to policies adopted by the Commission in accordance with Government Code Section 56080. LAFCO shall not consider any area for inclusion within an urban service area boundary that is not addressed in the general plan of the affected municipality or is not proposed to be served by urban facilities, utilities, and services within the first five years of the affected city's capital improvement program.

There is service capability and infrastructure accessible in Panorama Drive,

Tuscan Avenue, Blanca Street, and Zanzibar Street.

14. LAFCO shall review Sphere of Influence determinations every five years or when deemed necessary by the Commission consistent with an adopted work plan. If a local agency or the County desires amendment or revision of an adopted Sphere of Influence, the local agency, by resolution, may file such a request with the LAFCO Executive Officer. Any local agency or county making such a request shall reimburse the Commission for the actual and direct costs incurred by the Commission. The Commission may waive such reimbursement if it finds that the request may be considered as part of its periodic review of spheres of influence.

Not applicable.

15. LAFCO shall adopt, amend, or revise Sphere of Influence determinations following the procedural steps set forth in CKH Act 56000 et seq.

Consistent.



2.9 Agricultural Policies

The policies in this section are designed to assist LAFCO in making decisions that achieve the Goals stated in the previous section. A policy is a statement that guides decision making by indicating a clear direction on the part of LAFCO. The following policies support the goals stated above and shall be used by San Luis Obispo LAFCO when considering a proposal that would involve agricultural resources:

1. Vacant land within urban areas should be developed before agricultural land is annexed for non-agricultural purposes.

Consistent, this will continue to be Agricultural land.

2. Land substantially surrounded by existing jurisdictional boundaries should be annexed before other lands.

Not applicable.

3. In general, urban development should be discouraged in agricultural areas. For example, agricultural land should not be annexed for nonagricultural purposes when feasible alternatives exist. Large lot rural development that places pressure on a jurisdiction to provide services and causes agricultural areas to be infeasible for farming should be discouraged.

The lots are not designated for “urban” development. The lots are and will continue to be designated for Agricultural land uses and continued agricultural (grazing) use with one residence and one accessory dwelling unit per lot. The land is not suitable for Agricultural land uses other than grazing due to the sloping nature of the lots, soil categories and lack of available water resources.

4. The Memorandum of Agreement between a city and the County should be used and amended as needed to address the impacts on and conversion of Agricultural Lands on the fringe of a city.

There is no proposed conversion of Agriculturally designated land as part of this SOI Amendment request. The existing agricultural land use designation will remain.

5. The continued productivity and sustainability of agricultural land surrounding existing communities should be promoted by preventing the premature conversion of agricultural land to other uses and, to the extent feasible, minimizing conflicts between agricultural and other land uses. Buffers should be established to promote this policy.

The proposed SOI amendment and City General Plan limit the amount of development that may occur on the subject lots to a single residence and one accessory dwelling unit per existing +/- 40ac parcel. (As noted during the LAFCO Study Session on August 19, 2021, additional or secondary dwelling units are allowed/permitted on agricultural lots, per State law.) The potential development area on each lot is identified on the SOI map (subject

to geotechnical evaluation and other site-specific studies). The areas comprising the higher elevations of the lots will be reserved for agricultural and open space uses, acting as a buffer to agricultural use (grazing) on the adjacent parcels.

Also see the Response to Items 4 and 6, LAFCO July 28, 2021 Letter.

6. Development near agricultural land should not adversely affect the sustainability or constrain the lawful, responsible practices of the agricultural operations.

See response to #5 above.

7. In considering the completeness and appropriateness of any proposal, the Executive Officer and this Commission may require proponents and other interested parties to provide such information and analysis as, in their judgment, will assist in an informed and reasoned evaluation of the proposal in accordance with these policies.

Noted.

8. No change of organization, as defined by Government Code 56021, shall be approved unless it is consistent with the Spheres of Influence of all affected agencies.

Both City and County are aware of and support this SOI amendment request.

9. Where feasible, and consistent with LAFCO policies, non-prime land should be annexed before prime land.

The proposed Sphere of Influence amendment is consistent, as this is non-prime land.

10. The Commission will consider feasible mitigation (found in the following guidelines) if a proposal would result in the loss of agricultural land.

See response to #3 above and Item 4, LAFCO July 28, 2021 Letter. This will not result in the loss of agricultural land. First off there is no development proposed as part of the Sphere of Influence request. Development within the City will only occur after annexation. The only “development” that would be allowed to occur would be one residence and an accessory dwelling unit on each lot, which would be allowed now under County jurisdiction. (As noted during the LAFCO Study Session on August 19, 2021, additional or secondary dwelling units are allowed/permitted on agricultural lots, per State law.) Exhibit A – Potential Building Area establishes building areas for the residences and accessory dwelling units to be located next to the City roads at the lower elevations, leaving the remainder of the properties undeveloped and available for grazing and open space uses.

11. The Commission encourages local agencies to adopt policies that result in efficient, coterminous and logical growth patterns within their General Plan and Sphere of Influence areas and that encourage protection of prime agricultural land in a manner that is consistent with this Policy.

This is not prime agricultural land per LAFCO definition. It does not have Class I or II soils in the USDA Natural Resources Conservation Service, does

not qualify for an 80-100 Storie Index Rating, does not support livestock, crops or other plantings and/or production of unprocessed agricultural plan products. The land conditions require about 10 acres to sustain each cow that grazes the land, which exceeds the one animal unit per acre as defined in the prime agricultural land definition.

12. The Commission may approve annexations of prime agricultural land only if mitigation that equates to a substitution ratio of at least 1:1 for the prime land to be converted from agricultural use is agreed to by the applicant (landowner), the jurisdiction with land use authority. The 1:1 substitution ratio may be met by implementing various measures:

Not prime land per LAFCO definition. Does not have Class I or II soils in the USDA Natural Resources Conservation Service, does not qualify for a 80-100 Storie Index Rating, does not support livestock, crops or other plantings and/or production of unprocessed agricultural plan products.

- a. Acquisition and dedication of farmland, development rights, and/or agricultural conservation easements to permanently protect farmlands within the annexation area or lands with similar characteristics within the County Planning Area.
 - b. Payment of in-lieu fees to an established, qualified, mitigation/conservation program or organization sufficient to fully fund the acquisition and dedication activities stated above in 12a.
 - c. Other measures agreed to by the applicant and the land use jurisdiction that meet the intent of replacing prime agricultural land at a 1:1 ratio.
13. Property owners of agricultural lands adjacent to a LAFCO proposal shall be notified when an application is submitted to LAFCO.
LAFCO to prepare noticing.

Attachment C

Morro Bay Sphere of Influence Conditions

- *City of Morro Bay-Goal 35: Preserve agricultural uses in and adjacent to the City with conflict resolution between agricultural and urban land uses.*

This will not result in the loss of agricultural land. First off, there is no development proposed as part of this Sphere of Influence request. Development within the City will only occur after annexation into the City of Morro Bay. The only “development” that would be allowed to occur under this proposal would be the addition of one residence and an accessory dwelling unit on each lot, which would be allowed now under County jurisdiction. (As noted during the LAFCO Study Session on August 19, 2021, additional or accessory dwelling units are allowed/permitted on agricultural lots, per State law.) Exhibit A – Potential Building Area establishes building areas for these properties. This proposal ensures that the residences and accessory dwelling units will be located next to the City roads at the lower elevations, leaving the remainder of the properties undeveloped and available for grazing and open space uses. This is consistent with the proposed conservation approach for the properties in this area.

COUNTY OF SAN LUIS OBISPO GENERAL PLAN

- *County of San Luis Obispo-Estero Area Plan. Prevent urban development outside the Morro Bay City Limits, and direct future growth onto developable, non-prime lands within the City.*

This SOI amendment proposal is not considered ‘urban development’ as the continued Agricultural zoning will allow only one residence and one accessory dwelling unit. Also, the land does not qualify as prime agricultural land per LAFCO criteria. See the Response to Item 4, LAFCO July 28, 2021 Letter.

- *County of San Luis Obispo-Estero Area Plan. Maintain existing agricultural land use categories in order to protect agricultural resources; do not convert agricultural land to other land use categories or revise planning area standards so as to enable more intensive development.*

The land will retain the Agricultural land use designation within the City of Morro Bay. See the Response to Item 4, LAFCO July 28, 2021 Letter.

These goals are supported in each General Plan with policies and programs that work towards achieving these results. The Memorandum of Agreement is a way to implement both General Plans in a more coordinated manner.

City Council Action. The City Council approved the MOA on September 10, 2007.

County Board of Supervisors Action. The County Board of Supervisors approved the MOA on September 25, 2007

Conditions of Approval

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

WATER

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

Noted. This application is a Sphere of Influence amendment request, not an annexation application. The City’s One Water Plan addresses this analysis. See link to One Water Plan: <https://www.morro-bay.ca.us/DocumentCenter/View/12500/OneWater-Plan-Final>.

WASTEWATER

- a) As part of an annexation application, the City shall document the progress of the currently-planned upgrade to the wastewater treatment plant in compliance with a NPDES permit.

Noted. This application is a Sphere of Influence amendment request, not an annexation application. The City’s Wastewater Master Plan addresses this analysis. See link to Final Water Reclamation Facility Plan: <https://morrobaywrf.com/wp-content/uploads/Final-Water-Reclamation-Facility-Plan-April-2019.pdf>

AGRICULTURE & OPEN SPACE

- a. The City shall identify all agricultural and open space lands to be protected in the annexation areas when rezoning or preparing land use entitlements for an area.

See previous comments in Item 7 of the LAFCO July 28, 2021 letter; landowner would record a deed restriction or other instrument on the “no-build” portion as part of annexation process.

- b. Prior to LAFCO filing the certificate of completion (if an annexation is approved), conservation easement(s) or other appropriate mitigation measures as listed in LAFCO’s Agricultural Policy 12, shall be recorded on the deed(s) of the properties affected by the annexation specifying the areas to be protected in perpetuity.

Noted, see previous comments in Item 7 of the LAFCO July 28, 2021 letter; landowner would record a deed restriction, or similar agreement, on the “no-build” portion of each lot at the time of annexation.

RECONSIDERING THE SOI/MSR

- a. LAFCO would revisit the SOI upon completion of the GP/LCP and One Water Plan update.

It is appropriate timing now, as the General Plan was adopted in May 2021 and the One Water Plan was approved in October 2018. Links to the General Plan and One Water Plan are provided below.

Plan Morro Bay (General Plan)

PRESENT AND PLANNED LAND USE

The land use zoning within the proposed Study Areas of the Sphere of Influence is Agriculture and Recreation. The two existing SOI areas are the beach area to the north and the Back Bay area to the south. Neither area is proposed for future development. The City's General Plan policies are being updated to manage the growth and development within these areas. Once the City identifies a site for its new wastewater treatment plant the Sphere of Influence will be considered amended.

Not applicable.

PRESENT/PROBABLE NEED FOR PUBLIC SERVICES

The present need for public services in the proposed SOI area varies in the different areas. Many of the properties' current uses are for agricultural and open space purposes. The probable need for public services in the proposed Sphere of Influence is low. Urban levels of development are not anticipated in the existing Sphere of Influence. Also, the City needs to complete the upgrade of the sewer facility and increase the reliability of its water supply.

This Sphere of Influence request is consistent with the City's SOI line as delineated on the City's Land Use Plan. The land use designation for the properties will remain agricultural and will not be considered 'urban development'. The City is undergoing construction on the Water Reclamation Facility, with expected completion in Spring/Summer 2022.