Atascadero City Council
Staff Report – Community Development Department

LAFCO Sphere of Influence and Municipal Services Review Updates
Memorandum of Agreement with San Luis Obispo County Update

RECOMMENDATION:

City Council adopt Draft Resolution A, authorizing LAFCO to update the City’s Sphere of Influence and Municipal Services Review and authorize the signature of the updated Memorandum of Agreement with the County of San Luis Obispo.

DISCUSSION:

Background: During the 2000 update of the General Plan, the Eagle Ranch portion of the unincorporated Colony was identified as a future annexation area. In 2003, the City cooperated with LAFCO and the County to amend the City’s Sphere of Influence to include Eagle Ranch, consistent with the City’s Urban Reserve line and adopted General Plan. A Memorandum of Agreement was signed between the City and the County of San Luis Obispo to clarify the roles and responsibilities in relation to the future annexation of Eagle Ranch.

In 2008 an application was received from the owners of Eagle Ranch to begin processing the Specific Plan and future annexation. The preliminary constraints analysis portion of the Environmental Impact Report for the proposed Specific plan project is currently being completed by the City’s consultant, Michael Brandman and Associates.

Resolution of Application
San Luis Obispo Local Agency Formation Commission (LAFCO) staff is currently working on the scheduled update of the City’s Sphere of Influence (SOI) and Municipal Services Review. A SOI is generally considered to be a 20-year growth boundary and service area for a jurisdiction. The Cortese/Knox/Hertzberg Act mandates that all Local Agency Formation Commissions in the State update the Spheres of Influence of jurisdictions every five years or as needed. The Act states
that in order to update Spheres of Influence, LAFCOs are required to conduct a
service review of the municipal services provided by the jurisdiction. The Municipal
Service Review (MSR) evaluates the capability of a jurisdiction to serve their existing
residents and future development in their Sphere of Influence. The Municipal Service
Review factors that need to be addressed include:

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

To proceed with the Sphere Update process, a Resolution of Application approved
by the City Council is needed. The Resolution of Application indicates the City’s
intent with regard to the Sphere Update and formally requests LAFCO complete this
process. There are no changes proposed to the Sphere of Influence boundary
which was previously approved in 2003; the current SOI update will confirm the
existing boundary is still valid. A Municipal Service Review will be completed by
LAFCO with review from City staff as part of the Sphere Update process. The
Municipal Service Review update will be circulated for public review by LAFCO.

Memorandum of Agreement
A Memorandum of Agreement (MOA) between the County of San Luis Obispo and
the City of Atascadero regarding the Eagle Ranch was signed by both parties in
2003. The MOA clarifies the intent of the City and the County with regard to the
development of the Eagle Ranch area and provides a structure for continued
discussion and dialogue. The MOA does not take away the City’s authority and will
not inhibit the City’s capabilities to perform their legislative functions. It should
enhance and improve the communication between the City and the County.

It is beneficial to have a current and updated MOA as the City moves forward with
the Eagle Ranch project and annexation. The City and County have been working
on updating the 2003 MOA to reflect current development policies and proposals for
the site. The draft agreement (Attachment 4) includes the results of the City’s and
County’s review and input. The Eagle Ranch property owners have been involved in
these discussions and are in support of this agreement.
FISCAL IMPACT:

The Sphere of Influence Amendment would not have any fiscal impact on the City, and does not obligate the City to annex the area. Fiscal costs of annexation would be analyzed as part of a future project and could be mitigated. The City Council found during the General Plan update that orderly development of Eagle Ranch within the City as opposed to development within the County would give the City the most control over future service costs and tax revenues related to the site.

ALTERNATIVES:

1. The Council may decide not to request the Sphere of Influence Amendment at this time.

2. The Council may refer the items back to staff for additional information or analysis. Direction should be given to staff and the applicant on required information.

ATTACHMENTS:

Attachment 1: General Plan Urban Reserve Policies
Attachment 2: General Plan Urban Reserve Diagram
Attachment 3: Resolution of Application for LAFCO SOI & MSR Updates
Attachment 4: Updated Memorandum of Agreement
Policy 1.2: Ensure the rural character of Atascadero is preserved by respecting the historic Colony boundaries and cooperate with the County on regional planning issues surrounding the Colony.

Programs:

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

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

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

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

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

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

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

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

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

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

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

12. Require the approval of a planned development and master plan of development prior to supporting a any LAFCO annexation request of property located north of the San Ramon interchange on the westside of US 101
Attachment 2: General Plan Urban Reserve Diagram
DRAFT RESOLUTION A

A RESOLUTION OF APPLICATION BY THE CITY COUNCIL OF ATASCADERO REQUESTING THE SAN LUIS OBISPO LOCAL AGENCY FORMATION COMMISSION TO INITIATE PROCEEDINGS OF ITS SPHERE OF INFLUENCE AND SERVICE UPDATE

RESOLVED by the City Council of the City of Atascadero, that,

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

WHEREAS, the Atascadero General Plan includes Land Use Policy 1.2 and Programs LOC 1.2.8, 9, 10, and 11 that direct the City to cooperate with LAFCO and the County of San Luis Obispo on the eventual annexation of the Eagle Ranch area that is included in the City’s Urban Reserve Line as shown on Figure II-5 of the General Plan; and,

WHEREAS, the Eagle Ranch was added to the City of Atascadero’s Sphere of Influence in 2003 and is currently recognized by LAFCO and San Luis Obispo County as an area to be annexed into the City of Atascadero; and,

WHEREAS, the proposed project has been analyzed adequately in the 2002 General Plan EIR pursuant to applicable standards and impacts have been avoided or mitigated pursuant to the that EIR.
NOW, THEREFORE, this Resolution of Application is hereby adopted and approved by the City Council of Atascadero, and the San Luis Obispo Local Agency Formation Commission is hereby requested to initiate proceedings for the Sphere of Influence Update as authorized and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 consistent with the City’s Urban Reserve Line and as shown in Exhibit A.

PASSED AND ADOPTED this 14th day of June, 2011, by the City Council of Atascadero, County of San Luis Obispo, State of California by the following vote:

On motion by Council Member ________________, and seconded by Council Member ________________ the foregoing resolution is hereby adopted by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ADOPTED: CITY OF ATASCADERO

By:______________________________

Tom O’Malley, Mayor

ATTEST:

Marcia McClure Torgerson, C.M.C., City Clerk

APPROVED AS TO FORM:

______________________________

Brian a. Pierik, City Attorney
No Changes Proposed to the SOI Boundary
MEMORANDUM OF AGREEMENT
BETWEEN THE CITY OF ATASCADERO AND
THE COUNTY OF SAN LUIS OBISPO
REGARDING THE CITY’S SPHERE OF INFLUENCE

This Agreement is entered into on this _____ day of ______________, 2011, by and between the City of Atascadero (hereafter “City”) and the County San Luis Obispo County (hereafter “County”).

WITNESSETH

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

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

WHEREAS, the City and County have been working together to implement the existing MOA with regard to the SOI and specifically the proposed Eagle Ranch project; and

WHEREAS, an updated MOA assists in clarifying the roles, responsibilities, and intentions of the jurisdictions; and

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

WHEREAS, the Act further requires that a Municipal Service Review be conducted prior to or, in conjunction with, the update of a Sphere of Influence and such a Municipal Service Review has been prepared by LAFCO staff in accordance with Section 56430 of the California Government Code as a means of identifying and evaluating public services provided by the City of Atascadero and changes to the City’s Sphere of Influence; and
WHEREAS, the City and County have reached agreement regarding the boundaries (Exhibit A), and the provisions that should guide development (Exhibit B) to ensure that development within the SOI occurs in an orderly and logical manner; and

WHEREAS, the City’s General Plan provides a clear policy base for growth and development in the Sphere of Influence areas and defines programs that the City will implement to ensure the preservation of the agricultural land, open space and the rural character of Atascadero; and

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

WHEREAS, the Eagle Ranch Area includes approximately 452 original colony lots, which have been certified as legal by the County, and the Atascadero Mutual Water Company is able to provide water service to these lots, therefore much of the Eagle Ranch Area could be developed in the County using the existing lot configuration; and

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

NOW, THEREFORE, the parties agree as follows:

1. The Sphere of Influence boundary contained in Exhibit A provides for the orderly and logical growth for the City of Atascadero and represents an appropriate 20-year growth boundary based on existing information and current circumstances.

2. The provisions contained in Exhibit B provide guidance for completing updates to the General Plans of both the City and the County for the area within the Sphere of Influence.

3. The provisions contained in Exhibit B are intended to provide the City and the County with the basis for developing specific land use policies and standards for the
areas in the City of Atascadero’s Sphere of Influence and do not supersede or limit the planning or environmental review process of either jurisdiction or bind either jurisdiction.

4. The City shall use its General Plan policies to guide the logical and orderly development of these Sphere Areas while protecting agricultural and open space lands.

______________________________
Mayor, City of Atascadero

APPROVED AS TO FORM AND LEGAL EFFECT:

______________________________
City Attorney

Dated:__________________________

ATTEST:

______________________________
City Clerk

Dated:__________________________
Chairman, Board of Supervisors
County of San Luis Obispo

APPROVED AS TO FORM AND LEGAL EFFECT:

________________________________________
County Counsel

Dated:________________________

ATTEST:

________________________________________
County Clerk

Dated:________________________
EXHIBIT A
SPHERE OF INFLUENCE BOUNDARY MAP

City of Atascadero
City Limits and Sphere of Influence

Eagle Ranch Area

Legend
- City Limits
- Sphere of Influence
- Major Roads
EXHIBIT B
PROVISIONS

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

1. **Intent.** It is the intent of the County and the City to work cooperatively towards the goal of developing the agreed upon Sphere of Influence (as shown in Exhibit A) in an orderly and logical manner consistent with the Cortese/Knox/Hertzberg Act, the City and County General Plans, the California Environmental Quality Act and any other applicable laws and regulations.

2. **Impact Mitigation.** In evaluating any proposed development, the agency considering approval (City or County) should rely solely on its own capability to provide the required services to that development. The City and the County shall not presume any services will be provided by the other agency without documenting that such services will be provided.

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

3. **Interagency Cooperation.** The City and the County shall work cooperatively on planning for land use, circulation connections, agricultural land and open space preservation by referring discretionary development projects and General Plan
Amendments within each agency’s jurisdiction to the other for review and comment prior to action on a development proposal. The County shall seek the City’s comment regarding projects in the referral area identified in Exhibit C. The City shall seek the County’s comment regarding projects that affect unincorporated areas surrounding the fringe area of the city. When a discretionary project application is accepted for processing, it shall be referred immediately to the following contact person(s) for early review and comment:

Planning Director
Department of Planning and Building
976 Osos St., Room 300
San Luis Obispo, CA 93408

Community Development Director
Community Development
6907 El Camino Real
Atascadero, CA 93422

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

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

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

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

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

5. **City/County Cooperation.** For a County project proposed prior to annexation, the County and City will cooperate to evaluate the creation and implementation of various assessment and financing mechanisms for the construction and maintenance of public improvements, such as roads, utilities, recreation and trail improvements, parks and open space, and similar improvements that could serve visitors and residents of the City and the County.

6. **Agriculture and Open Space.** The City will work to permanently preserve agricultural and open space resources within the SOI area using conservation easements and/or other preservation methods or tools. The open space and agriculture areas shall be identified in the Specific Plan and EIR.

7. **Land Uses.** The areas included in the SOI as described in Exhibit A may include residential, mixed-use, public facilities, visitor-serving, agriculture uses, open space, and/or recreational uses in a manner integrated into the city’s plans for annexation and development for this area. The Smart Growth Principles adopted in the City’s General Plan will be used as a basis of preparing plans for the area. The County’s Strategic Growth Principles will be considered by the City with the purpose of supporting and complementing the City’s vision for the area. Once annexed, the City’s General Plan and/or Specific Plan will be implemented for the Sphere of Influence area. The following goals should be considered in developing the specific plan:

   a. Creation of walkable and bicycle friendly neighborhoods with logical connections and future transit opportunities if feasible.
   b. Planning for a trail system to accommodate pedestrians, bicyclists and equestrians which connects to the existing community.
   c. Development of a range of housing opportunities and choices.
   d. A land use pattern that clusters development in a manner that reduces environmental impacts.

8. **General Plan Amendment.** The City intends to complete pre-zoning, pre-annexation, and any necessary pre-general plan amendment activities prior to or
concurrent with an annexation proposal being processed by LAFCO. The County Staff intends to propose any necessary amendments to its General Plan in the Salinas River Area Plan to reflect the annexation of territory to the City of Atascadero.

9. **Zoning Requirements/Specific Plan.** A Specific Plan, which identifies land uses within the Sphere of Influence areas, shall be prepared and adopted by the City prior to the annexation of the property into the City. In accordance with it’s General Plan, CEQA review of the Specific Plan shall include analysis of issues related to completing the annexation, such as a reliable and adequate water supply, sewer capacity, and other services for the proposed project. The Specific Plan for the Sphere of Influence area shall be prepared consistent with Policy 1.2 of the City’s General Plan. Programs related to the Sphere of Influence area in the City’s General Plan that shall be implemented under policy 1.2 include eight, nine, ten, and eleven.
EXHIBIT C
PROJECT REFERRAL MAP

City of Atascadero Referral Map

Referral Area
Atascadero City Limits