

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

This Agreement between the City of Pismo Beach (hereafter “City”) and the County San Luis Obispo County (hereafter “County”) is entered into by the City on this 1st day of March, 2011, and by the County on this 5th day of April, 2011.

WITNESSETH

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

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

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

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

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

WHEREAS, the City’s General Plan in conjunction with the Price Canyon Specific Plan and Los Robles Del Mar Specific Plan provides a policy base for growth and development in the Sphere of Influence areas and defines policies and programs that would ensure the permanent preservation of important agricultural land and open space Pismo Beach; and

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

WHEREAS, the City and County intend to cooperate regarding growth and development on the urban fringe of the City and in the referral area shown in Exhibit C with special attention given to those locations designated as Specific Referral Areas; and

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

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

1. The Sphere of Influence boundary contained in Exhibit B provides for the orderly and logical growth for the City of Pismo Beach and represents a potential 20-year growth boundary based on available information.
2. The provisions contained in Exhibit A offer a framework for completing updates to the General Plans of both the City and the County for the areas in the Sphere of Influence.
3. The provisions contained in Exhibit A are intended to give the City and the County the basis for developing specific land use policies and standards for the areas in the City of Pismo Beach Sphere of Influence and do not supersede or limit the planning or environmental review process or the discretionary decision making process of either jurisdiction.
4. The City's and County's General Plan policies shall be used to help guide the logical and orderly development of these Sphere Areas while permanently preserving agricultural and open space lands.

Mayor, City of Pismo Beach

APPROVED AS TO FORM AND LEGAL EFFECT:

City Attorney

Dated: _____

ATTEST:

City Clerk

Dated: _____

Chairman, Board of Supervisors
County of San Luis Obispo

APPROVED AS TO FORM AND LEGAL EFFECT:

County Counsel

Dated: _____

ATTEST:

County Clerk

Dated: _____

EXHIBIT A
PROVISIONS

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

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

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

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

3. **Interagency Cooperation.** The City and the County shall work cooperatively to plan for future land uses, public services and facilities needed to improve and maintain area circulation connections, and to preserve agricultural land and open space. The County and City will consider the creation and implementation of various assessment

and financing mechanisms for the construction and maintenance of public improvements, such as roads, utilities, recreation and trail improvements, parks and open space, and similar improvements that could serve visitors and residents of the City and the County. Discretionary development projects and General Plan Amendments (GPA's) that may affect each agency's jurisdiction shall be referred to the other for review and comment as early as possible in the land use process. The County shall seek the City's comments regarding these projects or GPA's in the referral area map found in Exhibit C. The City shall seek the County's comments regarding projects or GPA's that affect the unincorporated area found in Exhibit C. All such referrals shall be sent to the following contact person(s) for early review and comment:

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

Community Development Director
City of Pismo Beach
Community Development Dept.
760 Mattie Road
Pismo Beach, CA 93449

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

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

Development Review Coordination. Projects or GPA's proposed within the referral area shown in Exhibit C, and subject to an Initial Study under CEQA, shall cause the City and County representatives to request a meeting prior to completion of the Initial Study. The purpose would be to discuss the City's and County's General Plan policies with regard to the proposal and to identify any key issues that may need special attention during the CEQA process.

4. **Sphere of Influence.** The County shall, to the extent feasible, limit development within the City's Sphere of Influence (SOI) to those uses currently allowed by the County General Plan. The County shall give the great weight to the City's General Plan policies when reviewing development on land in the unincorporated areas that are located within the City's Sphere of Influence. For projects submitted to the

County for consideration, as part of the pre-application meetings and as part of processing the application, the County shall request written documentation that indicates the City's position regarding possible future annexation into the City. This documentation shall be provided by the City in a timely manner that does not delay the County's processing of the land use application. During this time, the County shall continue to process the land use application as required under the law.

5. **Agriculture and Open Space.** The City and the County will work together to permanently preserve agricultural and open space resources in the SOI area using the City's and County's Agricultural Element policies, Strategic Growth principles, and the Conservation and Open Space Element (COSE) policies. The criteria contained in the COSE and Agricultural Element, and the pertinent policies in the City's General Plan, shall be used in developing the preservation policies and programs.
6. **Water Supply.** The City policies require that the proponent of an annexation obtain a water supply prior to completing an annexation. A key water resource identified by the City includes contracting for additional State Water allocation prior to annexation. Other water resources will be evaluated and documented consistent with LAFCO policies, the City's Urban Water Management Plan, and State Law such as SB 610 when applicable. For the purpose of carefully managing water resources, a limited quantity of recycled water and groundwater that is within the documented safe yield of a groundwater basin may be considered for use for outdoor landscaping and agriculture rather than using State Water for such uses.
7. **Phasing.** Future development proposed within the Sphere of Influence will be phased to promote orderly and logical growth and development of the City's Boundaries. The properties adjacent to the existing City Limits are intended to be appropriately planned for prior to annexation. The properties further inland are intended to be annexed after plans for the properties adjacent to the City have been approved by the City. The intent is for the City to be able to construct needed infrastructure, roads, pipelines, etc., in a manner that logically extends these services and connections into the areas adjacent to the City. This phasing of development is intended to help increase the financial feasibility of constructing the needed infrastructure in areas adjacent to the City. The gradual phasing of the development would influence the amount of initial financial investment for infrastructure construction and allow for existing connections to be used for extending services into adjacent properties.

8. **General Plan Amendment.** The City intends to complete environmental review, pre-zoning, pre-annexation, specific plans and any necessary general plan amendment activities prior to an annexation proposal being considered by LAFCO. The County intends to complete any necessary amendments to its General Plan (Inland/Coastal) to reflect the annexation of territory to the City of Pismo Beach.

9. **Zoning Requirements/Specific Plan.** Prior to annexation, the City shall complete pre-zoning and environmental review consistent with its General Plan and State Law.

10. **Guiding Principals for Future Development.** The City and County agree that the following principals should help guide development that is proposed within the City’s Sphere of Influence:
 - a. *Direct development toward existing incorporated areas and unincorporated urban areas with logical infrastructure connections*
Phase urban development in a compact manner, first using vacant or underutilized “infill” parcels and lands next to or near existing development and adjacent infrastructure. Include a range of land uses and housing types and densities affordable to a wide range of incomes to be developed in the beginning phases of development adjacent to the City Limits as described in section number seven.

 - b. *Create walkable and transit friendly neighborhoods that have logical connections to other parts of the City*
Area proposed for future growth should address roadway distances that would connect the new areas of development together with the existing City and would promote maximum connectivity between different land uses through walkways, bike paths, transit, or other means.

 - c. *Provide for a variety of transportation choices that are feasible and financially viable*
Insure adequate densities of development that are conducive to supporting transit service.

 - d. *Create a range of housing opportunities and choices*

Future development plans should clearly define a program for including a balanced variety of housing types; one that includes multi-family development and options for higher-density housing. The development should maximize the opportunities to offer a greater range of housing choices that are affordable to people with a variety of income levels.

e. Take advantage of compact building design

The proposed development should be designed in a compact form that encourages transit, walkability and connectivity to existing city infrastructure within the areas proposed for development. The goals are to 1) develop compact neighborhoods that contain residential uses that are affordable by design and efficient in land and energy consumption and 2) minimize the number of large lots by encouraging a variety of housing densities.

f. Improve the regional or sub-regional jobs/housing balance

Plan for land uses that provide opportunities for employment and in particular, explore creating opportunities for head-of-household jobs.

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

1. A Specific Plan or General Plan Amendment process will be implemented for areas outside the City Limits. The guiding principals found in section number ten will be incorporated into the Specific Plan(s) and the following process is agreed to by the City and County:

a. Meetings between City and County Staff, including the Planning, Public Works, and Agricultural Commissioners Department, to discuss the Specific Plan and Environmental Impact Report. The purpose of these meetings is to discuss the future land uses that may be proposed for this site, to ensure the coordinated review of the policies and standards of the respective General Plans of both jurisdictions and to identify the process for review and evaluation.

b. From these meetings, the City and County staff shall identify the steps and

topics that need to be addressed for the Price Canyon Specific Plan.

- c. The City and County will discuss, but are not limited to, the following issues:
 1. Description of any proposed land use changes or development proposal for the properties
 2. Public Outreach and Involvement
 3. Modification of the City's Sphere of Influence to include certain parcels that may eventually be served by the City
 4. Potential Annexation and Phasing of properties into the City
 5. Preservation of Agricultural and Open Space Resources
 6. Establishing a city greenbelt or land preservation program
 7. Services to be provided by each jurisdiction
 8. Water Supply and construction of infrastructure
 9. Inland Arterial – location, financing, timing, and construction
 10. General Plan modifications that may be necessary or required
 11. Schedule for the completion of various steps and tasks
 12. Other issues/topics as needed; circulation, railroad crossing, etc.
2. **Special Referral Area** for the location adjacent to the City between the Coastal Zone boundary and Highway 101 and at the north end of the City, as shown on Exhibit C, Project Referral Map. This area is important to City in terms of potential development proposed in the unincorporated County. The County shall contact the City if a development proposal is being considered for these areas. Of particular importance to the City are the visual resources in this area and the possibility of providing hiking trails.
3. The **Preserve Property (Wilde)** consists of three parcels and a total of 900 acres located adjacent to Highway 1. If developed, the City intends that a more level part of the property below the 200' contour (about 20 acres) would be a visitor serving land use with the remainder of the property placed in conservation easements in perpetuity. The conservation areas would include passive recreation

uses such as hiking. The City's General Plan Policies call for hiking trails to be developed in this area. A parcel/tract map or lot line adjustment would need to be processed to determine the parcels; 1) to be developed in the City and 2) to be preserved permanently. The area to be preserved may remain in the County under a conservation easement with the area to be developed being added to the City upon annexation. The Sphere of Influence would be amended to include the proposed area to be developed below the 200 foot contour that is adjacent to the City.

EXHIBIT B

SPHERE OF INFLUENCE OPTION 1

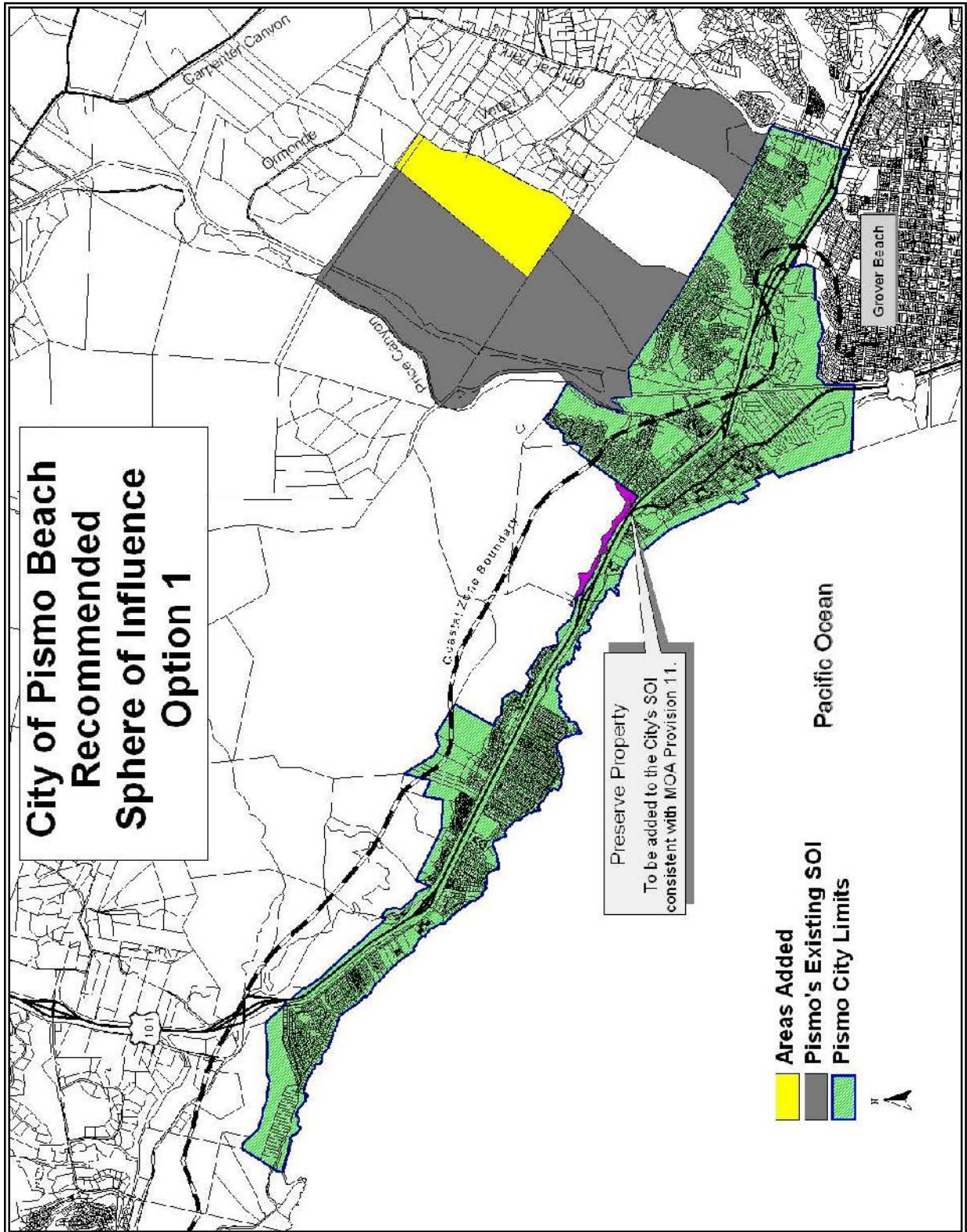


EXHIBIT C
PROJECT REFERRAL MAP

