



LAFCO FILE NO. 1-R-11: ANNEXATION #15 TO THE CITY OF PISMO BEACH (LOS ROBLES DEL MAR)

Date: January 19, 2012

RECOMMENDATIONS:

Recommended Action on the Environmental Determination: It is respectfully recommended that the Commission, acting as a Responsible Agency, use the Environmental Documentation referenced and described in this staff report to meet the requirements of the California Environmental Quality Act (CEQA). It is also recommended that the Commission Adopt the Findings of Fact found in Attachment E.

Recommended Action: It is respectfully recommended that the Commission approve, by resolution, Annexation #15 to the City of Pismo Beach, with the following conditions:

1. Prior to filing the Certificate of Completion with the County Clerk, the proponent shall submit to LAFCO documentation that a perpetual open space/conservation easement is recorded on all the areas zoned by the City as Open Space in the Los Robles Del Mar Specific Plan. The easement shall be reviewed and approved by the Executive Officer and LAFCO Counsel prior to it being recorded on the property by the City.
2. Prior to filing the Certificate of Completion with the County Clerk, the City and property owner shall record a Covenant and Agreement on the property prohibiting the use of the groundwater aquifer (upper or deeper aquifer) by any person or entity for any purpose on the 182-acre Los Robles Del Mar annexation site (except as allowed and conditioned by the County in the permit for the Coastal Christian School). The Covenant and Agreement shall be reviewed and approved by the Executive Officer and LAFCO Counsel prior to being recorded on the property.
3. Prior to filing the Certificate of Completion with the County Clerk, the existing on-site wells shall be permanently and properly abandoned pursuant to California Well Standards Bulletin 74-81. The City shall submit documentation to the LAFCO Executive Officer for approval certifying that the wells have been permanently abandoned as documented and attested to by a licensed engineer.

All Attachments provided on CD (Found www.slolafco.com under Current Project tab)

Attachment A: Environmental Documentation: Addendum-Final and Supplemental Environmental Impact Reports. Final EIR-1996, Supplemental EIR-2004, County approved MND Coastal Christian-2010, Sphere of Influence Update MND prepared by LAFCO-2011

Attachment B: City of Pismo Beach's Plan for Services, History & Additional Information

Attachment C: LAFCO Legislative Factors-Government Code Section 56668 (a-o)

Attachment D: Agency Comment Letters

Attachment E: Draft Resolution Approving the Annexation

Exhibit A: Findings of Fact

Exhibit B: Map of Annexation No.15 (LRDM) and Legal Description

Exhibit C: Conditions of Approval

Chief Proponent: City of Pismo Beach, Resolution of Application

Summary: This proposal considers the annexation of the uninhabited Los Robles Del Mar Specific Plan properties located in the southeast area adjacent to the City limits as shown in Figure 1. The area is within the City’s Sphere of Influence which was recently updated in October 2011. The Pismo Beach City Council submitted a Resolution of Application to LAFCO requesting this annexation to the City. The Los Robles Del Mar Specific Plan was prepared in the mid 1990’s and has a long history resulting in two Environmental Impact Reports, a CEQA lawsuit, a Draft Supplemental Environmental Impact Report prepared by LAFCO in 2008, and a recent Addendum to the original EIRs. The original EIR prepared for the project was litigated and the issues were subsequently addressed in the City’s Supplemental EIR. The Specific Plan was approved by the City on February 17, 2004 along with a Supplemental Environmental Impact Report. The 2008 denial of the annexation by LAFCO was based on the City’s lack of an adequate, reliable and sustainable water supply for the project without the use of the onsite water wells. The project has returned for annexation with changes to the water supply situation and an approved school project under County permits. An Addendum to the Supplemental and Final Environmental Impact Reports has also been prepared and certified by the City to ensure compliance with CEQA. LAFCO approved the SOI Update for the City in October 2011 and confirmed that the LRDM properties should be within the SOI.

The Los Robles Del Mar project site involves 182 acres of vacant land located adjacent to and immediately west of Oak Park Boulevard and adjacent to the northern boundary of the City of Pismo Beach (see Figure 1, Vicinity Map). The rectangular-shaped parcel borders the eastern portion of the City of Pismo Beach and consists of two separately owned parcels referred to as Property A and Property B. Property A involves a total of 154 acres comprising the northern and western portions of the site while Property B involves a total of 28 acres within the southeastern portion of the site. The Specific Plan approved by the City of Pismo Beach calls for the land uses of the 182-acre site as shown in the following table. It should be noted that 38% of the site, which is currently zoned Rural Lands, is proposed for Open Space.

Land Use	Acres	Units	% of Site
Residential			
Affordable Senior Housing	2.9	60	1.6%
Low Density Homes 5,000 s.f. Lots	15.5	99	8.5%
Estate Homes 6,000-10,000 s.f. lots	23.1	104	12.7%
Custom homes 10,000 to 20,000 s.f. lots	12.3	40	6.8%
Rural Estate-1 acre lots	10.2	9	5.6%
Subtotal	64	312	35%
Other Uses			
Open Space	69.8	0	38%
Public/Semi Public/School Use	27.4	0	15%
Roads	20.2	0	12%
Totals	181.4	312	100%

Figure 1: Vicinity Map



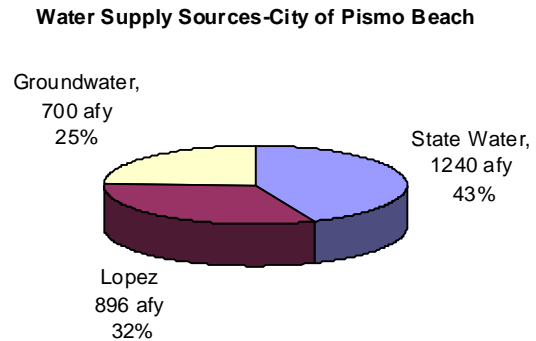
Sphere of Influence: The area is within the City's Sphere of Influence which was recently updated with conditions of approval in October 2011. The LRDM properties were originally placed in the City's SOI in 1987 with the SOI being updated in 2003 and again in 2011. The Sphere of Influence was based on the Municipal Service Review prepared by LAFCO. The Municipal Service Review concluded that the City is capable of providing services to the Sphere of Influence areas if certain conditions are met. Compliance with the conditions of approval is evaluated in further detail later in the Staff Report. The recommended Conditions of Approval for this annexation are, in part, to ensure compliance with the Sphere of Influence conditions and LAFCO policies.

Water: Water has been a key issue for this annexation. The proposal considered today has a revised water supply situation and approach to serving the project. The property owner has purchased 100 afy of State Water Project that was previously part of the 140 afy allocated to the Preserve property/Pismo-98, LLC. The City approved this reallocation of water and an agreement between the property owner and the City has been approved. The City indicates that this is an adequate water supply commitment from the applicant to offset the future water demand of the project. In its Plan for Services the City documents that it has an overall adequate water supply to serve the project. The water demand estimate for the project has been reduced to 106 afy based on the implementation of water conservation measures found in a report prepared by RRM and included as an attachment in the Addendum to the EIRs. This demand estimate was reviewed and confirmed as accurate by the City's Public Works Director. Also, the City Attorney had stated the State Water allocation is not subject to ongoing foreclosure proceedings on the Preserve property.

It should be noted that overall the City currently has an adequate supply to serve this project and the existing residents of the City. Annual water use for 2010 was 1,963 afy with an available supply of 2,836 afy. This leaves a balance of 873 afy of water. The re-allocation of State Water from the Preserve property balances the City's water books in terms of where the supply comes from and goes to with regard to this proposal. The project will be connected to and served by the City's water system. Thus, the City will provide water to the proposal from its overall available supply, not just from State Water. The City may have to carefully manage how it allocates its supply as it approaches build out, but for municipalities that is an expected part of providing water service. Buildout is discussed later in this report.

The previous plan for water service had assumed that existing on-site wells would be transferred to the City to augment its existing water supplies. Instead, the current proposed project assumes that the groundwater would only be used by the school site as approved by the County. The School site is allowed to obtain its water from a well with a limitation of its use under its permit from the County. The existing LRDM on-site wells will be properly abandoned and a deed restriction recorded that permanently prohibits the use of the groundwater on this site in the future. These conditions must be complied with prior to the annexation being filed with the County Clerk-Recorder.

Supply Details. The City of Pismo Beach’s water supply comes from three primary sources: State Water (1,100 afy), Lopez Lake Reservoir (896 afy), and groundwater (700 afy). The Preserve Property has an additional State Water allocation of 140 afy. The LRDM project has purchased 100 afy of this existing allocation. The City has also purchased a drought buffer for State Water in the amount of 1,240 afy per year. This increases the reliability of the State Water supply. In effect, the Drought Buffer is an insurance policy that allows the City to receive 100% of its State Water allocation even if deliveries of State Water are reduced to 50%. The LRDM project applicants have secured the State Water by agreement from the entitlement holder, Pismo 98 LLC. The annexation including the LRDM project is estimated to use approximately 106 afy. The School site is allowed to obtain its water from a well with a limitation of its use under its permit from the County.



LAFCO’s Water policy is responsible for addressing a number of factors found in the Cortese-Knox-Hertzberg Act. Water is addressed in Government Code section 56668 (k) “Timely availability of water supplies adequate for projected needs as specified in 65352.5.” Also, San Luis Obispo LAFCO has a policy regarding water supplies that requires an annexation to have an adequate, reliable, and sustainable water supply;

17. In any proposal requiring water service, the Commission requires that the agency to which the annexation is proposed should demonstrate the availability of an adequate, reliable and sustainable supply of water. In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase. In cases where a proposed annexation will be served by an onsite water source, the proponent should demonstrate its adequacy (CKH 56668 (k)).

Adequate. The City’s total existing water supply is 2,836 afy. The City’s overall water use for 2010 was 1,963 afy leaving 873 afy available per year. The estimated demand for the project is 106 afy as confirmed by the City Engineer. This includes the Pismo 98 LLC State Water allocation of 140 afy. The City has documented an adequate supply to serve this annexation in the Plan for Services found in Attachment B and the Addendum to the EIRs found in Attachment A. The groundwater supply for the school site has been documented as adequate by the County in the certified Mitigated Negative Declaration found in Attachment A. This groundwater supply shall not be used by the City for municipal purposes and shall only be used by the School.

Reliable. The City has a diverse water supply that consists of the Lopez Reservoir, Tri Cities Mesa sub-basin, and State Water Project. The City’s State Water buffer allocation

increases the reliability of the City's water supply. The City's water distribution system is maintained and upgraded on a regular basis by the City.

The following is from the Municipal Service Review approved by LAFCO in October 2011 in regard to the reliability of State Water as a supply. The 2009 Report referenced below was finalized in August 2010:

State Water Project Reliability. The State of California Department of Water Resources (DWR) prepares a State Water Project Delivery Reliability Report. The draft 2009 report estimates the amounts of water deliveries for current (2009) conditions and projected conditions twenty years in the future. The report describes how the Department of Water Resources calculates delivery reliability for the SWP, key planning activities that may affect future SWP delivery reliability including climate change, sea level rise, vulnerability of Delta levees to failure, operation restrictions in response to decreasing populations of endangered fish species.

The amount of SWP water supply delivered to the state water contractors in a given year depends on the demand for the supply, amount of rainfall, snowpack, runoff, water in storage, pumping capacity from the Delta, and legal constraints on SWP operation. Table 6.13 from the 2009 DWR reliability report contains the average, maximum, and minimum estimates of SWP Table A deliveries from the Delta under future conditions. This table shows that average SWP delivery amounts may decrease from previous years. For long term planning, it is assumed that SWP contractors will receive 60 percent of the maximum allocation in a given year.

San Luis Obispo County is a main State Water contractor that has 25,000 acre-feet of State Water allotment. The County has 9,727 acre feet of subcontracts to provide water supply to various areas within the County (4,830 AF water service amounts and 4,897 AF drought buffer). The County has 15,273 AFY of unsubscribed SWP allocation, commonly referred to as the "excess allocation." Hydraulics, treatment plant capacity, and contractual terms and conditions limit how the excess allocation can be used. In 2009, the SWP delivered was only 40%, San Luis Obispo County requested 4,193 AFY of the entire 25,000 AF and was granted the amount, which allowed Pismo Beach to receive its full allocation.

It should also be noted that the State Water Project provides water to over 23 million people throughout the State of California and irrigates 750,000 acres of agricultural lands. Many communities in San Luis Obispo County rely on State Water for a portion of their domestic water supply. State Water has been and continues to be a reliable source of water for Cities and Districts. The California Department of Water Resources operates the State Water Project. It is the largest state-built water and power project in the U.S. It begins at Lake Davis in Northern California, spanning 600 miles south to Southern California and includes 34 storage facilities, 20 pumping plants, four pumping-generating plants, five hydroelectric power plants, and about 700 miles of canals, tunnels and pipelines.

Sustainable. The City has a water supply that is sustainable to justify the LRDM annexation. However, future annexations will need to have a clearly documented water supply that is ready to serve the project. The City also continues to look for ways to increase its sustainability by adding supplies such as the planning allocation of additional State Water and pursuing water conservation measures. The City has a policy base for managing its water resources that includes not providing water services to development unless the City has an adequate water supply.

Water Demand. The City has reviewed the water demand for the LRDM project and submitted the following analysis:

WATER DEMAND CALCULATIONS, LOS ROBLES DEL MAR SPECIFIC PLAN

Since the time the Los Robles Del Mar Specific Plan was approved in 2004, there has been an effort to determine whether the water demand associated with the Specific Plan area could be reduced through conservation measures, water reuse, the use of drought-tolerant landscaping for public improvements, and installation of low-flow plumbing features in all aspects of the new development. Based on this concept a study was conducted by RRM Design Group that demonstrated the water demand within the Specific Plan could be reduced to 105.6 AFY (acre feet per year), and this reduced water demand became an element of the project. Water demand within the Specific Plan area is broken up along the following use components: 75.9 AFY for the residential component (including interior and exterior private landscaping), 16.6 AFY for the private school (interior and exterior) , and 13.1 AFY for public parks, open space and parkways on the Los Robles Del Mar site. An additional 3.8 AFY would be temporarily be used to landscape public open space until such time as a water reuse component can be used for this non-potable use.

Reduced Project Water Demand						
		Dwelling Units	Unit Demand		Water Demand	
Single Family Lots	interior	252	0.11	afy	27.7	afy
	exterior	252	0.17	afy	42.8	afy
Senior Apts.	interior	60	0.04	afy	2.4	afy
	exterior	NA	3.0	afy	3.0	afy
2 ac. Park					2.5	afy
4 ac. Park					5.0	afy
Parkways					5.6	afy
*Open Space (Temporary Irrigation.)					*3.8	afy
School	interior				6.6	afy
	exterior				10.0	afy
Reduced Project Demand: —*excluding temporary irrigation					105.6	afy

The above water calculations do include the Coastal Christian School site, which received approvals from San Luis Obispo County for the use of on-site wells for its water supply. This reduces the above total by 16.6 AFY. The resulting water demand for the Los Robles Del Mar site is 89 AFY, which includes 3.8 AFY for the temporary irrigation of open space, and they have the rights to 100 AFY of water from the City's water entitlement.

These calculations have been reviewed by the City Engineer, and determined to be an accurate estimate of future water demand, based on the assumptions set forth in the calculations by the RRM Design Group. To verify this estimate, the City Engineer also reviewed water demand characteristics of other recent developments in the City that incorporate many of the same water conservation features as proposed under the Los Robles Del Mar Specific Plan. He also did a water demand analysis based on current water usage of existing customers and presented these findings in a Power Point presentation to the City Council, a copy of which is attached with this memorandum.

The use of low flow interior water fixtures is a condition of approval and the use of water efficient landscaping will be required. Compliance with these conditions will be verified prior to the issuance of any required permits or approvals needed for the installation of improvements or structures.

Wastewater Service: The City of Pismo Beach operates the wastewater treatment facility, which has an estimated dry weather capacity of the WWTP is 1.9 million gallons per day (mgd) and the present dry weather flow is approximately 1.0 mgd. The City's WWTP is presently operating at about 53% of permitted capacity (1.0 mgd average daily flows against a permit limit of 1.9 mgd). The proposed annexation is estimated to produce a small amount of wastewater from the residential area and school site. The City has adequate wastewater capacity.

Environmental Determination (Attachment A): LAFCO is acting as a Responsible Agency for the purpose of complying with the California Environmental Quality Act (CEQA). The City of Pismo Beach has pre-zoned the annexation areas which, pursuant to CEQA, makes the City the Lead Agency. As Lead Agency the City has prepared a number of environmental documents, including the Addendum to the Final and Supplemental EIRs, the Final EIR and the Supplemental EIR, (Attachment A on CD) for the annexation. The Addendum was completed also using the Final County-approved Mitigated Negative Declaration for the Coastal Christian School Site certified by the County on December 29, 2010.

The Addendum, SEIR, and FEIR focused on the specific impacts relative to project and annexation and references a number of already completed environmental studies, adopted policies, development standards, and mitigation. Also, the LAFCO Mitigated Negative Declaration for the Sphere of Influence is also referenced in this CEQA decision as it provides conditions of approval and mitigation that need to be complied with for the annexation to be completed.

The Addendum prepared by the City includes a discussion of the impacts associated with the future development in the annexation areas. These areas/properties were addressed in the LRDM Specific Plan, the Final EIR and Final Supplemental EIR certified by the City. The Environmental Documentation completed for the Specific Plan includes mitigation measures and associated findings adopted by the City Council Resolution No. R-2011-060. References are also provided where Findings of Overriding Considerations were required because certain impacts associated with future development are considered significant and unavoidable related to air quality and biological resources.

As a Responsible Agency, LAFCO has approval authority over a part of the project; in this case the annexation. The annexation does not cause direct environmental impacts, the City's Specific Plan for the area is directly responsible for the impacts. A Responsible Agency relies on the Lead Agency's environmental documentation to approve the portion of the project under its jurisdiction. As Lead Agency, the City has completed the necessary environmental documentation to comply with the California Environmental Quality Act (CEQA). In addition the County has certified the Mitigated Negative Declaration for School Site and LAFCO has approved a Mitigated Negative Declaration for the SOI Update. Staff is recommending that LAFCO, acting as a Responsible Agency, use the City's, County's and LAFCO's environmental documentation to comply with CEQA.

Plan for Services (Attachment B): The Plan for Services is found in Attachment B and documents the City's current capacity to provide services to the annexation area. The water supply will be handled differently for two components of the Specific Plan area. The Los Robles Del Mar (residential portion) will be supplied from the City's existing online sources, as augmented by additional State Water.

The Coastal Christian School portion of the site will be supplied by an onsite well that will be limited to pumping no more than what is needed for the school facility, consistent with conditions from the County. The demand for the residential portion would be an estimated 106 afy. The Plan for Services states a public water main would be extended from James Way to Oak Park Avenue.

The school site would allow Coastal Christian to use an onsite well with the following conditions to minimize impacts from the use of this supply; 1) That the school applicant enter into a restrictive covenant to be recorded on the title to the property, which would run with the land restricting the use of well water to serve only the needs of the of School; and 2) School development would be required to minimize water use through low-flow plumbing fixtures and installing landscaping that emphasizes drought tolerant and native plants.

The City's wastewater treatment facility would serve the annexation site via connection to the system at Ridge Road. The sewer system would include gravity lines, a new lift station and a force main located on Oak Park Road.

Development Potential: The current zoning under the County's General Plan for the annexation area is Rural Lands. The City has rezoned the 182 acres as follows: 64 acres would be zoned for residential (312 potential units; 2.9 acres of high density (60 senior units), 61.1 acres at low density) 27.4 acres would be zoned Public/Semi Public with 20 acres dedicated as road right of way, 69.8 acres for parks and Conservation/Open Space. Under the City's jurisdiction, the LRDM area will increase residential density.

The variety of residential zones (senior housing, terrace homes, estate homes, custom homes, and rural estate lots) allowed under the City's jurisdiction offers allows for flexibility in the way the project is designed and can increase the number of affordable units that might be made available. Also the City has identified 38 acres as Open Space (Oak Woodland, and Pismo Clarkia Preserve) that will be conditioned to record a conservation easement allowing for more protection than if the area were in the County.

The City's capability to provide increased urban services allows for greater intensity and diversity of land uses in the area. This is consistent with a number of LAFCO Policies (#2.1.7, #2.1.15, #2.3.4, & #2.3.6) of directing growth toward urban existing areas that have the capability of providing services. The availability of urban level water and wastewater services normally allows for a more efficient use of developed land.

An alternate water source was identified and the developer has obtained rights to the State Water Project water from Pismo 98, LLC. The assignment of these water rights was recently approved by the City Council as was an amendment to the Development Agreement which identified this new water source. The figure on the next page shows the 182-acre site, the dedicated open space and the pre-zoning.

Figure 2 – Existing County Zoning

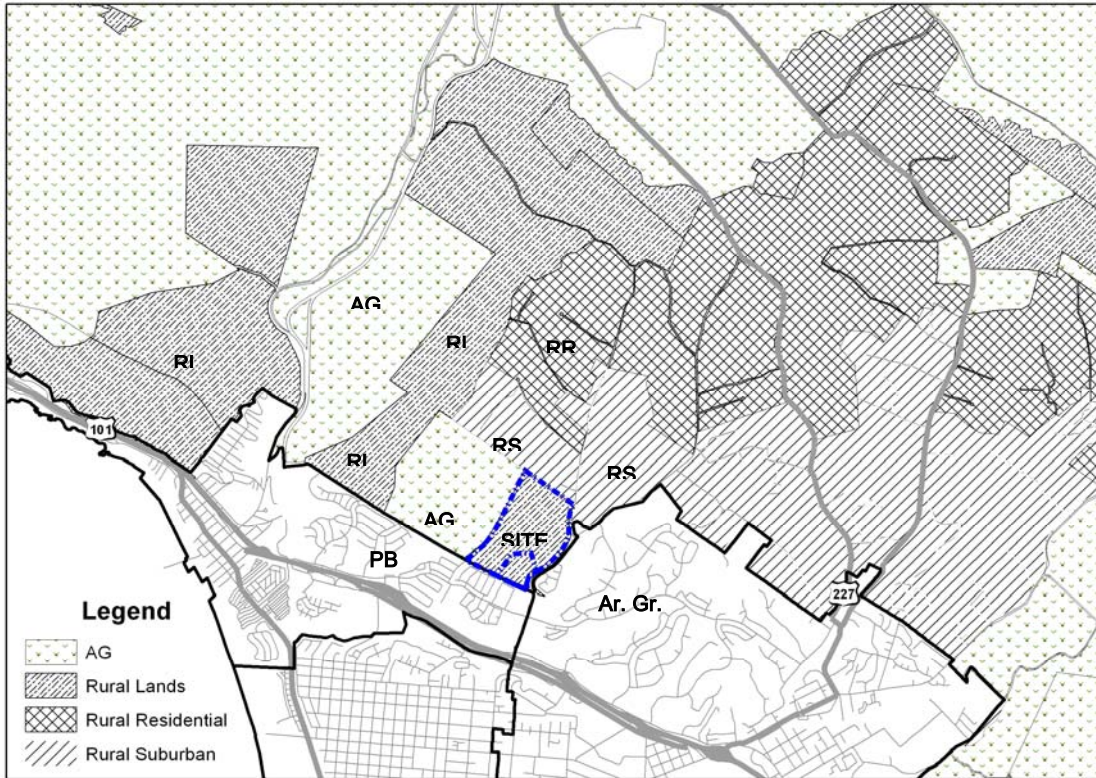
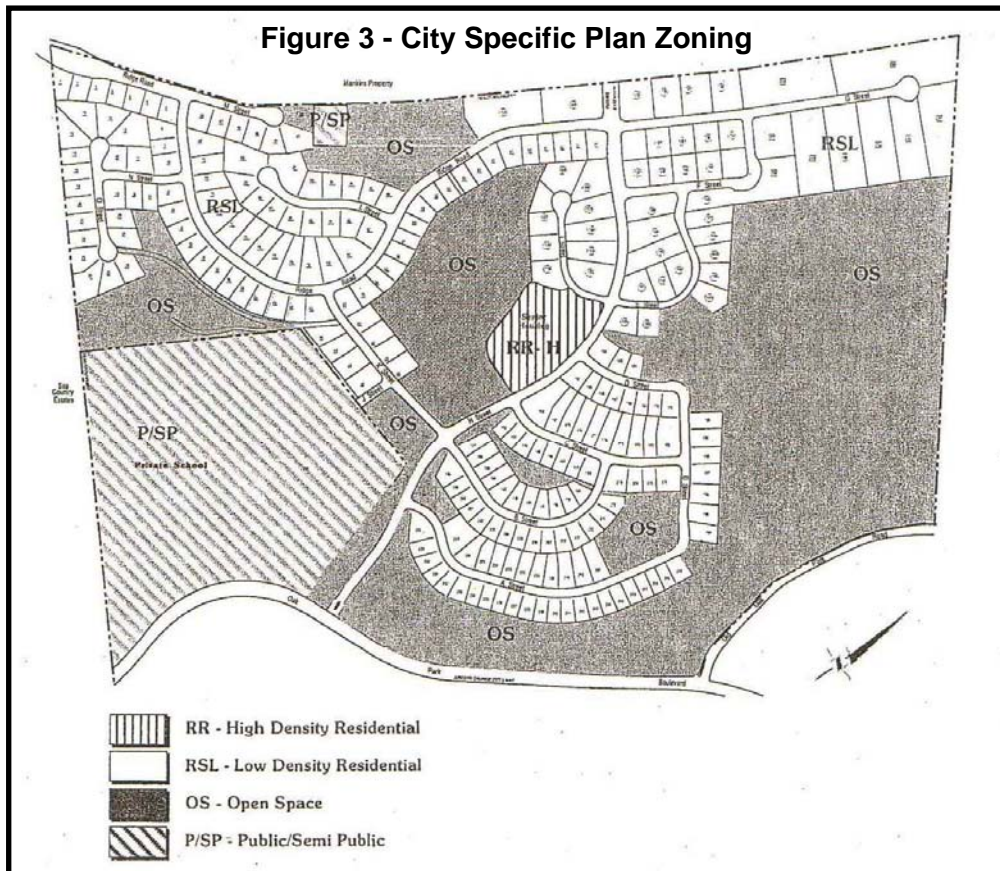


Figure 3 - City Specific Plan Zoning



Affordable Housing: Pismo Beach has adopted an inclusionary housing program that requires all new development projects to include affordable housing units, dedicate real property for affordable housing, or pay an in-lieu fee to increase affordable housing opportunities Citywide. The LRDM Specific Plan requires that at least 10 percent of the new housing must be rented or sold at prices affordable to lower income households. The LRDM project includes 60 senior housing units to meet and exceed the City's inclusionary requirement.

Memorandum of Agreement. As part of the 2011 Sphere of Influence Update, a Memorandum of Agreement (MOA) between the City of Pismo Beach and the County of San Luis Obispo was approved by both the City Council and County Board of Supervisors. The City and the County agreed upon the extent of the City's Sphere of Influence, and provisions for the future development of the area. The general approach of the MOA is to ensure close coordination and cooperation between the City and County on the future planning and development of the areas within the City's SOI boundary.

The LRDM area has been in the City's General Plan since 1982 and in the City's SOI since 1987, which indicates that the area was envisioned as a logical extension of the City. The 2011 MOA specifically addresses land use policies and additional water supplies. This annexation proposal has been in the works since the early 1990's and did not have the benefit of the MOA when it was approved by the City. Some elements of the proposal are consistent with guiding principles found in the MOA including: directing development towards existing urban communities and providing a range of housing choices including senior housing. The County will be providing comments regarding this project.

SOI Conditions of Approval: In 2011 the adopted Sphere of Influence included three conditions that apply to the LRDM annexation proposal. Below are the conditions and how each one is being addressed;

1. 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.

Compliance. *The City has provided documentation in the Environmental Determination and Plan for Services that shows the City has an adequate, reliable and sustainable water supply. This is discussed earlier in this report.*

- b. Future development shall be prohibited from utilizing groundwater from the Oak Park Aquifer, with the exception of Coastal Christian School which is allowed to be developed under the conditions of their County approved permit. Future annexations shall use deed restrictions, covenants or other appropriate measures to ensure that the groundwater is not pumped from this aquifer.

Compliance. *The Conditions of Approval for this annexation require that a Covenant and Agreement that prohibits the use of the groundwater aquifer on the site for any purpose be recorded on the deed prior to the annexation being complete. Coastal Christian School is exempt from this condition, but must comply with the County conditions of approval regarding groundwater use. Condition #3 also requires that the existing on-site wells be abandoned and capped prior to completion of the annexation.*

- c. Other groundwater basins in the area proposed for use shall document the safe yield of the basin and the future reliability of the aquifer.

Compliance. *This condition does not apply because condition 1b addresses the groundwater aquifer regarding this site.*

2. Phasing and Build-out

- a. In order to avoid a "leap-frog" development pattern, encourage orderly growth in the area, and discourage urban sprawl, any proposals within the Sphere of Influence shall be phased such that properties adjacent to the existing City Limits are developed as part of the first phase of development.

Compliance. *The LRDM site is adjacent to the City Limits and will be developed as part of the first phase, therefore the proposal does not represent a pattern of leapfrog development.*

- b. As a condition of an annexation application, the development on vacant or underutilized parcels already within the boundaries of the City shall be evaluated. The City shall provide LAFCO with a build-out estimate or inventory and document how it was prepared.

Compliance. *The City has provided this analysis and further discussion is provided later in this staff report.*

3. Agriculture-Open Space

- a. The City shall identify all agricultural and open space lands to be protected in the SOI areas when preparing a Specific Plan.

Compliance. *The City has identified all agricultural and open space lands that are proposed for protection in the Specific Plan. Condition #1 requires that these areas be placed in open space/conservation easements prior to the completion of the annexation.*

- b. Prior to LAFCO filing the certificate of completion (if an annexation is approved), conservation easement(s) shall be recorded on the deed(s) of the properties affected by the annexation specifying the areas to be protected in perpetuity.

Compliance. *This condition has been placed on the annexation (condition#1) and must be complied with before the annexation is complete.*

As a result of these SOI conditions three conditions of approval are recommended for this annexation. The following is brief summary of the three conditions:

Condition #1. The first condition requires that an open space easement be placed on the lands that the City has identified as open space. In this case it is about 70 acres total. The easement must be placed on the areas prior to the annexation being completed. LAFCO Legal Counsel and Executive Officer shall review the easement prior to it being recorded to ensure that it protects the land in perpetuity.

Condition #2. The second condition requires that a Covenant and Agreement be recorded on the property's deed that prohibits the use of the groundwater for any purpose. The City, property owner or future property owners will not use the site as a location to access or use the aquifers or make any connections to this site as a water supply for any purpose. The School site is exempted from this condition based on its County approval.

Condition #3. The third condition requires that documentation be submitted showing that the existing on-site wells have been properly and permanently abandoned to ensure that these wells are not used in the future. Abandonment shall be completed pursuant to State standards.

Build-out Estimates and Inventory: The LRDM property is adjacent to the City boundary and is one of the first phases of development to be included therefore consistent with SOI condition 2(a). The City has prepared an estimated build-out and housing inventory demonstrating that a total of 577 potential units could be built under existing zoning. The City currently does not have building applications to build these units. The LRDM proposal would add an additional 312 housing units with 60 units available for senior housing to meet the City's housing goals and the goals identified in the Regional Housing Needs Allocation. This build-out information was provided by the City using their permit tracking software and build-out estimates from their certified housing element.

CITY OF PISMO BEACH BUILDOUT ESTIMATE SUMMARY TABLE

Pismo Beach Build-Out Estimate Summary

Zone	Number of Parcels	Acres	Build-Out
Low Density Vacant Parcels			
C-1	9	5.53	79
PR	26	44.91	281
R-1	25	4.73	31
R-2	2	0.26	5
R-4	5	1.51	8
RSL	25	18.37	112
Low Density Subtotal	92	75.31	561
High Density Vacant Parcels			
R-3	3	0.65	16
High Density Subtotal	3	0.65	16
Total Vacant Sites	95	75.96	577

Source: City of Pismo Beach 2011

Buildout is a planning term that helps to characterize the urbanized and developed nature of a city or community. It assists jurisdictions in planning for the future with regard to services and resources. Build-out can evolve over time depending on the zoning changes made by a jurisdiction and if certain lots are buildable or not. For LAFCO purposes build out is a factor that provides some information on how ready a jurisdiction is to annex properties. Cities revise their buildout estimates when they update their Housing Elements. The above table has been updated by the City pursuant to LAFCO's request for more information. The total number of units estimated to be built out by the City is 889.

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

Assessed Valuation: The total assessed value of the annexation area as determined by the County Assessor is \$4,892,756. The 154-acre LRDM project site is valued at \$4,384,801 with the 28-acre Coastal Christian School site is valued at \$507,955.

Fiscal Impacts: The City approved a fiscal impact analysis for the Specific Plan on February 17, 2004 and updated it in 2006. The analysis was reviewed by the City Attorney, City Manager, and Community Development Director at the time and approved by the City Council. The analysis was based on a phased approach to build-out over a 10-year period. It estimated the operating costs and revenues over the 10 year period. The conclusion of the analysis is that the annexation will generate more revenues than expenses over the first 10-year period and would be fiscally beneficial for the City. The City has determined that the long-term fiscal impacts of the project are at least neutral or potentially beneficial to the City.

Property Tax Exchange: The Board of Supervisors adopted a resolution agreeing to an exchange of property tax revenue for the proposed annexation on March 7, 2006. This is based on the Master City/County Property Tax Agreement for annexations. The City also approved the Property Tax Agreement. The City and County agreed to the following provisions:

- a. The County will retain all of the base property taxes;
- b. The land within the annexation area considered non-residential the County will receive the base and all incremental property tax;
- c. The City shall receive 33 percent of the annual tax increments on all residential land remaining after transfers to the Educational Revenue Augmentation Fund (ERAF).

Inhabited or Uninhabited: The annexation area proposed for annexation is legally uninhabited (less than 12 registered voters). An uninhabited annexation that has the

consent of all property owners is not subject to the conducting authority hearing process. The property owners have consented to waiving the protest process.

LAFCO Factors Government Code 56668 (Attachment C): Government Code Section 56668 identifies a number of factors that are to be considered by LAFCO in reviewing a proposal. These factors are addressed in Attachment C of this Staff Report. Each factor is listed and a Staff Response is provided for LAFCO's consideration. The factors are intended to provide the Commission with information about certain topics that are often relevant to annexations. The factors include information on:

a. Population and Land Use	b. Need for Services	c. Impact on Adjacent Areas
d. Commission Policies	e. Agricultural Lands	f. Definite Boundaries
g. Consistency with General Plans and Reg. Trans. Plan	h. Sphere of Influence	i. Other Agency Comments
j. Ability to provide services	k. Availability of water supplies	l. Regional Housing Needs
m. Comments from landowner, voters or residents	n. Existing land use information	o. Environmental Justice

Disadvantaged Community: CKH Section 56033.5 requires the review of "Disadvantaged unincorporated community" for inhabited annexations. 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 Los Robles Del Mar annexation is not considered inhabited nor does the area qualify under the definition of disadvantage community.

Other Agencies (Attachment D)

County Planning Department Comments: The County Department of Planning and Building is in the process of reviewing this proposal. Their comment letter will be available prior to the meeting. In summary, the Department understands that the proposed project was designed without benefit of the current MOA provisions between the City of Pismo Beach and the County which call for among other things, consideration of the County's adopted Strategic Growth Policies. However, the department believes that there may be opportunities even at this stage to incorporate a number of such measures into a revised project layout that may also benefit the overall design as well.

County Agricultural Commissioner: The Agricultural Commissioner's Office expressed concerns regarding potential impacts to groundwater resources and land use incompatibilities between existing agricultural operations and proposed nonagricultural uses. The LAFCO conditions of approval prohibit extractions of onsite groundwater resources. The City's conditions of approval (39, 40, 41, 42, 77) for the project address the buffer between existing agricultural operations and proposed nonagricultural uses.

Air Pollution Control District (APCD): The APCD did not comment regarding this annexation.

County Public Works Comments: Public Works recommends including all of the Oak Park Road Right-of-way. Typically, LAFCO requires that the adjacent road be included in and maintained by the annexing jurisdiction. This will be the case regarding this annexation as well.

CALFIRE: CAL FIRE indicates that this annexation would change the responsibility for wildland fire protection from the California Department of Forestry (CAL FIRE) to the City of Pismo Beach. The site would no longer be categorized as a State Responsibility Area, but would become a Local Responsibility Area. The City becomes responsible for any fire protection issues. CALFIRE's letter can be found in Attachment D of this Staff Report.

Regional Goals/Policies: The Cortese-Knox-Hertzberg Act (GC 56668.5) allows the Commission to consider the regional growth goals and policies established by a collaboration of elected officials. These could be goals and policies established through the Council of Governments RTP-PSCS, also known as Preliminary Sustainable Communities Strategy. The San Luis Obispo Council of Governments has approved Regional Values and Goals that identifies core values approved by the SLOCOG:

- *Mobility:* Provide reliable, integrated, and flexible travel choices within and through the region.
- *Accessibility:* Improve accessibility to goods, services, and jobs.
- *Safety:* Enhance public safety and security in all modes of travel.
- *Sustainability:* Maintain and improve a viable transportation system for current and future users.
- *Efficiency:* Maximize the efficiency of the existing transportation system.
- *Equity:* Avoid a disproportionately adverse impact on low-income, minority, elderly, or disabled populations. Provide equitable levels of funding and transportation services to all areas, communities, and socioeconomic groups.
- *Livability:* Support livable community concepts and efforts. Reflect community values while integrating land use and transportation planning
- *Environmental Protection:* Conserve and protect natural and sensitive resources. Preserve aesthetic resources and promote environmental enhancements with all transportation projects

The 2010 RTP-PSCS also has expanded regional goals and policies established through the Council of Government Blueprint Program, also known as Community 2050. In addition, to the San Luis Obispo Council of Governments PSCS goals the following policy framework is the core values approved by the SLOCOG:

- Promote the enhancement of regional and community livability, through the integration of land use, mobility, and design strategies.
- Enhance the economic vitality, environmental sustainability, one's sense of community, and accessibility to basic human services within and between communities of the region.
- Facilitate the development and economic viability of communities in ways that reduce trips and travel distances, preserve aesthetic resources, and promote environmental enhancement.
- Provide safe and convenient alternative forms of transportation.
- Maximize the efficiency of the existing transportation system.
- Reduce energy consumption and emissions from transportation sources.
- Protect important farmland, valuable habitats, and natural resources.

Public Outreach/Notification: Property owners within the proposed annexation, residents and property owners in the surrounding area, and interested parties were sent mailed notice of the hearing and the Staff Report and Attachments on a CD on December 22nd. Property owners within 300 feet of the exterior boundary of the annexation were also notified. The Staff Report for an annexation is only required by CKH Act to be sent out five days in advance of the LAFCO meeting. San Luis Obispo LAFCO typically mails Staff Reports out seven days in advance as a matter of practice. In this case, the Staff Report and Attachments were mailed out almost 30 days in advance of the hearing. This is due to the high level of public interest in this proposal and the holidays. This mailing and notice exceeds the 21-day notice called for by the Government Code. A legal advertisement was also placed in the Tribune more than 21 days prior to the hearing as required by the Cortese-Knox-Hertzberg Act. Also, an e-mail notice was sent out to a large number of interested parties as well. The documents have been available on-line at www.slolafo.com since December 22, 2011.

Recommended Action on the Environmental Determination: It is respectfully recommended that the Commission, acting as a Responsible Agency, use the Environmental Documentation referenced and described in this staff report to meet the requirements of the California Environmental Quality Act (CEQA). It is also recommended that the Commission Adopt the Findings of Fact found in Attachment E.

Recommended Action: It is respectfully recommended that the Commission approve, by resolution, Annexation #15 to the City of Pismo Beach, with the following conditions:

1. Prior to filing the Certificate of Completion with the County Clerk, the proponent shall submit to LAFCO documentation that a perpetual open space/conservation easement is recorded on all the areas zoned by the City as Open Space in the Los Robles Del Mar Specific Plan. The easement shall be reviewed and approved by the

Executive Officer and LAFCO Counsel prior to it being recorded on the property by the City.

2. Prior to filing the Certificate of Completion with the County Clerk, the City and property owner shall record a Covenant and Agreement on the property prohibiting the use of the groundwater aquifer (upper or deeper aquifer) by any person or entity for any purpose on the 182-acre Los Robles Del Mar annexation site (except as allowed and conditioned by the County in the permit for the Coastal Christian School). The Covenant and Agreement shall be reviewed and approved by the Executive Officer and LAFCO Counsel prior to being recorded on the property.
3. Prior to filing the Certificate of Completion with the County Clerk, the existing on-site wells shall be permanently and properly abandoned pursuant to California Well Standards Bulletin 74-81. The City shall submit documentation to the LAFCO Executive Officer for approval certifying that the wells have been permanently abandoned as documented and attested to by a licensed engineer.

Respectfully submitted,

DAVID CHURCH, AICP
Executive Officer
San Luis Obispo
Local Agency Formation Commission