

CHAPTER 1 - INTRODUCTION & EXECUTIVE SUMMARY

INTRODUCTION

The Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires the Local Agency Formation Commission (LAFCO) to update the Spheres of Influence (SOI) for all applicable jurisdictions in the County. A Sphere of Influence is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality...". A SOI is generally considered a 20-year, long-range planning tool. The Act further requires that a Municipal Service Review (MSR) be conducted prior to, or in conjunction with, the update of a Sphere of Influence. The MSR evaluates the capability of a jurisdiction to serve their existing residents and future development in their Sphere of Influence.

Sphere of Influence

"...a plan for the probable physical boundary and service area of a local agency or municipality...".

A Municipal Service Review (Chapter 3) has been prepared for the City of Pismo Beach in accordance with Section 56430 of the California Government Code. The Service Review evaluates the public services provided by the City and possible changes to the City's Sphere of Influence that are currently under consideration. The Municipal Service Review Guidelines prepared by local policies and guidelines were used to develop information, perform analysis and organize this study.

The legislative authority for conducting Service Reviews is provided in section 56430 of the CKH Act. The Act states, "That in order to prepare and to update Spheres of Influence in accordance with Section 56425, LAFCOs are required to conduct a MSR of the municipal services provided in the County or other appropriate designated area..." A Service Review must have written determinations that address the six legislative factors in order to update a Sphere of Influence.

Information that addresses each of the six factors is provided in Chapter 3 – Municipal Service Review - of this document. The six factors are listed on the next page. Written Determinations are based on the information and analysis found in Chapter 3.

LAFCOs are encouraged to compile a variety of information in preparing a Service Review. LAFCOs also use a significant proposal (constraints analysis, general plan update, master plan, specific plan, etc.) as a way to compile the information needed for a Service Review. Administrative and organizational information is also collected and evaluated.

The City provided a variety of plans, studies and other documentation to assist in the preparation of these documents. Other information from current development projects is also used. A complete list of references can be found at the end of this document.

SERVICE REVIEW & SPHERE OF INFLUENCE UPDATE PROCESS

The CKH Act calls for the Service Review to be completed either prior to or concurrent with the Sphere of Influence Update. The process for updating the City of Pismo Beach's Sphere of Influence includes several steps:

1. City and County consideration of a Memorandum of Agreement (MOA) regarding SOI boundaries, development standards, and zoning requirements for the areas of the Sphere to be updated.
2. Presentations to the City Council and Planning Commission regarding the Sphere of Influence Update process.
3. Preparation of a Public Review Draft Sphere of Influence Update and Municipal Service Review and completion of the environmental review process consistent with the California Environmental Quality Act (CEQA). Public Review and Comment period for all documents.
4. If agreed to, City and County approval of a Memorandum of Agreement (Appendix B). LAFCO is required by the CKH Act to give "great weight" to an agreement between the City and the County when considering the Sphere of Influence Update.
5. LAFCO consideration of Sphere of Influence Update, Municipal Service Review, Memorandum of Agreement, and Environmental Review documentation.

SIX SERVICE REVIEW FACTORS

- 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**

Past LAFCO Actions. The last comprehensive SOI Study for Pismo Beach was completed in 2002 when King South Ranch property was added. Appendix C contains a table that shows the latest LAFCO actions, including denial of the Los Robles Del Mar Annexation. Also, LAFCO has commented on the Price Canyon Proposal.

Current LAFCO Action. LAFCO is considering the following actions as a part of this Sphere of Influence Update:

1. Approve and adopt the environmental documentation pursuant to CEQA;
2. Approve the Municipal Service Review and Written Determinations for the City of Pismo Beach (Chapter 3); and
3. Approve and adopt the City of Pismo Beach's Sphere of Influence Update (Chapter 2)

CEQA

LAFCO prepared the Initial Study and the resulting Mitigated Negative Declaration. The Initial Study/Mitigated Negative Declaration is found in Appendix A after Chapter 3, the Municipal Service Review. It provides for the environmental review of this Sphere of Influence Update. As indicated earlier, a Sphere of Influence is a plan for probable, physical boundary and service areas of a local agency or jurisdiction. As such, it does not give property inside the Sphere boundary any more development rights than what already exist. The Sphere of Influence Boundary is a long-range planning tool that assists LAFCO in making decisions about a jurisdiction's future boundary. The Sphere indicates areas that might be served by the City.

EXECUTIVE SUMMARY

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

1. Growth & Population

Over the past 40 years, the City experienced periods of high residential growth rates, as well as very slow periods of growth. Population growth rates in the 1970s averaged over 3% per year, growth rates over the 1980s averaged just over 4% per year, but during the 1990s, growth slowed to about 1% per year. In the 2000s, growth continued to slow to less than 1%. The 2010 U.S. Census states 7,655 people live in Pismo Beach and the total number of dwelling units is 5,838. The City's estimated build-out population within the current City limits is 9,414. The City's population decreased slightly from 2000 to 2010. Over the last 10 years, Pismo Beach's population has decreased by approximately 896 people. Pismo's growth is likely to remain at a nominal level as the economic recovery continues to evolve over the next few years.

Housing Units and Growth Projections. In the 2006 Urban Water Management Plan, the City of Pismo Beach estimates that 8,551 people lived in the City. In 2010, the U.S. Census stated the total number of dwelling units as 5,838 with an average household size of 1.9 persons and an occupancy rate of about 77%. The City's Urban Water Management Plan projects the current city limit and sphere of influence boundaries to yield a population of 11,122 persons (9,414 within the City Limits). This would equate to a projected 845 units to be developed in the SOI areas. The Urban Water Management Plan estimates the City would reach population build-out no sooner than the year 2027.

2. Infrastructure Needs & Deficiencies

LAFCO is responsible for determining that a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to serve areas already within the City and in the Sphere of Influence. It is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations are proposed by the City or property owners. In the case of this SOI Update, it is prudent for LAFCO to analyze present and long-term infrastructure demands and resource capabilities of the City of Pismo Beach. LAFCO

accomplishes this by evaluating 1) the resources and services that are currently available, and 2) the ability of the City to expand such resources and services in line with increasing demands.

Water

The City has a water supply of 2,836 acre-feet per year (AFY), which includes 1,240 AFY from the State Water Project, 896 AFY from Lopez Reservoir, and 700 AFY from City wells #5 and #23. The demand for

developments outside the City limits, but within the existing Sphere of Influence, will likely exceed the future supply available to the City without such developments providing supplemental water supply to the City. The City of Pismo Beach is considering an additional water supply to prepare for shortages in

Table 1-1 - Future Available Water Supply & Demand	
Source: City of Pismo Beach Urban Water Management Plan, 2006	
Source	Amount Available (AFY)
Groundwater (Grover Beach Wells)	700
Lopez Water	896
State Water Project	1,100
Preserve Site Allocation	140
Recycled Water	0
Additional State Water (planned)	500
Total Potentially Available	3,336 AFY
Total Estimated Demand	3,267 AFY

the Lopez and groundwater systems. This is anticipated to include an additional 1,000 acre-feet of State Water drought buffer water and a planning allocation for additional State Water to serve the Sphere of Influence areas of 500 acre-feet with an additional 500 acre-foot drought buffer allocation. The City has a policy that properties annexing into the City are required to bring additional water supplies sufficient to meet their development needs.

The City completes water demand projections in order to know how much water might be needed to serve residents, businesses and other uses as growth and development occurs.

The City's Urban Water Management Plan provides information and establishes policies for meeting the current water demand and for projecting future water demand. The water supply question in Pismo Beach is tied to presently available resources and the likelihood that future resources can be developed or obtained to meet additional City growth. Generally, the City appears to have available resources to meet current demand for areas within the city limits. Any future annexation

Table 1-2 - Current and Projected Demand		
Source: City of Pismo Beach Urban Water Management Plan, 2006, Los Robles Specific Plan 2007 and Price Canyon EIR 2010		
Annual Water Use		2,156 afy
Estimated City Build-Out Demand	(Residential)	156 afy
	(Commercial)	170 afy
	(Visitor Serving)	187 afy
Subtotal		2,669 afy
Los Robles Del Mar	(Residential)	134 afy
	(School)	17 afy
Price Canyon (Loughead, Big Bird, King So, Godfrey)	(Residential)	251 AFY
	(Visitor Serving)	39 AFY
	(Agricultural Land Uses)	44 AFY
	Golf Course	113 AFY
Overall Build-Out and SOI Projected Water Demand		3,267 AFY

would need to have a water supply to serve the development. LAFCO's policy requires that the water supply be adequate, reliable and sustainable.

Wastewater

The WWTP was originally constructed in 1955, with additions and modifications taking place in 1973, 1984 and most recently upgraded in 2007. The 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 upgrade included construction of an entirely new control building, lab, headworks, oxidation ditches, secondary clarifiers and an ocean outfall pump system. The plant's capacity can serve the City's existing and future residents within its current City limits and SOI areas.

Roads

The Circulation Element was adopted in 1992 along with other elements in the General Plan, in particular the Land Use Element. This coordinated approach enabled the City to plan for

transportation commensurate with the planned growth and development. The Circulation Element provides sound policy base for the continued improvement of the City’s circulation system. The Circulation Element should be updated to consider the current circumstances.

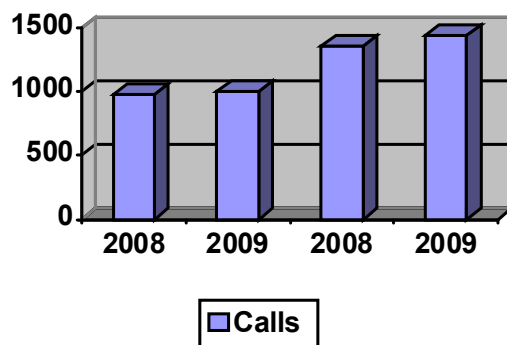
According to the San Luis Obispo Council of Government’s (SLOCOG) 2005 Regional Transportation Plan a significant increase in traffic volume on Highway 101 from 4th Street to Avila Beach Dr. is projected from the 2004 number of 58,000 average daily trips to 92,900 average daily trips in 2025. This increase anticipates a small increase in population due to finite developable land and tourist traffic in the South County area. Caltrans 2001 US 101 Transportation Concept Report identified widening Highway 101 as a concept to six lanes throughout District 5 and has recently been adding operational improvements, auxiliary lanes, and ramp improvements to mitigate the need for the additional lanes. The Pismo Beach General Plan supports a Highway 101 widening project. The San Luis Obispo Council of Governments has not programmed any money for this project. Development of the SOI areas would impact local and state roads in the area.

Fire

The City of Pismo Beach contracts with the California Department of Forestry (CALFIRE) to provide staffing and other fire services for the City residents. CALFIRE employs a full-time staff including a Battalion Chief, three Fire Captains, three Fire Apparatus Engineers and an Administrative Assistant. The City benefits from the significant resources

that come with CALFIRE and CALFIRE is able to increase its presence in the Five Cities area to respond to emergency situations. Additionally, the department employs 20 reserve/paid call firefighters. The City requires that all new development pay fees for additional equipment and fixed facilities as needed to service the new development. In annexation areas, the City will consider the need for additional fire stations, equipment and manpower. The City may require the formation of fire protection assessment districts to fund fire suppression and emergency medical services.

**Fire Station 63 & 64 Incidents
2008-09**



Police

The City of Pismo Beach provides law enforcement services for the residents of the City. The department is accredited with CALEA (Commission on Accreditation for Law Enforcement Agencies). The department first earned accredited status in 2007. The total budget for the Police Department for fiscal year 2009-10 was \$4.765 million and \$4.856 million in 2010-11. The department consists of 34 employees, 23 of which are sworn police officers. A Community Oriented Policing Services grant pays a portion of one sworn officer and community services officer salary. The department is divided into two service divisions with a police commander over seeing each division. Operations Division consists of Patrol, Motors, Special Problems Unit, and Citizen Volunteer Patrol. Support Services Division includes Investigations, Communications, Records, D.A.R.E., and Administration. The need for law enforcement services is affected by the unique circumstances created by the visitor serving nature of the City. The City has a slightly higher crime rate than other cities in the County but has the opportunity to add police and fire staff and facilities as needed to cover Sphere of Influence area through the development and review process.

3. Financing Constraints & Opportunities

Pismo Beach, like most cities, requires new development projects, and in particular annexations, to “pay their own way”. At the time an annexation is considered for any of the SOI properties, the City requires an economic analysis to be prepared to identify a cost-benefit breakdown of the proposed land uses and projects. The City has in place a capital improvement plan, development impact fees, developer required mitigation in the form of infrastructure improvements required to serve new projects, and similar programs to monitor public service needs of new development. It is reasonable to conclude that the City endeavors to avoid long-term financial obligations for a capital improvement or maintenance of new development projects, such as those that would occur in the SOI areas.

The City levies a series of development impact fees for new development to address many differing needs. All these fees are based on Government Code Section 66000 et seq., which requires the agency setting fees to (i) identify the purpose of the fee, (ii) identify the use to which the fees will be put, (iii) determine the reasonable relationship (or “nexus”) between the type of development charged the fee, the amount of the fee and its use, and (iv) determine the

reasonable relationship between the need for the public facility or improvement and the project upon which the fee is imposed. Fees collected by the City include: fees in-lieu of parkland dedication, park development projects, water and sewer capacity and improvement fees, road and circulation fees, public safety fees, and general administrative capital improvement fees.

The City has adopted a Fiscal Policy which includes maintaining a General Fund Reserve of 20% of budgeted annual operating expenditures. Overall, the City is in sound financial condition. The City has estimated a beginning fund balance of 16.5 million in 2011 with an estimated budget of 15.2 million. Over the last several years the City has been able to not only balance the budget, but also place monies in reserve. The combination of conservative revenue projections and holding the line on expenditures should help Pismo Beach build a reserve of upwards of \$3.15 million at the end of fiscal year 2011.

4. Opportunities for Shared Facilities

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

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

In the case of roadways and creek trails, the opportunity to coordinate connections between collector and arterial roadways will enhance regional traffic patterns, and will aid in emergency response times. The recreational aspects of trail connections, tied into a regional park facility on Price Canyon Road near the City's Price Historical Park, offer opportunities for the City and County to join their recreational resources not only to the benefit of the City residents, but for the general public of the County as well. Coordination of open space corridors that cross over the proposed City-County limit lines will enhance the viability of habitat from the area and preserve these important oak woodlands and related habitat for generations to come.

5. Accountability in Government Structure

The City Council is elected in compliance with California Election Laws. The City complies with the Brown Act Open-Meeting Law and provides the public with ample opportunities to obtain information about City issues, including website and phone access. The City's website contains a wealth of information about all of the City's Departments and services. The City Council holds regular meetings at 5:30 p.m. on the first and third Tuesdays of each month in the Council Chambers, at 760 Mattie Road.

Pismo Beach does maintain various customer-oriented programs, including a mission statement for each City department, customer satisfaction programs, regular in-house safety training and management, and similar programs designed to enhance the experience for the City customer. Overall, the City is well-organized and equipped administratively to serve the recommended Sphere of Influence.

RECOMMENDATION

Based upon the information contained in Chapters 2 and 3 of this document, and the environmental determination, it is recommended that the Pismo Beach Sphere of Influence be updated by LAFCO to retain Study Areas three, five, six and seven and add Study Area four. LAFCO should exclude Study Area one and two. Chapter 2, Sphere of Influence Update, provides more detailed information regarding the basis for this recommendation. The recommendation is consistent with the MOA (Appendix B) agreed to by the City and County.

Figure 1-1 – Recommended Sphere of Influence

