




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

TO: MEMBERS, FORMATION COMMISSION  
FROM: DAVID CHURCH, AICP, EXECUTIVE OFFICER   
DATE: MAY 19, 2011

SUBJECT: STATUS REPORT-CITY OF ATASCADERO SPHERE OF INFLUENCE UPDATE/MUNICIPAL SERVICE REVIEW

**Recommendation:** It is respectfully recommended that the Commission review this status report and provide comments to staff.

**Summary:** This status report is to bring the Commission up-to-date regarding the Sphere of Influence (SOI) update and Municipal Service Review (MSR) being prepared for the City of Atascadero. LAFCO staff has facilitated three City/County Memorandum of Agreement (MOA) meetings. The meetings were quite productive. The attached MOA is in the process of final review. The City has provided comments on the Administrative Draft of the MSR and a Public Review Draft of the SOI Update and MSR should be released within the next month.

At the MOA meeting in April, City staff indicated that an EIR consultant has been contracted and they were working toward peer review of various constraint analyses for the Eagle Ranch Specific Plan. The Draft Specific Plan and EIR may be released in one to two years. The Final Draft MOA identifies the SOI agreed to by the City and County, revises the provisions which would be considered when the SOI is developed, and clarifies a workable Referral Area boundary.

In the third MOA meeting in May, the City and County staff worked out potentially agreeable language that provides for the County's Strategic Growth Principle to be considered as the plan is prepared. It is also clear in the language of the MOA that the City's approved plan will be what directs the development proposed in the SOI.

The MOA has yet to be considered by the City Council or Board of Supervisors and may be changed before it is approved. It is expected to be considered by the City in June. If approved by both jurisdictions, LAFCO is required by the Cortese-Knox-Hertzberg Act to give the MOA "Great Weight" in making its SOI decision.

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**Final DRAFT- May 10, 2011**  
**UPDATED 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 the County entered into a Memorandum of Agreement in 2003 as part of updating the City's Sphere of Influence 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 Spheres of

Influence; and

WHEREAS, the City and County have reached agreement regarding the boundaries (Exhibit A), and the provisions that 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 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 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 a framework 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.
4. The City's General Plan policies shall be used to guide the logical and orderly development of these Sphere Areas while protecting agricultural and open space lands.

EXHIBIT A  
SPHERE OF INFLUENCE BOUNDARY MAP

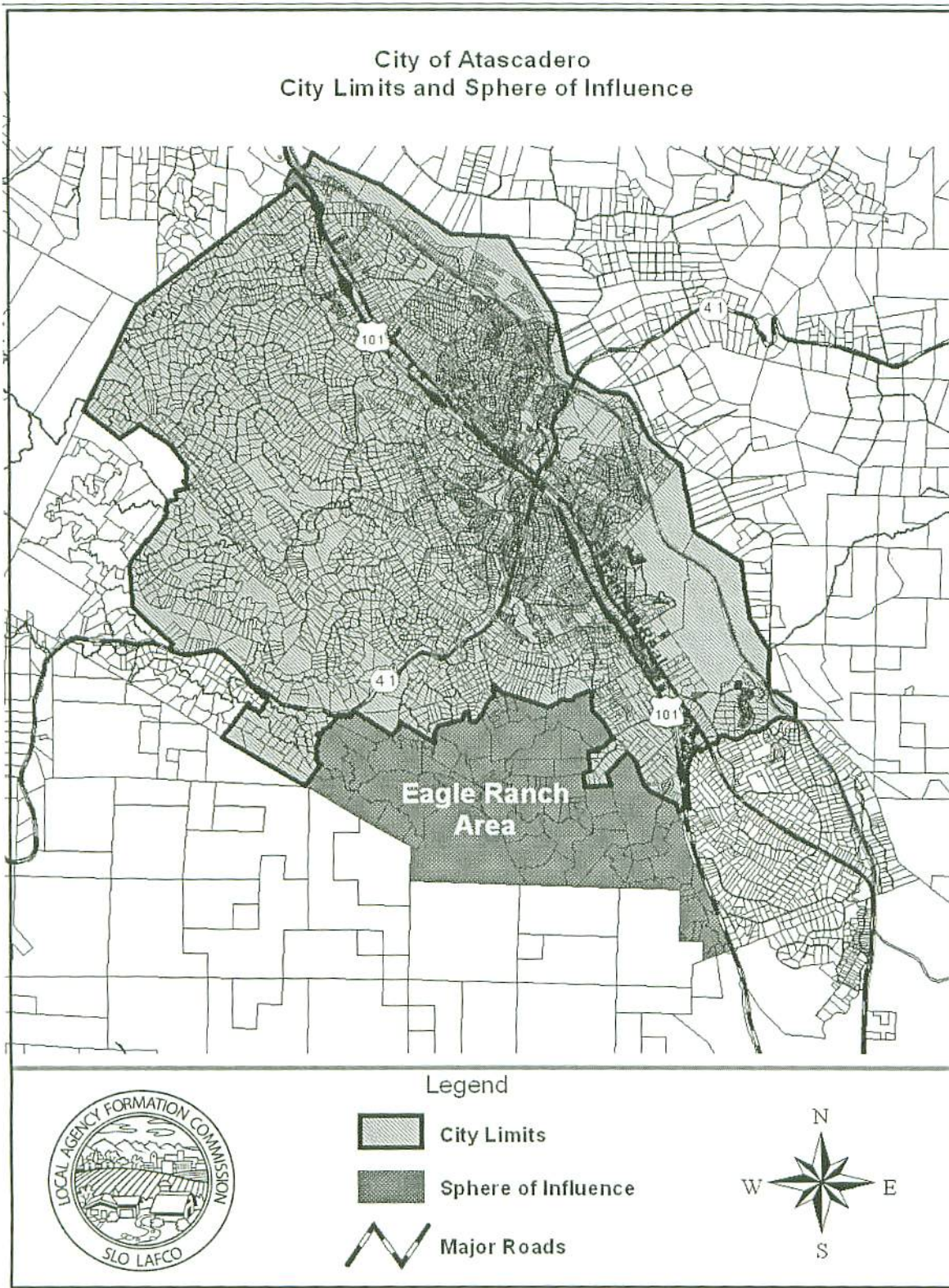


EXHIBIT B  
PROVISIONS

The following provisions are agreed to and shall be used by the City of Atascadero and the County to guide development within the proposed Sphere of Influence as described in Exhibit A and update 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. 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 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  
6500 Palma Ave.  
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. 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 and standards 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 give great weight to this fact 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, shall cause the City and County representatives may choose to call for a 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 Principals adopted in the City's General Plan will be used as a basis of preparing plans for the area. The County's Strategic Growth Principals 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 intends to complete 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

