



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

TO: MEMBERS, FORMATION COMMISSION

FROM: PAUL L. HOOD, EXECUTIVE OFFICER *PLH*

DATE: FEBRUARY 19, 2009

SUBJECT: SPHERE OF INFLUENCE (SOI) - MUNICIPAL SERVICE REVIEW (MSR) WORK PLAN UPDATE

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**RECOMMENDATION.** It is respectfully recommended that the Commission direct LAFCO Staff to work on the updates of the Municipal Service Reviews for the following jurisdiction:

1. Start the process of updating the Municipal Service Review for the City of Pismo Beach. Work with the City's Staff to compile the needed information and studies about the current status of the Cities service capabilities as required by the Cortese/Knox/Hertzberg Act.
2. Start the process of updating the Municipal Service Review for the City of Atascadero. Work with the City's Staff to compile the needed information and studies about the current status of the Cities service capabilities as required by the Cortese/Knox/Hertzberg Act.
3. Start the process of updating the Municipal Service Review for the Nipomo and Oceano CSD. Work with the District Staff to compile the needed information and studies about the current status of the Cities service capabilities as required by the Cortese/Knox/Hertzberg Act.
4. The Memorandum of Agreements between each City and the County (Pismo Beach and Atascadero) should be reviewed for consistency with SB 375 and other regional planning efforts such as Community 2050.
5. Work with the Air Pollution Control District and the Council of Governments to implement SB 375 and promote collaboration between jurisdictions when reviewing the Memorandum of Agreements and updating the MSRs.

**DISCUSSION.** The Work Plan for the Sphere of Influence Update and Municipal Service Review Program was approved by the Commission on November 20, 2008. On January 15, 2009 the Commission discussed the results of the questionnaire that was sent out to jurisdictions that were coming up on the five year update of the Sphere of Influence and Municipal Service Review. The recommendation reflects the results of the questionnaire and the Commission's discussion on January 15, 2009. Also, included in the recommendation is incorporating the implementation of SB 375 and Sustainable Communities Strategy (SCS) into the MSR Update process. The SCS could provide valuable information regarding future areas of development in and around existing communities. Spheres of Influence can provide an important connection for implementing the SCS.

### **MUNICIPAL SERVICE REVIEW**

The Municipal Service Review is used to help determine the Sphere of Influence by providing information about a jurisdiction's ability to serve an area. In some cases, the MSR may be used to identify a reduced SOI area. The MSR is an informational document that summarizes the existing service situation of a jurisdiction. The Service Review is a analysis of information provided by the jurisdiction to LAFCO. Information from the County Planning Department, State Controllers Office, County Auditor's Office, and other agencies is also used to prepare the MSR. LAFCO Staff reviews, summarizes and evaluates the various studies and data and prepares a Draft MSR for use in the Sphere of Influence Update.

A Municipal Service Review is prepared in accordance with Section 56430 of the California Government Code. This code section was updated in 2008 to include six factors instead of the original nine factors. The Service Review contains written determinations that address the following six factors. Information and written determinations regarding each of the factors is provided in the Service Review and include:

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

**Process.** LAFCOs compiles a variety of information in preparing a Service Review. Also, administrative and organizational information is collected and evaluated. In order to complete a review LAFCO relies on Audit Reports submitted to the County

Auditor-Controller's Office pursuant to state law, original formation filing documents, State Controllers Special Districts Annual Financial Reports, the General Plan, Capital Improvement Plans, various studies and information from various websites.

**CITIES.** The 2008 work plan was approved by the Commission in November 2008 and focuses on those Cities which have passed, or are approaching the five-year requirement for update. In order to determine if a Sphere of Influence Update is necessary, staff sent out a questionnaire to the following Cities: Pismo Beach, Atascadero, Arroyo Grande, Grover Beach, and Paso Robles. Staff recommends updating the MSRs for Pismo Beach and Atascadero at this time to prepare for the upcoming development proposals.

The City of Pismo Beach is actively working on the Price Canyon Master Plan which includes the existing SOI and additional parcels in the area. The City is preparing a Constraints Analysis for the area and this effort could result in an SOI update and/or an annexation proposal. Updating the Municipal Service Review would provide LAFCO with the needed information

CITY	STATUS
City of Pismo Beach	Price Canyon Master Plan is being prepared by the City. Questionnaire submitted. Begin Updating the Municipal Service Review. Letter regarding water resources was sent.
City of Atascadero	Eagle Ranch Development Plan is being prepared. Begin updating the Municipal Service Review Information.
City of Arroyo Grande	Mobile Home Parks SOI/Annexation application is being prepared. Questionnaire submitted.
City of Grover Beach	Staff has contacted City. Questionnaire not submitted.
City of Paso Robles	Planning Staff has contacted LAFCO and requests a 24 month delay. Questionnaire submitted. Letter regarding the River Oaks annexation was sent from LAFCO Staff

It is also recommended that the Memorandum of Agreements between the City and County be reviewed and amended to reflect any changes to the Sphere of Influence.

**COMMUNITY SERVICES DISTRICTS.** Oceano CSD's five-year update was due in February 2008. The Mobile Parks located on Halcyon and currently within the City of Arroyo Grande's SOI are being considered for inclusion into the OCSD's SOI and eventual annexation. This application has yet to be submitted to LAFCO and is in the process of being prepared. Staff recommends updating the MSR information to facilitate future SOI actions.

In Nipomo, the CSD's Sphere comes up on the five year review deadline in May 2009. The District has submitted the questionnaire and indicated that they would prefer that their SOI remain unchanged. The NCSD has released a public review draft EIR for construction of a pipeline from the City of Santa Maria to the NCSD. The

conditions of approval placed on the NCSD SOI from the previous update preclude annexations until the District has a supplemental water supply and has implemented a conservation program to reduce consumption by 15% per connection. Staff is recommending that the information in the MSR be updated. The Commission may want to revisit the SOI update for the District after the pipeline project is completed. Water from the City of Santa Maria would appear to meet the condition of approval that requires a supplemental water supply be provided prior to any annexations being considered. The NCSD is also required to reduce water consumption by 15% through implementation of a water conservation program. The following table summarizes the District's status:

CSDs	STATUS
Oceano CSD	Questionnaire not submitted. MSR should be updated. MSR could be used to update SOI.
Nipomo CSD	Questionnaire submitted. Indicates that the NCSD prefers that its SOI remain as it currently exists. In the process of developing water pipeline from the City of Santa Maria. Draft EIR is out for public review which ended on January 9, 2009. The existing SOI includes 5,000+ acres. MSR should be updated to ensure the accuracy of the information. Projects such as the Wastewater expansion and Santa Maria pipeline intertie have produced updated District information.

**Background SB 375.** In 2006 AB 32, The Global Warming Solutions Act of 2006 was passed. It requires California to reduce Greenhouse gas emissions to 1990 levels no later than 2020. The passage of SB 375 implements AB 32 by linking land use and transportation planning to the allocation of funding with the specific goal of reducing greenhouse gases. SB 375 requires the metropolitan planning organization (San Luis Obispo Council of Governments-SLOCOG) to incorporate greenhouse gas reductions, or "sustainable community strategies," into Regional Transportation Plans (RTP). The overarching goal of this bill is to reduce sprawl and the use of passenger vehicles in the face of a rapidly growing population. SB 375 has three main goals:

- (1) To use the regional transportation planning process to help achieve AB 32 goals;
- (2) To use CEQA streamlining as an incentive to encourage residential projects which help achieve AB 32 goals to reduce Greenhouse Gas emissions (GhGs); and
- (3) To coordinate the regional housing needs allocation process with the regional transportation planning process.

These goals are to be achieved by incorporating a Sustainable Communities Strategy (SCS) into SLOCOGs Regional Transportation Plan (RTP), which is in the process of

being updated. Of particular note is that the SCS is to consider Spheres of Influence determined by LAFCO as specific factor. This requirement was advocated for by the California Association of LAFCO's (CALAFCO) and is found in Government Code 65080(b)(2)(F):

(F) In preparing a sustainable communities strategy, the metropolitan planning organization shall consider spheres of influence that have been adopted by the local agency formation commissions within its region.

LAFCO staff has been meeting with APCD and COG staff on a regular basis to discuss the implementation of SB 375. LAFCO's role in establishing Sphere of Influence and identifying future expansion areas for jurisdiction could be an important part of preparing a SCS.