

TO: MEMBERS, FORMATION COMMISSION

FROM: PAUL L. HOOD, EXECUTIVE OFFICER

DATE: JANUARY 15, 2009

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

RECOMMENDATION. This item is respectfully submitted for the Commission's information. It is recommended that Staff continue to compile questionnaires and gather information about the need to update the Spheres of Influence for various jurisdictions.

DISCUSSION. On November 20, 2008 the Commission approved the attached work plan (Exhibit A). Government Code section 56425 (g) states the requirement for updating a Sphere of Influence for a jurisdiction as follows:

56425 (g) On or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence.

To help determine if a Sphere of Influence Update is *necessary* a questionnaire was sent out to 18 jurisdictions. Of these jurisdictions five are Cities (1 response, 2 inquiries), two Community Services Districts (1 response), 10 Cemetery Districts (3 responses), and the San Luis Obispo South County Sanitation District (no response).

CITIES. The 2008 work plan 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. The City of Atascadero has submitted the questionnaire (see Exhibit B) and indicated that they do not intend to expand their SOI at this time. The City is working on the Eagle Ranch project which could result in an annexation application.

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.

The City of Paso Robles has contacted LAFCO Staff and is considering a response to the questionnaire. A Sphere of Influence amendment for the City of Arroyo Grande is being prepared for the Mobile Home Parks located in the City's southern SOI. This proposal would remove these parcels from the City's SOI and place them into the OCSD SOI. The OCSD and City are working with the property owner to prepare this application. The City of Grover Beach has also contacted LAFCO staff and would like to discuss the SOI Update process. The following table summarizes the Cities responses:

CITY	STATUS
City of Pismo Beach	Price Canyon Master Plan is being prepared by the City. Questionnaire not submitted.
City of Atascadero	Eagle Ranch Development Plan is being prepared. Questionnaire submitted.
City of Arroyo Grande	Mobile Home Parks SOI/Annexation application is being prepared. Questionnaire not submitted.
City of Grover Beach	Planning Staff has contacted LAFCO and would like to discuss SOI Update. Questionnaire not submitted.
City of Paso Robles	Planning Staff has contacted LAFCO and is considering questionnaire. Questionnaire not submitted.

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.

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. 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 still 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.
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.

CEMETERY DISTRICTS. The Cemetery Districts Spheres of Influences were updated in July, 2002 and should have been revisited by July 2007. It is unlikely that any of the Districts SOIs are in need to updating. A questionnaire was sent out to 10 cemetery districts. To date three of the Districts have responded; San Miguel, Paso Robles and Santa Margarita. These responses are found in Exhibit B and generally indicate that the Districts do not need a SOI update at this point in time. The Adelaide Cemetery District phoned LAFCO and indicated they do not need a SOI update.