



council agenda report

Meeting Date	2-20-07
Item Number	

CITY OF SAN LUIS OBISPO

FROM: John Mandeville, Community Development Director
Prepared By: Michael Codron, Associate Planner

SUBJECT: REVIEW STEPS RELATED TO THE CITY'S PROPOSED ANNEXATION OF
THE MARGARITA AREA AND AIRPORT AREA (ANNX/ER 152-05).

CAO RECOMMENDATION

Hear a presentation on the proposed annexation, receive public comments and direct staff to:

- 1) Pursue annexation of Margarita Area and Airport Area properties according to the proposed phasing plan, which identifies sub-areas that could be annexed in two or more phases.
- 2) Endorse the use of a standard pre-annexation agreement between the City and interested property owners with unique circumstances.
- 3) Endorse discussions with the Fiero Lane Mutual Water Company to allow for interim wastewater service as part of the annexation process, based on the policy advantages to the City and the unique circumstances applying to this area.

REPORT-IN-BRIEF

Annexation of the Margarita Area and Airport Area has been contemplated for over 25 years, and has been a General Plan goal since 1994. The pre-requisites for annexation, adoption of specific plans, have been accomplished. Partial annexation of both areas has occurred under an interim annexation program. To efficiently implement the specific plans, and the General Plan, it is now timely for the City to implement a comprehensive annexation strategy.

A proposed annexation strategy has been developed with two phases. The first phase would accomplish annexation of the remaining land in the Margarita Area and a major portion of the Airport Area starting in Spring/Summer 2007 and continuing through Summer 2008. The second phase may include the SLO County Regional Airport, Chevron owned land occupying the former tank farm area, and agriculturally zoned land outside of the City's urban reserve line. There is no timeline associated with this phase.

A draft pre-annexation agreement is proposed. If the Council endorses the draft agreement, these standard documents could be used to address unique circumstances of property owners in the annexation area.

The Council is also being asked to endorse discussions with the Fiero Lane Mutual Water Company to provide its customers with temporary wastewater service as part of the annexation process. If an agreement is reached it would be based on a commitment to annexation and connection to City services in exchange for the proposed temporary service. If annexation is not achieved, then the temporary service would be terminated.

DISCUSSION

Background

The Margarita Area and the Airport Area represent two of the City's major expansion areas, as identified in the General Plan. Planning efforts for the Airport Area have involved both the City and County and began in the mid-1970's. The Margarita Area has also been planned for development over a long period of time; the City's residential growth management phasing schedule has allocated dwelling units to the area since 1999. City policy has insured that significant development would not occur in either of these expansion areas until specific plans were approved.

Specific plans were approved for Margarita Area and Airport Area in October 2004 and August 2005, respectively. Portions of both expansion areas have previously been annexed. For instance, the Damon-Garcia Sports Fields are located within the Margarita Area. The City had a policy to permit interim annexations in the Airport Area until 2003 when the adoption of the Airport Area Specific Plan (AASP) became imminent.

In March 2006 City staff notified current property owners within the Margarita Area and the Airport Area by mail of plans for annexation. In May 2006, staff provided a second mailing to answer frequently asked questions (see Attachment 1). After several months of talking with interested and concerned property owners, staff is recommending a course of action for the Council's consideration that would break up the annexation area into two phases.

This report is intended to guide the Council's discussion by providing an overview of the proposed annexation areas, the basics of the annexation process, the proposed pre-annexation agreement, and special circumstances relating to the Fiero Lane Mutual Water Company.

A Brief Look at the Annexation Areas

1. Margarita Area

The MASP includes plans for 868 homes and development of approximately 70 acres of land with business park and neighborhood-serving commercial uses. Attachment 2 includes a map and land use summary for the specific plan area.

All of the land within the specific plan area is proposed for annexation to insure orderly development. In particular, the 400 Prado Road site is the location identified in the MASP for a regional detention facility that would serve previously annexed and approved subdivisions. Major portions of the future Prado Road also need to be annexed so that construction of the roadway can move forward in conjunction with phased residential development.

2. Airport Area

The AASP includes a total of approximately 1500 acres designated as services and manufacturing, business park and open space. The Airport Area includes the San Luis Obispo County Regional Airport and the Chevron tank farm land (formerly owned by Unocal). Attachment 3 includes a map and land use summary for the specific plan area.

Proposed Phasing

Attachment 4 shows a proposed phasing plan for the overall annexation area with two main phases. The AASP says that “although the City prefers to annex the entire area at once, it is recognized that some properties will not be annexed in the early phase” (AASP Section 9.1).

Proposed Annexation Phasing Schedule

Phase/LAFCO Application Date	Land Area	Total Property Owners	Description
1A/Spring '07	617 acres	71	Remaining portions of Margarita Area, western portion of Airport Area and Airport Area properties along Tank Farm Road
1B/Summer '08	209 acres	154	Properties served by Fiero Lane Mutual Water Company, land east of Broad Street and south of airport on Buckley Road
2/TBD	745 acres	10	Chevron tank farm land, County Airport, Ag designated land along Buckley Road

The airport and the Chevron property are not included in the first phase because of the preferences expressed by the County (they do not wish to annex at this time) and local Chevron representatives, who have said they will propose annexation when they have a development plan. Remediation of the Chevron site was still a substantial unknown until fairly recently. Also, properties along Buckley Road have not been proposed for Phase I despite some of the owners having contributed funds to development of the Airport Area Specific Plan and their desire to annex. The cost to extend infrastructure to these properties is prohibitive at this time and annexation in Phase I would be premature.

Phase 1 is divided into two sub-areas. Phase 1A includes the remaining portions of the Margarita Area, which should be annexed as soon as possible to insure orderly development and the timely production of housing in the Margarita area. Phase 1B is expected to occur shortly after because of the complexities associated with annexation of the Fiero Lane Mutual Water Company (FLMWC) and associated properties. As provided for in the AASP, the property owners in this area are contemplating a request to form an assessment district. Other issues related to FLMWC are discussed later in this report.

Some property owners within the first phase may request to move to the second phase of the annexation. Individual property owner requests should be considered carefully, but may not be supported in all cases. The City has an interest in creating a uniform boundary to facilitate emergency services. State law also prevents islands of unincorporated land surrounded by the

City. If a property is moved from the first phase to the second phase, future annexation of the property would become the financial responsibility of the property owner.

Property Owner Outreach

Outreach efforts to property owners, business owners and residents have included direct mailings, informational meetings, notification of planned hearings and numerous “one-on-one” conversations. Staff is maintaining a web page located at <http://www.slocity.org/communitydevelopment/annexations.asp> to provide up to date information on timelines, fees and other relevant data. Feedback from property owners, business owners and residents was used to develop the proposed phasing schedule.

Annexation Procedures

1. City Role

The City’s role in the annexation process includes passing a resolution of intention to annex the land within the boundaries of the annexation area. This land must also be “pre-zoned” with the zoning designation that will apply to property once the annexation is formally completed. The City also prepares a Plan for Services for the area (Attachment 5), and makes an application to the Local Agency Formation Commission (LAFCO). In addition to these roles, the City is the lead agency for the environmental review required by CEQA. An ordinance pre-zoning land in the Airport Area was adopted when the AASP was adopted. A new ordinance pre-zoning the land in the Margarita Area is required. The Plan for Services, the resolution of intention, and the pre-zoning ordinance would be considered by the City Council after a recommendation is made by the Planning Commission. The Planning Commission is scheduled to review the proposed annexation on March 28, 2007. If the City Council approves a resolution of intention for the annexation (Hearing is tentatively scheduled for May 1, 2007), the resolution would authorize the CAO to file an application with LAFCO.

2. LAFCO Role

Once an application is made to LAFCO, notification of property owners and formal annexation proceedings begin. Ultimately, LAFCO must vote to approve or deny the application in a public hearing. Once the application is acted on, there is a protest period where property owners may object to the annexation (this is discussed in more detail in the next section). If the protest period expires without sufficient protest to stop the annexation process, LAFCO will forward the boundary changes to the State of California to be enacted.

3. Property Owner and Registered Voters Role

Property owners within the annexation area are not required to perform any actions for annexation of their property to take place. In other words, if LAFCO approves the annexation and property owners do nothing in response, the annexation will take effect. Property owners do have the ability to protest annexation of their property.

The annexation area is considered inhabited because it includes more than 12 registered voters. Therefore, residents within the annexation area that are registered voters may also protest the

annexation. According to State law (Government Code Section 57075-57090), property owners or registered voters who live within the annexation area may protest the annexation within 30 days of the LAFCO approval with the following thresholds established:

Who Can Protest?	Threshold	Effect of Protest
Property Owners	At least 25%, but less than 50%, of property owners who also own 25% of the assessed land value in the annexation area	Protest results in a majority vote of registered voters who live in the annexation area
Property Owners	More than 50% of property owners who also own 50% of the assessed land value in the annexation area	Annexation is terminated
Registered Voters	At least 25%, but less than 50%, of registered voters who live in the annexation area	Protest results in a majority vote of registered voters who live in the annexation area
Registered Voters	More than 50% of registered voter who live in the annexation area	Annexation is terminated

City staff first notified property owners of the proposed annexation in March 2006 and discussions with various property owners have been ongoing. Overall, response to the annexation has been positive. Property owners primarily want to understand how the change will effect their day-to-day activities and what the costs of future development are. Staff has been providing this information as requested and does not expect the protest level to reach the 25% threshold, which would put the annexation to a vote. However, a few property owners have not responded to the City's mailings and staff is prepared to work with these property owners if they choose to become engaged in the process during the scheduled public hearings. Notification to registered voters of the Council's meeting and of the proposed March 28, 2007, Planning Commission meeting has also been provided.

Pre-Annexation Agreements

Attachment 6 includes a draft pre-annexation agreement, which includes a provision for the waiver of the protest rights discussed above in exchange for the extension of City services to a property proposed for annexation. Annexation agreements have been used by the City to facilitate many of the annexations undertaken in recent years. In the past, these agreements have been used to stipulate the City services that would be available to property owners upon completion of the annexation. Pre-annexation agreements for interim Airport Area annexations also allowed property owners to pre-pay water and sewer impact fees and open space in-lieu fees.

In order to secure orderly and favorable annexation, pre-annexation agreements can be offered to property owners with unique circumstances such as pending applications for development in the county, while allowing the City to gauge with some certainty the extent of owner protest, if any, to be anticipated. The proposed pre-annexation agreement recites the current standards and codes that apply to all property in the annexation area and provides that owners of properties

entering into such agreements are waiving their rights to protest annexation in exchange for the extension of City services. These standard agreements could be modified to address the specific concerns of property owners with unique circumstances.

Pre-annexation agreements can not be used to circumvent current codes or standards; they will simply clarify how existing codes and standards would be applied relative to the property in question. If the Council supports the continued use of these agreements, they can be offered to the minority of property owners who have unique circumstances with respect to the annexation process.

Interim Sewer Service for Customers of the Fiero Lane Mutual Water Company

In order to facilitate the annexation of the properties located along Fiero Lane and served by the Fiero Lane Mutual Water Company (FLMWC) in the Airport Area, staff is seeking Council direction relative to City Municipal Code Sections 13.16.10 and 13.16.20 which prohibit the extension of water or sewer service to properties located outside the City boundaries (Attachment 7). The approach that staff is recommending is to use an uncodified ordinance that would create an exception for the Fiero Lane properties on a temporary basis. The ordinance would require a pre-annexation agreement to allow temporary service while the property is undergoing annexation. The agreement would have a sunset clause to require termination of service if annexation wasn't completed by a date certain. This, and an outside user's agreement from LAFCO, would allow the FLMWC to connect to the City's sewer system prior to annexation. A pre-annexation agreement with FLMWC would obligate the properties served to either annex in the first phase of the annexation, or to find other means of effluent disposal by Spring, 2008.

1. Background

FLMWC is a small privately held and operated mutual water company providing both water and wastewater services to mostly developed commercial properties in the immediate vicinity of Fiero Lane. Since Council approval of the Airport Area Specific Plan, staff has been in discussion with the FLMWC regarding possible annexation of their service area, extension of City water and sewer services to the developed properties, and eventual dissolution of the water company. To that end, FLMWC and City staff have, in general terms, agreed to the infrastructure modifications, process and timing of required actions to facilitate the transition of the properties to City service, and are developing a pre-annexation agreement for consideration by the Council and the FLMWC Board of Directors.

With the previous uncertainty relative to the timing of annexation, FLMWC made certain arrangements for their continued provision of services to those and other properties. In particular, FLMWC has executed agreements to serve properties on the east side of Broad Street currently under County jurisdiction. These agreements were made in part, to allow for development of the east side properties under County jurisdiction and to enable FLMWC to develop an alternate location for their wastewater effluent pond.

The FLMWC effluent pond is currently located on County Airport property near the end of the main runway (Attachment 8). The County has a project to extend the runway that will require FLMWC to relocate that effluent pond by the summer of 2007. To achieve the relocation of the effluent pond in that timeframe, FLMWC has entered into agreement with property owners on

the east side of Broad Street to site their new effluent pond. In addition to the construction of the effluent pond, relocation of the pond will require the installation of a pipeline from the FLMWC wastewater treatment plant, located at the westerly end of Fiero Lane, south and east across Broad Street to the aforementioned property, costing several hundred thousand dollars. The subject properties located on the east side of Broad Street are currently pursuing development in the County but are proposed in the specific plan for eventual annexation to the City.

2. Recommended Direction

The City's Municipal Code Section 13.16 prohibits extension of water or sewer service outside of City limits with only limited exceptions. The City Attorney has reviewed the Municipal Code Section and has determined that subpart A of Section 13.06.020 can not be interpreted so as to allow provision of service to FLMWC prior to annexation. No entitlements for development, based on the City services, are being provided to the FLMWC or their service properties prior to annexation to the City.

Given the extent and tenor of the discussions with FLMWC and their interest in annexation, and the broader objectives of the City relative to annexation of the Airport Area, staff is recommending Council direction to prepare an uncodified ordinance to create an exception to Municipal Code Sections 13.16.10 and 13.16.20 that would allow FLMWC to connect to the City's sewer system in lieu of constructing the new pond and effluent line, prior to annexation. The cost to the FLMWC associated with developing a new wastewater effluent pond would be avoided and annexation of a major portion of the Airport Area on the west side of Broad Street would be much more likely. Additionally, this allowance would facilitate the eventual annexation of the properties on the east side of Broad Street by providing them an opportunity to avoid their share of the cost of the FLMWC facilities and showing a true interest and commitment on the part of the City in annexation of and service to the area. The risk associated with such an agreement would be minimal in that service could be terminated by the City in the event the individual owners do not agree to the annexation process. The City Attorney concurs with this approach.

3. Approval Process

If the City were to extend sewer service to FLMWC, LAFCO would require approval of an Outside Users Agreement. The process and timing of LAFCO's approval requires that staff and FLMWC apply for the Outside Users Agreement as soon as possible in order to meet FLMWC's required timeline for abandonment of their effluent pond this summer. If this concept is supported by the Council, Staff will return with an uncodified ordinance that creates an exception for the properties served by the FLMWC, a pre-annexation agreement outlining the provisions discussed including the termination clause, and an application for an outside user's agreement application to LAFCO. This same pre-annexation agreement will provide a process and timeline for the annexation and transfer of FLMWC facilities to the City and eventual dissolution of the FLMWC. Council's concurrence with this general direction is being sought prior to any expenditure of significant staff resources in its development. Additionally, FLMWC will require sufficient time to design and construct the facilities to the east side of Broad Street prior to this summer, should Council not concur with the recommended direction.

CONCURRENCES

All City departments with responsibility for providing services to the proposed annexation areas have been involved in the development of the Plan for Services and the specific plans that include the development standards for these areas. City staff has been working closely with LAFCO staff regarding preparation of the formal annexation application, and has also kept the County aware of our activities.

FISCAL IMPACT

- 1. One-Time Costs.** Annexation of the first phase of properties are proposed at the City's cost in accordance with section 9.1 of the AASP. The Community Development Department's budget includes a line item for this project, in the amount of \$13,000. The LAFCO application cost for Phase 1A would amount to \$11,970. Phase 1B would cost only \$2,900 because LAFCO has agreed to consider these two areas as a single application, even though they could be acted on at different times. The Community Development Department has an additional \$18,000 in its budget that is left over from the Airport Area Specific Plan. This money will be used to cover the additional application fees and pay for the development of the official boundary map, which would be prepared by RRM Design Group.
- 2. Ongoing Cost and Revenues.** When the General Plan was prepared, it was accompanied by a fiscal impact analysis of on-going costs and revenues, which found that overall the General Plan was fiscally balanced. Because the proposed annexation is consistent with the General Plan and the Specific Plans prepared to guide development of these areas, the fiscal impact of the project is neutral.

ALTERNATIVES

1. The City Council can determine that the proposed phasing plan should not be pursued and that all of the Airport Area should be annexed with the remaining portions of the Margarita Area. This alternative is not recommended because it would delay annexation of the Margarita Area, which is necessary to insure the timely production of housing.
2. The City Council can direct staff not to offer pre-annexation agreements to property owners in the annexation area. This alternative is not recommended because the agreements do not obligate the City to provide services or benefits that differ from any other annexed property in the City, but do provide the City with a benefit in terms of a waiver of protest rights for the property owner.
3. The City Council can direct staff not to continue discussions with the Fiero Lane Mutual Water Company. This action is not recommended because these discussions do not obligate the City to enter into an agreement. The Council will have an opportunity to review and approve or deny any proposed ordinances and agreements that result from the discussions.
4. The City Council can continue consideration of these annexation issues to a future Council meeting and ask for additional information to be provided before direction is provided on a course of action.

ATTACHMENTS

- Attachment 1: Annexation information mailed to property owners and registered voters
- Attachment 2: Margarita Area Map and Land Use Summary
- Attachment 3: Airport Area Map and Land Use Summary
- Attachment 4: Phasing Plan for Annexation
- Attachment 5: Annexation Plan for Services
- Attachment 6: Draft Standard Pre-Annexation Agreement
- Attachment 7: SLOMC Sections 13.16.10 and 13.16.20
- Attachment 8: Graphic Showing FLMWC Effluent Pond Location

AVAILABLE FOR REVIEW IN THE COUNCIL OFFICE

- Airport Area Specific Plan
- Margarita Area Specific Plan
- AASP, MASP and Related Facilities Master Plans EIR



G:\CD-PLAN\MCODRON\AASP\annexation\car(study_sessionv2).DOC



March 14, 2006

**Open Letter to Airport Area and Margarita Area
Property Owners from the City of San Luis
Obispo**

Dear Property Owner,

As a property owner in the Airport Area or Margarita Area you are probably well aware of the City of San Luis Obispo's longstanding interest in integrating these areas into the City. Since 1994, the City of San Luis Obispo's General Plan has identified the potential and planned land uses in the Margarita Area and Airport Areas for residences, businesses and open space. The City has recently accomplished a significant step towards realizing this vision by adopting the Margarita Area Specific Plan (MASP) and the Airport Area Specific Plan (AASP). These plans outline the guidelines and standards for the future development of this portion of southern San Luis Obispo.

There are many steps that the City will be undertaking now that the Council has adopted its planning documents for the Airport Area and Margarita Areas. The first is to identify property owners who are interested in annexing into the City. To facilitate the annexation of as many properties as possible, the City is taking the lead and offering to annex properties "free of charge" during an initial "group" annexation. City staff will develop all of the documents necessary to annex your property, including maps and legal descriptions, and will coordinate with the Local Agency Formation Committee (LAFCO) and the City Council to facilitate annexation of what we hope will be a majority of the properties in the area. Again, and most significantly, there will be no charges for the services we provide. The hope is that this group annexation will be completed by the end of this year or beginning of next.

We strongly encourage you to consider annexation into the City at this time. Upon annexation you will have many enhanced services, not the least of which is immediate police and fire protection (we've heard from many of you that this will result in significant cost savings). The actual annexation will not require any change in your circumstances; in fact you don't have to develop your property until you are ready (if ever) and if you are already developed, and you can keep on doing business as usual.

You may have specific questions about your property or circumstances and we'd be happy to sit down with you and discuss how this process would affect you. This initial annexation is a one-time program. You would of course be welcome to annex in the future, however, each future annexation will be the financial responsibility of individual landowners.

You will continue to receive information regarding public hearings and decision points relative to the annexation as it becomes available. The City welcomes your participation

in the annexation process. A great first step is to contact either Michael Codron, the City's project planner, or Claire Clark, Economic Development Manager, for additional information or answers to your questions or concerns. Michael can be reached at **781-7175** and Claire at **781-7164**.

We look forward to partnering with you in this process.

Sincerely,

Claire Clark
Economic Development Manager
cclark@slocity.org
781-7164

Michael Codron
Associate Planner
mcodron@slocity.org
781-7175



Frequently Asked Questions About Annexation

May 11, 2006

In March, the City of San Luis Obispo sent an open letter to property owners within the Airport Area and Margarita Area regarding its plans to annex a majority of the area as part of a City-paid, "group" annexation. The purpose of the open letter was to inform property owners of the City's plans and to initiate a dialogue. After receiving the letter, many property owners contacted City staff and asked specific questions about the annexation process and how it affects them. The City wants the answers to these questions to be available to everyone and is providing this Frequently Asked Questions package to all property owners in the annexation area.

We hope that this information will give property owners in the area a better understanding of the costs and benefits of annexation. After reading through the attached materials, you are encouraged to contact City staff to provide us with your comments or ask additional questions.

Additional information is also available on the City's website. The Airport Area Specific Plan and the Margarita Area Specific Plan establish the City's goals, policies, programs and standards for development in the annexation area. For more information or to download the specific plans, visit www.slocity.org/communitydevelopment. Hard-copies of these documents are also available in the Community Development Department, located at 990 Palm Street.

Sincerely,

Michael Codron, Associate Planner
Community Development Department
(805) 781-7175
mcodron@slocity.org

Claire Clark, Economic Development Manager
City Administration
(805) 781-7164
cclark@slocity.org

Q. The City’s recent letter said that annexation would be free. What does this mean?

A. Annexation is an expensive process for an individual property owner to undertake. The total application fees to the City and LAFCO for annexation of an individual property would be about \$24,000. This amount does not include the cost of preparing the annexation map, which must be done by a Registered Civil Engineer or Licensed Surveyor. The City of San Luis Obispo is offering to undertake these costs without passing them on to property owners in the annexation area. In this way, annexation is free to you. This process offers value to property owners in the area and allows the City to manage its staff resources in a more efficient way.

Q. What will the zoning of my property be?

A. A copy of the Zoning Map for the Airport Area is attached (Attachment 1). Please contact Michael Codron at 781-7175 if you have any questions about allowed uses or the development potential of your property.

Q. What increased costs will my business have after my property is incorporated into the City?

A. Doing business in the City requires payment for a one-time City Business License and the annual Business Tax. The City also charges a Utility User’s Tax of 5%, which is paid monthly on your electric, gas, cable and phone bills. Property taxes *do not* change with annexation.

Program	Fee
Business License	\$36 application fee; \$31 renewal paid annually on July 1
Business Tax	\$25 first year; after first year, 50 cents per \$1,000 of gross revenue - paid annually on July 1
Utility Users Fee (Electric, Gas, Cable, Phone)	5% tax - included in each billing

Q. What other costs might my business incur from the City?

A. The City’s Fire Department has an annual permit and inspection requirement for certain types of facilities and hazardous uses. The Fire Department Fee schedule is attached for your review (Attachment 2). A comparison between City and County Certified Unified Participating Agency (CUPA) fees is also provided.

Q. Are there any immediate savings involved with annexation?

A. Hazard insurance and flood insurance rates may be reduced for some properties after annexation. You are encouraged to check with your insurance agent.

Q. What emergency services does the City provide?

A. After annexation occurs, City Police and Fire service will be immediately available to the newly incorporated area. This means that City Police will routinely patrol throughout the incorporated airport area, and City Fire will be the first responders in case of a fire or other emergency event. The City of San Luis Obispo operates a Class II Fire Department (rated by the Insurance Service Office on a 1-10 scale with 1 highest), and each fire company rides with a paramedic.

Q. How do I get access to water and sewer service?

A. Many properties within the airport area will have immediate access to water and sewer service after annexation. Other properties will have to wait for certain infrastructure improvements to occur. For example, properties on Buckley Road will have to wait until the City extends its water and sewer infrastructure south of the airport, or property owners can build this infrastructure as part of a development plan. When this occurs, reimbursements for off-site improvements and credit towards impacts fees may be available. The fees for water and sewer service in the airport area are included in the table below:

**WATER DEVELOPMENT IMPACT FEE SCHEDULE
EFFECTIVE July 1, 2005**

	EDU*	Impact Fee	
		Citywide	Area-Specific "Add-On" Airport/Margarita
Residential: Per Unit			
Single Family Residential	1.0	\$ 14,428	\$ 805
Multi-Family Residential	0.8	11,542	644
Mobile Home	0.6	10,100	564
Non-Residential: Meter Size			
¾ Inch	1.0	14,428	805
1 Inch	2.0	28,856	1,610
1½ Inch	4.0	57,712	3,220
2 Inch	6.4	92,339	5,152
3 Inch	14.0	201,992	11,270
4 Inch	22.0	317,416	17,710
6 Inch	45.0	649,260	36,225

* Equivalent Dwelling Unit

**WASTEWATER DEVELOPMENT IMPACT FEE SCHEDULE
EFFECTIVE JULY 1, 2005**

	EDU*	Impact Fee				
		Citywide	Area-Specific "Add-On"			
			Airport/Margarita Edna-Islay	Dalidio/Madonna McBride	Irish Hills	Orcutt
Residential: Per Unit						
Single Family Residential	1.0	\$ 3,488	\$ 1,538	\$ 223	\$ 396	\$ 2,807
Multi-Family Residential	0.8	2,790	1,230	178	317	2,246
Mobile Home	0.7	2,442	1,077	156	277	1,965
Non-Residential: Meter Size						
¾ Inch	1.0	3,610	1,538	223	396	2,807
1 Inch	2.0	7,220	3,076	446	792	5,614
1½ Inch	4.0	14,440	6,152	892	1,584	11,228
2 Inch	6.4	23,104	9,843	1,427	2,534	17,965
3 Inch	14.0	50,540	21,532	3,122	5,544	39,298
4 Inch	22.0	79,420	33,836	4,906	8,712	61,754
6 Inch	45.0	162,450	69,210	10,035	17,820	126,315

* Equivalent dwelling unit

** Citywide non-residential EDU is adjusted upwards by about 3.5% to account for higher discharge strengths

Q. There is existing development on my property, will I be forced to connect to City water and sewer service?

A. No. Only new development projects will be required to connect to City services. Existing development will not be required to connect, but will have the option when it makes financial sense for the property owner or business to do so, or when the private water or sewer system fails.

Q. What is the annexation process and timeline?

A. The annexation process involves hearings before the City Planning Commission and the City Council to approve a preliminary annexation map. This map is then forwarded to the Local Agency Formation Commission (LAFCO) as part of the City's annexation application. LAFCO will then hold its own public hearings to approve or deny the annexation. The City expects the entire process to be complete by early 2007.

Q. Can my property be annexed even if I don't want it to be?

A. Yes, it is possible for your property to be annexed even if you want to remain in the unincorporated county. Normally, LAFCO will not permit an island of unincorporated land, surrounded by City land. This is because these situations complicate emergency response, access to utilities and maintenance of infrastructure between two separate government agencies. If a property owner does not want to be annexed, there will be opportunities to provide public testimony to the Planning Commission, City Council and LAFCO. The City is currently preparing a draft annexation map and will provide a copy of this map to all area property owners before public hearings begin. If you have an issue with annexation that you would like to discuss, please contact Michael Codron at 781-7175 to express your concerns.

ANNEXATION UPDATE**Phasing of Airport Area and Margarita Area Annexations
to Begin with City Public Hearings****February 5, 2007**

The City of San Luis Obispo is starting the formal hearing process for annexation of properties in the Margarita Area and Airport Area Specific Plans. The first step is a series of public hearings to formally establish the boundaries of the annexation, with an initial annexation phase expected to be pursued in the Spring of 2007. **The City Council will discuss annexation procedures on February 20, 2007, during the 7:00 P.M. session.** An overview of the annexation process and introduction of the proposed annexation phasing plan will be presented to the City Council on this date. The Council will also accept public comment from property owners, business owners and others wishing to participate.

Following the February 20th City Council meeting, the Planning Commission will review the annexation plans on March 21st. The City Council will then be asked to formally authorize an application to the Local Agency Formation Commission in April. As a property owner within the annexation area, we invite you to participate in the process by attending one or more of these public meetings. You may also review related information and track these meeting dates by visiting: <http://www.slocity.org/communitydevelopment/annexation>.

Proposed Annexation and Boundaries. We have attached a preliminary map of the annexation boundaries, which include two proposed phases. If approved by the City Council, annexation of the first phase would begin in the spring.

No Property Owner Fees Associated With Annexation. Please remember that there are no fees associated with the first phase of this annexation process. The City of San Luis Obispo is covering all of the processing costs associated with this one-time “group” annexation. And, there are no required infrastructure or “buy-in” fees until new development is proposed (and even then, fees are only based on new floor area). If you have any questions about costs associated with future development, you are encouraged to contact us.

We know that some property owners in the annexation area have special concerns relating to allowed uses, plans for development, access to services and other issues. If you have any questions, comments or concerns about these issues or anything related to the annexation process, please contact Michael Codron or Claire Clark using the information provided below.

Sincerely,

Michael Codron, Associate Planner
Community Development Department
(805) 781-7175
mcodron@slocity.org

Claire Clark
Economic Development Manager
(805) 781-7164
cclark@slocity.org

city of san luis obispo
Airport Area Annexation
Phasing Plan

Legend

Proposed Phase

- First Phase (1A) - Spring 2007
- First Phase (1B) - Summer 2008
- Second Phase - To Be Determined

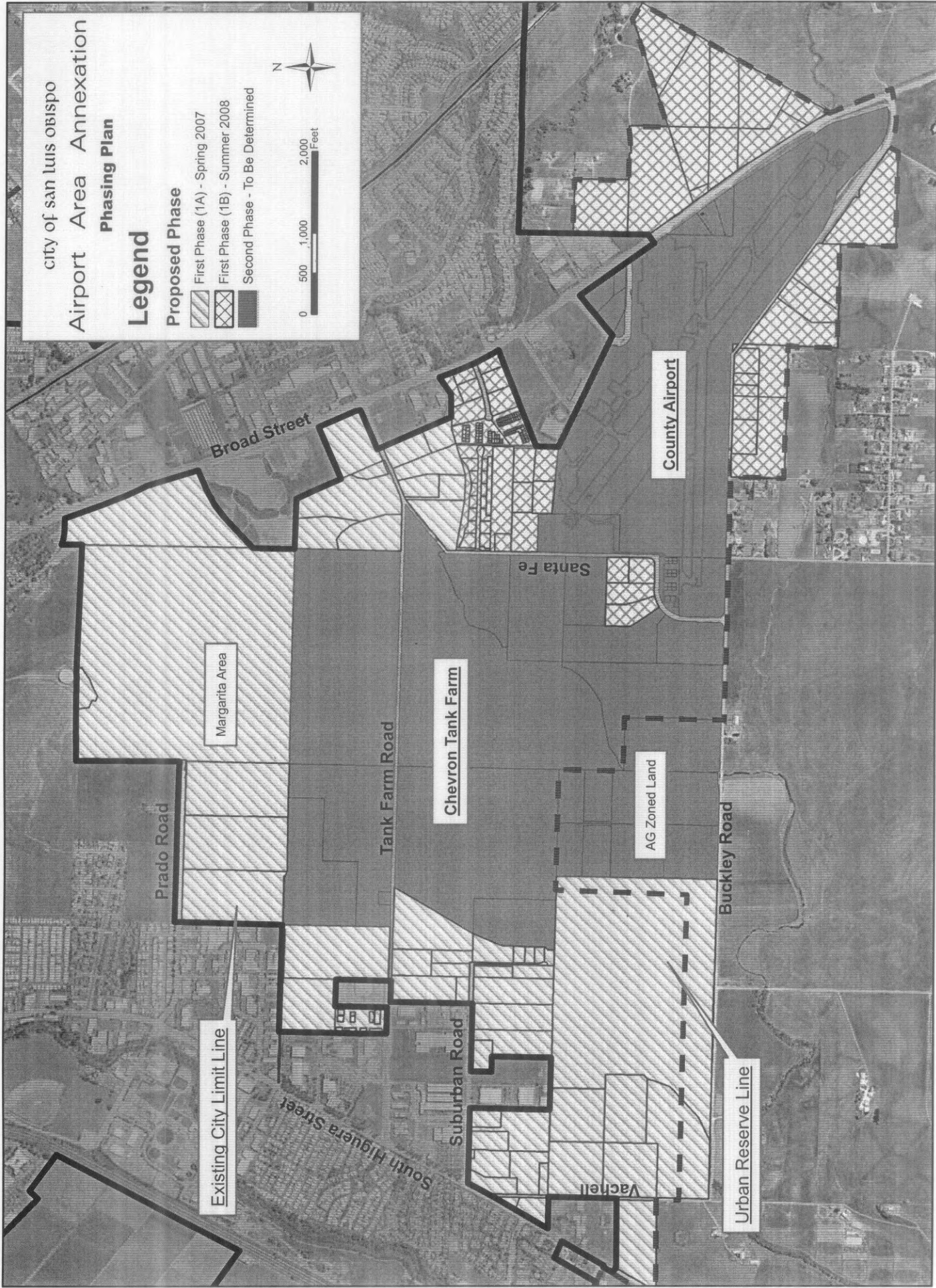
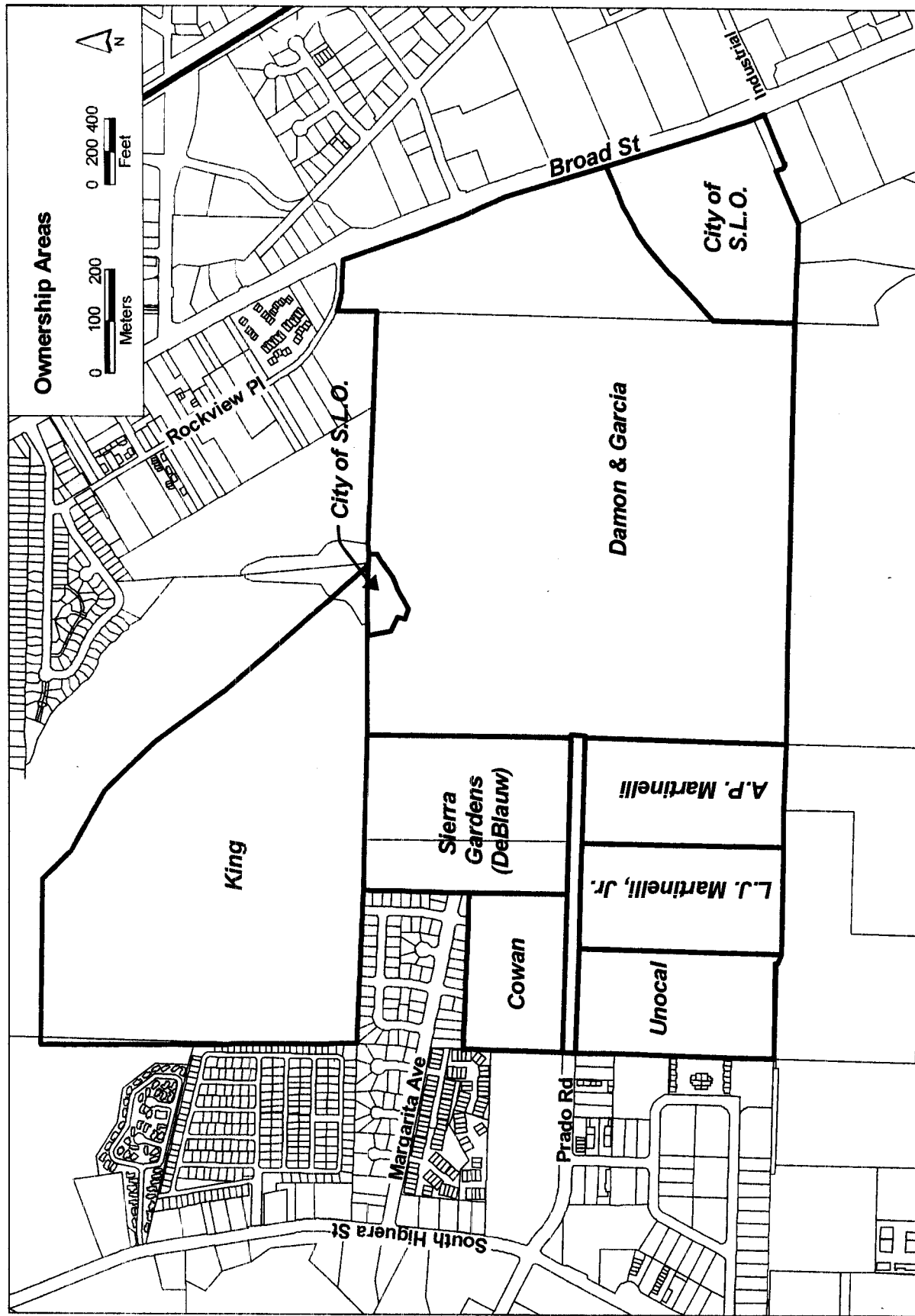


Table 1: Land Use Summary

Land Use	Zone	Area			Avg. Density		Dwellings /acre	Dwellings Number
		hectares	acres	%	/hectare			
Open Space								
Hills	C/OS-SP	75.4	186.2	44.8				
Greenspace	C/OS-SP	59.2	146.3	35.2				
Creek Corridors	C/OS-SP	7.0	17.2	4.1				
		9.2	22.7	5.5				
Parks		10.5	25.9	6.0				
Neighborhood Park	PF-SP	4.0	9.9	2.4				
Sports Fields	PF-SP	6.5	16.0	3.6				
		28.6	70.7	17.0				
Residential								
Low Density	R-1-SP	8.3	20.6	5.0	17	7	144	
Medium Density – Attached or Detached	R-2-SP	14.2	35.0	8.4	30	12	420	
Medium Density – Detached Only	R-2-SP	2.1	5.2	1.3	30	12	62	
Medium High Density	R-3-SP	3.7	9.1	2.2	44	18	164	
High-Density	R-4-SP	0.3	0.8	0.2	60	24	19	
Neighborhood Commercial		1.3	3.1	0.8				
Low-density housing allowance	C-N-SP	0.4	1.0	0.3	17	7	7	
Medium-density housing allowance	C-N-MU-SP	0.9	2.1	0.5	30	12	24	
Special Use	C-N-SP	0.4	0.9	0.2				
Business Park		28.0	68.8	16.6				
Business Park/office character (<i>office</i>)	O-SP	4.4	10.9	2.6		1 unit/lot	28	
Single-story limitation	C-S-SP	2.5	6.1	1.5				
Outdoor use area	C-S-SP	2.2	5.4	1.3				
General Business Park	C-S-SP	18.9	46.6	11.2				
Circulation		24.5	60.5	14.6				
Streets		19.0	47.0	11.3				
Greenways	R- or O-	5.5	13.5	3.3				
Total		168.7	416.1	100.0			868	



Business Park, the plan is encouraging higher quality development that is in keeping with this important entry to the City from the Edna Valley.

One of the other principal reasons for designating the central portion of the planning area as Open Space is to be able to adequately protect and enhance valuable wetland and grassland habitat areas that exist on the Unocal property (see Chapter 3, Conservation and Resource Management for more detailed discussion). The land use plan is structured to ensure that these resources are part of an integrated open space system that is directly linked to adjoining open space resources. Specific Plan policies require preservation of these natural resources through the dedication of easements or fee simple ownership, along with enhancement in certain instances. In addition, prior to development on the Unocal property, a habitat enhancement plan must be approved by the City (see Policy 4.3.6: Tank Farm Site).

In order to enhance the area's sense of place, the Community Design chapter of this plan includes design guidelines that encourage the development of buildings and facilities that are responsive to the specific landscape and climatic characteristics of the area, as well as the historic development patterns and character of San Luis Obispo (see Chapter 5).

LAND USE PROGRAM

The land use program for the Airport Area allows for the development of up to 1073 acres (71% of the planning area) with a mixture of Services and Manufacturing, Business Park, and Government Facilities. The balance of the area is to be preserved as Open Space (346 acres), and an existing mobile home park (7.0 acres) will be retained. Table 4.1 shows the amount of land within each land-use designation, as well as the estimated development potential at full development of the specific plan area.

Table 4.1 n 2005 Version
San Luis Obispo Airport Area Specific Plan
LAND USE PROGRAM AND DEVELOPMENT CAPACITIES

Land Use Designation	Land Area		Floor Area at Buildout	
	Hectares	Acres	Sq. Meters	Square Feet
Open Space	139.9	346.1	n/a	n/a
Agriculture	31.9	78.8	n/a	n/a
Business Park	93.1	233.2	306,580	3,044,844
Services and Manufacturing	193.3	491.4	380,902	4,277,592
Government	145.3	341.9	6,164	66,350*
Medium-density Residential	2	7	n/a	n/a
Total	606	1498	447,031	7,388,786

*300,000 s.f. of floor area in aircraft hangars also proposed.

While roughly three quarters of the parcels in the planning area have some development on them, many are only partially developed (i.e., major portions of a parcel are unused or underutilized). Based on review of aerial photos, approximately 350 acres, appear to be developed and fully utilized (i.e., more than three quarters of its land area is developed for urban uses). Calculations from the aerial mapping indicate that the planning area currently has approximately two million square feet of building floor area (2,226,000 sf). As would be expected given the number of storage yards and other low-density uses in the area, floor area ratios are generally quite low, ranging from less than 0.01 to 0.46. This low floor area ratio is not consistent with City goals for a compact urban form. The existing uses alone do not represent the highest and best use of the area as envisioned in the General Plan and are not intensive enough to support urban services.

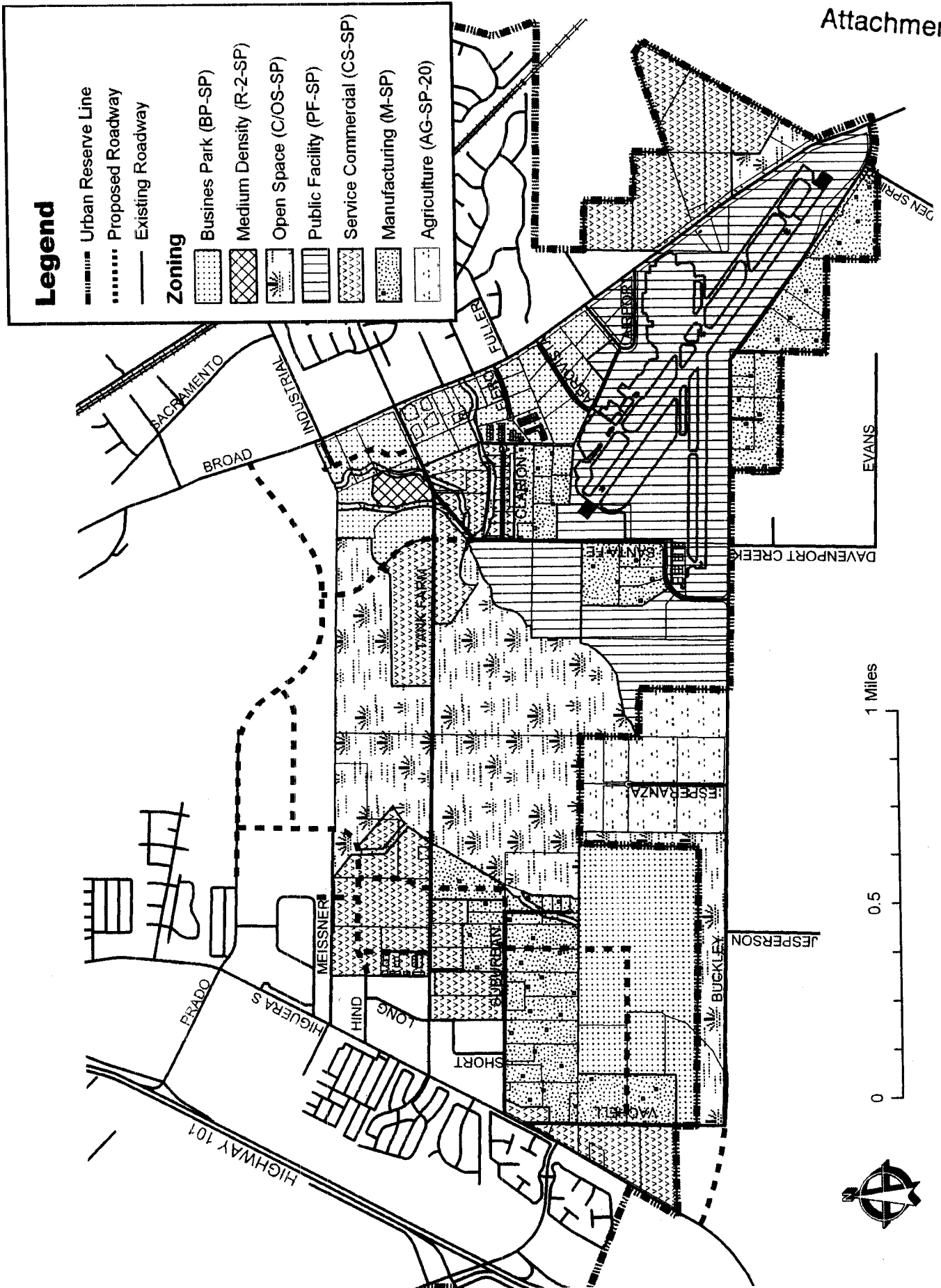


Figure 4-4 Planning Area Zoning

city of san luis obispo
Airport Area Annexation
Phasing Plan

Legend

Proposed Phase

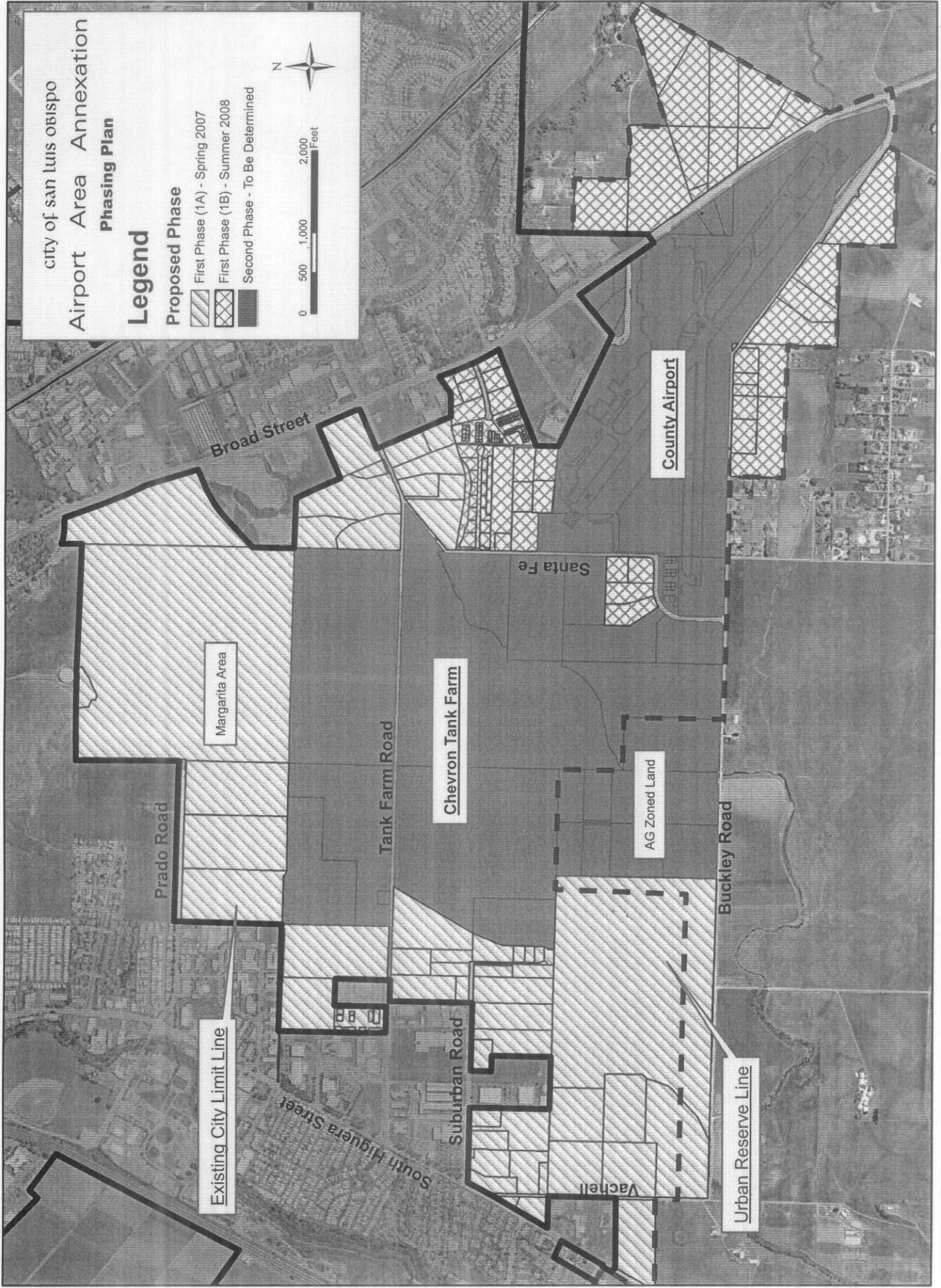
First Phase (1A) - Spring 2007

First Phase (1B) - Summer 2008

Second Phase - To Be Determined



0 500 1,000 2,000 Feet





Airport Area and Margarita Area Annexation

Plan for Services – June 2006

Contents:

1. Law Enforcement
 2. Fire Protection (Including Paramedic and Ambulance)
 3. Parks and Recreation
 4. Streets and Paths
 5. Public Transit
 6. Solid Waste and Recycling
 7. Government Services, Development Review and Code Enforcement
 8. Water and Wastewater
 9. Storm Drainage
 10. Affordable Housing
-

1. Law Enforcement

The San Luis Obispo Police Department provides a variety of law enforcement and community services. Police services are based at 1042 Walnut at the intersection of Santa Rosa (Highway 1) and Highway 101. Full-time staff includes 85 employees; 58 are sworn officers who perform law enforcement and management tasks. Currently, the Department also utilizes temporary employees equivalent to 2.7 full-time positions.

The Department is divided into two police bureaus, with a captain commanding each. The Operations Bureau consists of the Patrol Services Division, Traffic Safety Unit, and Neighborhood Services Division. The Administrative Services Bureau consists of the Investigative Division, Situation Oriented Response Team, Communications Division, Records Unit and training function.

According to the Safety Element of the City's General Plan, the Department has a 30% available-time objective for patrol officers. Available time is the portion of time that a patrol unit is not already on call or otherwise unavailable to respond to a new emergency call for service. The level of service in the annexed territory will be the same as in the rest of the city.

The Airport Area Specific Plan and Margarita Specific Plan indicate that the proposed annexation will drive the need for additional personnel and equipment to maintain the current level of service and meet the available-time objective for patrol response. The specific plans also indicate the potential need for a police substation/work area with urbanization of the area.

Resources are allocated to the Police Department through the City's 2-year budget and financial plan process. Requests for additional resources are weighed against other potential uses of the City's general fund. The City expects that service demands and revenues both will increase upon annexation. Increased service demands will continue approximately in proportion to the amount of new development in the area at a gradual pace over several years.

The level of service provided to the annexed territory will be the same as provided to the rest of the City.

2. Fire Protection (Including Paramedic and Ambulance)

The City of San Luis Obispo Fire Department provides emergency and non-emergency fire protection services in the City. Emergency services include fire response, emergency medical response, hazardous materials response, and public assistance. Non-emergency services include fire and life safety inspections, building inspections, fire code investigations, arson investigations, and public education. Additionally, the SLOFD is a member of a countywide team that responds to hazardous materials incidents throughout the County.

The Fire Department operates 4 fire stations and has a firefighter/population ratio of approximately 1 firefighter per 1,000 residents. Headquarters (Fire Station #1) is located on the corner of Broad Street and South Street, Fire Station #3 is located at 1280 Laurel Lane, and Fire Station #4 is located at the corner of Madonna and Los Osos Valley Road. The proximity of these stations to the Margarita Area and Airport Area provide for emergency response times of 4 minutes or less. The Fire Department's standard of coverage recommends that a three-person engine company, with paramedic, meet this standard 95 percent of the time. All SLOFD engine companies (first responders during an emergency call) ride with a paramedic.

The Airport Area Specific Plan and Margarita Specific Plan indicate that the proposed annexation will drive the need for additional personnel, including firefighters and inspectors, to maintain the current level of service.

Resources are allocated to the Fire Department through the City's 2-year budget and financial plan process. Requests for additional resources are weighed against other potential uses of the City's general fund. The City expects that service demands and revenues both will increase upon annexation. Increased services demands will continue approximately in proportion to the amount of new development in the area at a gradual pace over several years.

The level of service provided to the annexed territory will be the same as provided to the rest of the City.

3. Parks and Recreation

The Parks and Recreation Element of the General Plan establishes a standard of 10 acres of parkland per 1,000 City residents. The Margarita Area meets this requirement by

providing a 10-acre neighborhood park and 16 acres of improved sports fields. The Neighborhood Park will be created with development of the surrounding neighborhoods and will be dedicated to, and thereafter maintained by, the City. The Damon-Garcia Sports Fields were completed in 2005.

The Airport Area does not include parkland because no residential neighborhoods are proposed in this part of the annexation area. The Airport Area Specific Plan does identify opportunities for active and passive recreation. A large portion of the plan area is designated as open space and the plan includes financing for an extensive bike path system.

4. Streets Maintenance and Development

The proposed annexation boundaries have been created in consideration of the City's ability to maintain public infrastructure within the annexation area. The City's Pavement Management Plan was originally adopted in 1998 and provides the framework for the City's maintenance program. The heart of the program is computer software that analyzes the conditions of various street segments via special algorithms and then makes maintenance recommendations according to the available budget. The City has purchased **MicroPaver**, a program originally written by the Army Corps of Engineers to maintain military bases. This program is made available to the public via the American Public Works Department and the University of Illinois. It is continually updated and maintained by the Corps and is in use throughout the United States and worldwide. Maintenance of existing streets within the annexed territory will be accomplished by incorporating the new right-of-way areas into the pavement management program.

Within the annexation area, new development will be responsible for dedicating and improving right-of-way areas with streets, curb, gutter, sidewalk, street trees and necessary utilities infrastructure. After City acceptance of public improvements, new streets are incorporated into the pavement management program.

The specific plans for the Airport Area and Margarita Area include a primary and secondary street network, which shows the arterial and collector streets needed to serve new development. Local streets are not shown in either specific plan and their location will be determined during the review of subdivision plans as they are submitted to the City.

5. Public Transit

The City currently provides transit service to the SLO County Regional Airport and the specific plans for the Airport Area and Margarita Area include significant expansion of transit in this area. As development occurs, the potential for new or expanded bus routes will be evaluated in accordance with the potential routes identified in the specific plans. New development is responsible for providing transit facilities, such as turnouts, shelters and in some cases, smart signs that indicate how soon then next bus will arrive.

6. Solid Waste and Recycling

The City of San Luis Obispo contracts with San Luis Garbage Company for garbage, green waste and recycling services. San Luis Garbage disposes of solid waste at the Cold Canyon Landfill, which is a regional facility. San Luis Garbage also serves commercial and residential properties within the City's urban reserve and no change in service is expected for annexed properties.

The City also runs a construction and demolition debris recycling program (Municipal Code Chapter 8.05). The goal of the program is to divert the bulk of the materials generated from projects within the City of San Luis Obispo from the landfill and thus, extend the landfill's lifespan. Construction and demolition debris materials represent a significant percentage of the City's solid waste stream, with current estimates at 25 percent of the total tonnage. The program helps the City meet State-mandated requirements for solid waste reduction.

7. Municipal Services, Development Review and Code Enforcement

The City of San Luis Obispo will provide for municipal services within the annexed territory such as elections, public notices, development review, building permits and inspections, subdivision review, permitting and inspecting public improvements, and code enforcement. San Luis Obispo City government will provide for development review of all new development projects in accordance with the approved specific plans, and will coordinate with the County of San Luis Obispo with respect to on-going construction projects and active construction permits. Code enforcement activities in the annexed territory will be provided by a full-time staff member in the Community Development Department, in coordination with the Police Department and the City Attorney's Office. Government services are based at City Hall, 990 Palm Street, San Luis Obispo.

8. Water and Wastewater

As part of the Airport Area and Margarita Area Specific Plans, the City prepared related facilities master plans, including a Wastewater Master Plan Update, a Water System Master Plan, and a Storm Drain Master Plan. These plans insure the feasibility of providing urban services to the annexation area and guide the placement and expansion of the infrastructure needed to serve the area. Projects anticipated under the master plans include a new wastewater lift station on Tank Farm Road, an upgrade to the existing lift station on Calle Joaquin (Howard Johnson lift station), capacity upgrades at the Water Reclamation Facility, new backbone facilities for the water treatment and distribution systems, and three new bridges in the annexation area to insure that natural channels can accommodate storm flows.

Water Supply

The City of San Luis Obispo currently utilizes three sources of water supply to meet the community's water demand: Santa Margarita Lake (also referred to as Salinas Reservoir), Whale Rock Reservoir, and groundwater. The adopted safe annual yield from these three

sources for 2006 is 7,480 acre feet (af) which takes into account annual estimated reductions due to siltation at the reservoirs. In addition to these existing water supplies, the City will add an additional 130 af of water from the Water Reuse Project and 120 af from the expanded water conservation program this year. This will increase the City's safe annual yield to 7,730 af for 2006. The actual total city-wide water use for 2005 was 6,098 af which was about 2.3% lower than last year's use of 6,239 af.

For planning purposes, the City calculates present water demand at 145 gallons per capita per day (gpcd), which is equal to 7,218 acre feet on an annual basis. These means that there is 512 a.f. available for new development. The policies in the Water Management Element (WME) of the General Plan determine how available water is allocated to new development. Per WME Policy 8.1.3, one-half of the water available for allocation will be reserved to serve intensification and infill development within city limits existing as of July 1994. Therefore, in 2006, 256 acre feet is available to serve new annexation areas and 256 acre feet is reserved for infill and intensification projects.

The City's long term water supply requirements are summarized in the table below:

Primary Supply Requirements (acre feet)

Safe Annual Yield Required at Build-out	9,096
Current Safe Annual Yield (2006)	7,730
Additional Safe Annual Yield Required	1,366
Siltation (2007 to 2025)	190
Total Water Supply Requirement	1,556

Based on the General Plan build-out population of 56,000 and the per capita water use rate of 145 gpcd. the projected demand at full build-out is 9,096 acre feet per year (afy). The City is currently pursuing or considering the several supplemental water supply projects to meet the total supply requirement. The Water Reuse Project, the Nacimiento Pipeline Project, and increased water conservation strategies constitute the "top tier" strategy for developing additional water supplies. Other water supply projects include developing additional groundwater resources, a potential desalination facility, and the Salinas Reservoir Expansion Project.

Recycled Water

In 2006, the City's Water Reuse Project began delivering recycled water to several parks, sports fields, and other landscaped areas. Initially, approximately 130 acre-feet per year of recycled water will be used, offsetting potable water use for irrigation and making more water available for new development. The Water Reclamation Facility produces enough recycled water so that approximately 1,000 acre-feet per year could be delivered for irrigation in the future. The additional water will be used to irrigate new developments within the City as well as appropriate existing irrigation sites.

Recycled water will provide a reliable long-term source of water for the City. Since drought conditions have very little impact on this source of supply, a dependable water supply can be

delivered to the parks, playgrounds and similar landscape areas served by the project even during drought periods.

Nacimiento Pipeline

On June 29, 2004, the Council approved amendments to the General Plan Water and Wastewater Element, the Final Environmental Impact Report for the Nacimiento Project, and execution of the agreement with the County for 3,380 afy of water from the Project. The project is currently in the design phase and various consultants have been hired to provide specific services such as surveying, geotechnical, right-of-way acquisition, and preparation of plans and specifications.

The current project schedule anticipates completing design and obtaining necessary permits by early 2007 and construction beginning in July of 2007. Current project schedules estimate project completion and initial water deliveries by 2010.

Additional Water Conservation Programs

The Water Conservation Program is an integral part of the City's overall water management strategy and can actually be considered as a new source of supply contributing to our safe annual yield based on the water saved. Since the mid 1980's, the City has implemented water efficiency programs and policies that have enabled the City to decrease overall demand while the population continues to grow. In 1991, the City became one of the charter members of the California Urban Water Conservation Council and has implemented the organization's fourteen "Best Management Practices" (BMP's) regarding urban water conservation. The Memorandum of Understanding acts as a road map for the City's long-term water conservation program and signifies a commitment to the implementation of the BMP's.

As part of the 2003-2005 Financial Plan, Council approved funding necessary to expand the water conservation program to include a more aggressive water conservation program which would have an irrigation efficiency component

Savings from Expanded Conservation

Program	Goal for 1st Year Saving (af)	Actual Savings (af)
Landscape/Irrigation	90	100
Non-residential	20 to 25	20
Total	110 to 115	120

and a broadened commercial conservation program. The table below summarizes the estimated water savings that the expanded programs have achieved on an ongoing basis as of this year. These water savings are above the savings that have been achieved prior to 2003 through toilet retrofitting, public education, and other past water conservation programs. As indicated in the table, the irrigation efficiency component of the program has produced the largest water savings and therefore is the primary focus of the expanded program. The goal for the first year of the landscape portion of the program was a savings of about 90 acre feet of water. Conservation staff has developed a monitoring program that conservatively estimates the water savings to be 100 acre feet per year as of 2006.

Wastewater Collection

The City's Wastewater Master Plan Update (Brown and Caldwell, 2000) identifies the necessary infrastructure and provides for a fee program to support build-out of the specific plan areas. The three most significant projects anticipated in the Master Plan include a brand new lift station on Tank Farm Road, a replaced lift station on Calle Joaquin (Howard Johnson Lift Station) and capacity upgrades at the Water Reclamation Facility.

The airport area is divided into two catchment areas. The southwest portion of the area will flow to the existing Howard Johnson Lift Station, while the southeast portion will flow to the new Tank Farm Lift Station. The Tank Farm Lift Station is expected to come online during the spring of 2008. Until this facility comes online, the City will not allow existing or new development in the southeast portion of the annexation area to connect to sewer service.

Additional capacity is available to allow new and existing development to connect to City sewer service in the southwest portion of the annexation area. Existing unincorporated development along Tank Farm Road, Suburban Road and South Higuera will be able to connect to sewer service when their existing septic systems fail or sooner if they elect to. There is an existing 8" sewer main in Suburban Road with gravity flow to the Howard Johnson Lift Station.

Development in the Margarita Area will be required to extend sewer infrastructure into the area, which will flow by gravity to the Water Reclamation Facility.

9. Storm Drainage

On-site flooding and the potential for increased downstream flooding have restricted development potential in the proposed annexation area. When considering how to address storm drainage in the area, a number of objectives are identified in the Airport Area Specific Plan and Margarita Area Specific Plan. These include:

- Use the City's Drainage Design Manual and Waterways Management Plan as the basis for all detention requirements in the Specific Plan area.
- Provide a method for flood protection consistent with the City's Flood Damage Prevention Regulations.
- Maximize the opportunity for environmental enhancement of stream corridors and stormwater detention and conveyance facilities.
- Minimize capital expenditures.
- Provide opportunities for multiple-use of storm drainage facilities.

Initially, an area-wide drainage solution was envisioned for the Airport Area. This solution was referred to as the Storm Drain Master Plan and relied on significant creek channel modifications to keep storm flows within existing creek channels, modified natural channels, and in man-made by-pass channels. A regional detention basin south of

Buckley Road was proposed to detain water and prevent downstream flooding. After this solution was developed, the City's Waterways Management Plan was approved, which includes a Drainage Design Manual with standards for on-site storm water detention. Once it became evident that the costs of the original Storm Drain Master Plan were prohibitive, the Storm Drain Master Plan was revised to allow for on-site detention of storm flows, consistent with the Drainage Design Manual.

The following proposed improvements and development requirements comprise the revised Storm Drain Master Plan for the Airport Area, and also improve the upstream situation in the Margarita Area :

1. Remove and replace existing Acacia Creek Bridge at Tank Farm Road with a standard Caltrans 2-span concrete slab bridge.
2. Remove and replace existing East Branch San Luis Obispo Creek Bridge at Santa Fe Road with a standard Caltrans 2-span concrete slab bridge.
3. Remove and replace the existing Tank Farm Creek culvert facilities at Tank Farm Road with a standard Caltrans 2-span concrete slab bridge.
4. Apply the requirements of the City's Flood Damage Prevention Guidelines to proposed development within the Airport Area.
5. Apply the requirements of the City's Waterways Management Plan, Drainage Design Manual to proposed development within the Airport Area.

These proposed improvements, along with implementation of existing City-wide ordinances and requirements are expected to provide 100-year flood protection and provide for environmental enhancement of stream corridors. The analytical methods outlined in the Waterway Management Plan, Drainage Design Manual will be used to assist in the future design of flood control improvements.

10. Affordable Housing

New housing projects in the annexation area are planned principally in the Margarita Area and are subject to the City's Inclusionary Housing Requirement. The City's ordinance requires 15% of all new dwelling units in the expansion area to be guaranteed as affordable under one of the City's two affordability programs, long-term affordability or equity sharing. The Housing Element also provides for a reduction of the total number of units required if projects are designed to be high density, with small floor plans, in essence providing for affordability by design.

In addition to the affordable housing requirement for residential projects, new commercial projects that include over 2,500 square feet of floor area must provide affordable housing or pay in-lieu fees. The requirement is 2 affordable dwelling units per acre of land, or pay an in-lieu fee equal to 5% of the total cost to construct a project. The City uses the fees collected to support the Housing Authority and for specific affordable housing projects that meet eligibility criteria as specified by Council resolution.

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
City of San Luis Obispo
City Clerk's Office
990 Palm Street
San Luis Obispo, CA 93401-3249

APN: _____

DRAFT

**PRE-ANNEXATION AGREEMENT BY AND BETWEEN
THE CITY OF SAN LUIS OBISPO AND _____**

This annexation agreement is made and entered into this _____ day of _____, 2007, by and between the City of San Luis Obispo, a chartered municipal corporation, (hereinafter referred to as "CITY") whose address is 990 Palm Street, San Luis Obispo, California 93401; and _____, located at _____ (hereinafter referred to as "OWNERS"), pursuant to the authority of the City Charter and Section 56000, et. Seq., of the California Government Code. CITY and OWNERS shall hereinafter be referred to collectively as "PARTIES."

RECITALS

WHEREAS, _____ are the owners in fee of certain real property in the County of San Luis Obispo, commonly known as _____, APN # _____, further described in the attached Exhibit A and referred to herein as the "subject property"; and

WHEREAS, the subject property is proposed for annexation to the City of San Luis Obispo (City File No. ANNEX 172-05); and

WHEREAS, the Margarita Area Specific Plan (MASP)/Airport Area Specific Plan (AASP) and the related Facilities Masters Plans have been adopted for the purpose of identifying appropriate land uses for the subject property and other properties within the annexation area; and

WHEREAS, the MASP/AASP identifies the infrastructure needed to serve existing and/or future development of the subject property, including, but not limited to, utilities, water and sewer service, roadways, bikeways, transit lines, and drainage improvements, and includes mechanisms to finance these public improvements; and

WHEREAS, upon annexation the subject property is entitled to the same level of police and fire protection that is available to other new users in the City and subject to the same laws, rules, regulations, and fees; and

WHEREAS, to provide for the City's orderly growth and development, consistent with the General Plan, the PARTIES anticipate that the subject property will be annexed to the City pursuant to terms and procedures of the California Government Code 56000 et seq;

NOW THEREFORE, in consideration of the mutual promises, covenants and agreements stated herein, PARTIES agree as follows:

DRAFT

1. URBAN SERVICES. Upon annexation, the property shall be entitled to the full range of City services, including but not limited to water and sewer services, police and fire protection, and general government services, some of which are described below in more detail:

Water Service. CITY agrees to provide water service for fire fighting and domestic purposes to the subject property upon request of OWNERS, subject to the same laws, rules, regulations, and fees applicable to other new users in the City.

Use of on-site ground water for potable or non-potable uses may continue for existing on-site development, provided applicable County Health Department standards are met. Use of groundwater for new development will comply with City policies and standards. In the event of abandonment or failure of well(s), OWNERS shall comply with applicable State and County regulations regarding well abandonment. On-site non-potable water may be used for on-site landscape irrigation, subject to all applicable rules and regulations of the City, County of San Luis Obispo, and State of California.

Sewer Service. City agrees to provide sanitary sewer service to the subject property upon request of the OWNERS subject to the same laws, rules, regulations, and fees applicable to other new users in the City under similar circumstances.

Use of existing on-site septic systems may continue for existing on-site development, provided applicable County Health Department standards are met. Use of septic systems for new development will not be permitted. In the event of abandonment or failure of existing septic system(s), owner shall comply with applicable State and County regulations regarding septic tank abandonment and immediately connect to the City's sewer system. Should connection to City services be deemed infeasible due to sewer facilities not being extended into the area of the owners property in question, the owner may be allowed to repair or replace the failed septic system, at the discretion of the Utilities Director.

2. EXISTING AND FUTURE DEVELOPMENT POTENTIAL.

Upon annexation, the property may be developed subject to the same policies and property development standards that would be applied to other properties in the City under similar circumstances including, but not limited to, the General Plan the Margarita Area Specific Plan/Airport Area Specific Plan and other provisions of the Municipal Code and State Laws.

Non-Conforming Uses. Existing uses that were legally established but that do not conform to the list of allowed uses provided in the MASP/AASP, or the City's Zoning Regulations, may be allowed to continue indefinitely. When a non-conforming use ceases for a period of six months, the non-conforming status will be lost and new uses must conform to the list of allowed uses, as applied to other properties with the same zoning. With the approval of an Administrative Use Permit, one non-conforming use may be replaced with any other non-conforming use, provided the Hearing Officer determines that the new use has similar or less severe impacts on its surroundings in terms of noise, traffic, parking demand, hours of operation and visual incompatibility. A non-conforming single-family home may be continued without limitation.

2/12/2007

DRAFT

3. COMPLIANCE WITH CITY STANDARDS. Once annexed, the property will be subject to the same rules, regulations, laws, fees, and taxes that would be applied to other properties, residences, businesses, and customers in the City under similar circumstances including, but not limited to the Building Code, Fire Code, Zoning Regulations, environmental regulations (California Environmental Quality Act), fees, taxes (including business taxes and utility user taxes) and other provisions of the Municipal Code and State laws.

4. PROPERTY IMPROVEMENTS. At the time of future development or redevelopment, it shall be the responsibility of the OWNERS to install and/or pay for improvements and fees which may be required by permit, law, rule, or regulation.

5. TERM OF AGREEMENT. The term of this agreement shall begin upon the effective date of the annexation. The agreement shall remain in effect until modified or terminated by mutual consent of the PARTIES. In the event the annexation shall not become effective for any reason whatsoever, this agreement shall terminate and have no force and effect, as if it had never been entered into by the PARTIES.

7. SUCCESSORS, HEIRS, AND ASSIGNS. This agreement shall be recorded with the County Recorder and shall bind and inure to the benefit of the successors, heirs, assigns, and personal representatives of the PARTIES.

8. AMENDMENTS, TIME EXTENSION OR CANCELLATION. This agreement may be amended, extended, or canceled at any time by mutual consent of the PARTIES or their successors in interest.

9. WAIVER OF PROTEST RIGHTS. In exchange for the extension of City sewer services to the subject property, Owner expressly waives for itself and its successors, transferees, assignees, and subsequent purchasers of the Property, or any portion thereof, the right to challenge or contest the validity of the annexation and any condition of approval attached to any entitlement which is a part of any related development plan.

IN WITNESS WHEREOF, this agreement is executed on the date above stated at San Luis Obispo, California.

ALL SIGNATURES MUST BE NOTARIZED

OWNERS

BY: _____

2/12/2007

DRAFT

CITY OF SAN LUIS OBISPO, A Chartered Municipal Corporation

BY: _____
Mayor David F. Romero

ATTEST:

City Clerk Audrey Hooper

APPROVED AS TO FORM:

City Attorney Jonathan Lowell

2/12/2007

San Luis Obispo Municipal Code

Chapter 13.16**WATER AND SEWER SERVICE FOR PRIVATE USE OUTSIDE CITY LIMITS****Sections:**

13.16.010 City not to approve any provision of or entitlement to.

13.16.020 Exceptions.

13.16.010 City not to approve any provision of or entitlement to.

After the effective date of the ordinance codified in this chapter, the city shall not approve any provision or entitlement to water or sewer service for the use or benefit of properties outside the city limits. (Ord. 951 § 1, 1983)

13.16.020 Exceptions.

This chapter shall not apply to:

- A. Any property duly annexed after the effective date of the ordinance codified herein;
- B. Any public or private party with which the city had an effective agreement for provision of services prior to the effective date of the ordinance codified herein;
- C. Properties which currently receive city water or sewer service without a previously effective agreement;
- D. Provision of sewer service to the Hidden Hills Mobile Home Park, as provided in the State of California Water Resources Control Board Order. No. WOG 82-6. (Ord. 951 § 2, 1983)

City of San Luis Obispo
Airport Area Annexation
Fiero Lane Water Company Exhibit

Relocation of the existing effluent pond (1) must be completed by summer 2007 to accommodate extension of the airport runway. The effluent pond would be relocated to a development site east of Broad Street (2), requiring major private infrastructure improvements, such as a pipeline in Broad Street.



City Limit Line

(1) Location of Existing Effluent Pond

County Airport

(2) Location of Planned Effluent Pond

Urban Reserve Line

Broad Street Highway 221