



COUNCIL agenda report

Meeting Date	8-17-10
Item Number	DH1

CITY OF SAN LUIS OBISPO

FROM: John Mandeville, Community Development Director *gm*
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**SUBJECT: REVIEW STEPS TOWARDS THE CITY'S PROPOSED ANNEXATION
OF THE ORCUTT AREA (ANNX/ER-81-10)**

RECOMMENDATION

Receive public testimony and direct staff to:

1. Pursue a City sponsored annexation of the Orcutt Area consistent with the boundaries shown in Attachment 1; and
2. Return to Council on September 21, 2010 with an ordinance to pre-zone the Orcutt Area as recommended by the Planning Commission and a resolution approving the fee program; and
3. Endorse the use of a standard pre-annexation agreement between the City and interested property owners.

DISCUSSION

Background

The General Plan identifies the Orcutt Area as an appropriate location to meet the demand for housing in the City. The Land Use Element establishes adoption of a specific plan as a prerequisite to annexation and development of this area. On March 2, 2010, City Council adopted the Orcutt Area Specific Plan (OASP) and certified the Final Environmental Impact Report (FEIR) for the project (Council Reading File). At the time the Council adopted the OASP, they directed staff to begin the process of annexing the Orcutt area to the City.

The annexation process involves identification of the annexation boundary (Attachment 1), establishing a plan for services for the area (Attachment 2) and initiating the annexation application with the Local Agency Formation Commission (LAFCO). On July 26, 2010, City staff sent a copy of the final draft of the OASP to Orcutt area property owners along with a letter describing the City's intent to move forward with annexation (Attachment 3).

This report provides an overview of the proposed annexation area, the basics of the annexation process, and a proposed pre-annexation agreement template. Staff will return to Council on September 21st with a request to pre-zone the annexation area, a resolution to commence the annexation process and a resolution to adopt a fee-program for development impact fees as described in the Public Facilities Financing Plan of the OASP.

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Annexation Area Description

Annexing the Orcutt Area will ultimately expand the City limits by 230.9 acres on the southeast boundary of the City limits. The area is bounded by Tank Farm Road to the south, Orcutt Road to the east and north, and the Union Pacific Railroad (UPRR) to the west. The area currently includes 21 parcels, with thirteen different property owners. Most of the area is currently unincorporated and has seen limited development under County rural residential and agricultural zoning. A map of the proposed annexation area has been provided in Attachment 1. One property along the eastern boundary of the project area (3811 Orcutt Road) is proposed to be excluded from the annexation area. This property was excluded because the property owner has consistently stated his objections to annexation; the property is adjacent to unincorporated land in the County; the property does not provide any key infrastructure for the OASP; and it is within an area identified as a later phase of the OASP.

At full buildout, the area will support between 892 and 979 homes. The OASP includes plans for open space preservation, parkland acquisition and improvement, new residential neighborhoods – including a small mixed-use commercial core – and public infrastructure to support the new development. The OASP contains detailed information on the acreage and location of each use, but the exact size of future parcels cannot be determined at the specific plan level.

The proposed annexation boundary would bring the majority of the specific plan area into the City limits in a single phase, with the City sponsoring the application through LAFCO. In accordance with the OASP and the recently certified Housing Element, annexation of the major portions of the specific plan area was to occur soon after adoption of the plan.

Annexation Process

1. City Role

In order to initiate annexation, the City must adopt an ordinance to pre-zone the property being annexed. Adoption of the Specific Plan updated the General Plan but did not actually pre-zone the individual properties with the associated zoning designations (i.e. R-3-SP or R-1-SP). This action is called “pre-zoning” because the zones will only apply to the property once the annexation is formally completed.

Next, the Council adopts a resolution of intent to annex the land within the boundaries of the annexation area pursuant to the Cortese-Knox-Hertzberg Act (CKH). The resolution indicates that the proposed annexation is in compliance with the adopted sphere of influence, delineates the boundary of the annexation request and is accompanied by a plan for services for the area (Attachment 2). The resolution of intention for annexation will include authorization for the Community Development Director to file an application with LAFCO.

The resolution requesting annexation (with the plan for services) and the pre-zoning action become part of the annexation application to LAFCO. While the City was the lead agency for the environmental review required for development of the Specific Plan, LAFCO must make an environmental determination for the annexation action. Typically, the environmental determination is done in the form of a Negative Declaration.

2. LAFCO Role

Once an application is made to LAFCO, notification of property owners and formal annexation proceedings begin. Attachment 6 provides an excerpt from the San Luis Obispo LAFCO 2010 Policies and Procedures publication which describes the annexation application and process. Ultimately, the LAFCO Board 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 County Recorder and to the State of California to be enacted.

3. Property Owners 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 but are not property owners also have protest rights. 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 the annexation proposal going to a vote of registered voters who live in the annexation area. Majority vote will determine outcome of the annexation request.
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 the annexation proposal going to a vote of registered voters who live in the annexation area. Majority vote will determine outcome of the annexation request.
Registered Voters	More than 50% of registered voters who live in the annexation area	Annexation is terminated

Of the 13 property owners, there is only one who has consistently objected to annexation over the last ten years, and staff is initially recommending this property remain outside of the annexation area. Otherwise, response to the annexation has generally been positive. Property owners primarily want to understand how the change will affect their day-to-day activities and the costs

associated with future development. Several property owners are already initiating the pre-application process to commence a review of development projects, consistent with the OASP.

Pre-Annexation agreements

Pre-Annexation agreements have been used by the City to facilitate the annexations undertaken in recent years. The agreements can address issues such as pending development entitlements, continuation of existing uses, stormwater facilities, water supply and wastewater facilities. Pre-annexation agreements are not as detailed as development agreements, and cannot provide for exceptions or entitlements that would not otherwise be available to the property being annexed. However they have been used to clarify assumptions about the property and reduce the potential for misunderstandings in the future. At this time, the City has not received any requests for pre-annexation agreements, however staff has included a standard format for such an agreement in the event an owner requests one (Attachment 7).

Annexation boundary

The goal of the annexation process is to complete annexation of the entire specific plan area under one action. City sponsorship of the application through LAFCO is intended to encourage property owners to look favorably upon the annexation (it will not cost them anything) and to facilitate housing development and associated infrastructure improvements. Council may wish to amend the annexation boundary map (see alternatives on page 5), and a revised map could be provided along with the pre-zoning and fee ordinance information when staff returns to Council on September 21.

The OASP contains a development phasing plan that reflects logical sequencing for infrastructure provision. Annexation is proposed to occur in a single City-sponsored effort rather than as a phased approach in response to owner-initiated applications for development. A single phase annexation approach makes more sense in order to delineate clear and logical boundaries for service provision, acquire open space dedication and provide emergency response. In addition, annexation will ensure that development that does occur in the area meets the City's development standards as expressed in the OASP.

Fee Resolution for the OASP

City staff worked with its financial consultant to finalize the fee program for development in the Orcutt area. In March of this year, the City Council reduced the Orcutt area project-specific impacts fees from \$19,265 to \$17,181 per single family home. The multi-family unit impact fees were reduced from \$13,904 to \$12,448 per unit. These reductions were possible partly because the Council approved a 50% cost sharing for the Industrial Way bicycle/pedestrian bridge project. Chapter 8 of the OASP contains details regarding the public facilities to be financed as part of the fee program and the per-unit cost of those facilities. A more complete description of the fee program will be included when the proposed fee resolution returns to the City Council for action.

CONCURRENCES

The Plan for Services has been created with the involvement of City Utilities, Fire, Police and Public Works Departments. City staff has been working closely with LAFCO staff regarding

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preparation of the formal annexation application.

FISCAL IMPACT

1. **One-Time Costs.** Annexation of the first phase of properties is proposed at the City's cost. The LAFCO application fee is approximately \$13,000 and filing fees for the State Board of Equalization are also required (approximately \$2,500). Staff is recommending that Council re-assign the amount needed for the OASP annexation effort from the \$20,400 in funding approved for the annexation application for Phase 1B of the airport area as part of the 2009-2011 Financial Plan. Several factors have lead to the delay of annexation efforts for the remainder of the Airport Area. LAFCO staff has indicated that the entire remainder of the Airport Area Specific Plan should be included in a subsequent request (including the airport itself) and the Chevron project has proceeded sooner than expected. Additional work will be required to work through issues associated with these two changes and therefore the funds associated with the Airport Area annexation can be re-assigned to an application that is ready for processing.
2. **Ongoing Cost and Revenues.** The OASP was shown in the adopted Land Use Element as a residential expansion area and evaluated as part of the adopted General Plan. When the General Plan was prepared, it was accompanied by a fiscal impact analysis of on-going costs and revenues, which found that, in its entirety, the General Plan was fiscally balanced. The proposed annexation is consistent with and implements the General Plan and the specific plan prepared to guide development of this area. The fiscal impact of this annexation contributes to the overall balanced General Plan.
3. **Annexation and Tax sharing.** In 1996, the County and the incorporated Cities collaborated to develop a basic tax-sharing agreement for annexations (Joint Resolution 01-96). In 2007 when the City began the process to annex Phase 1A of the Airport Area, the City agreed to phase in sales tax revenue transfer over a five year period to assist the County during trying fiscal times.

After the OASP annexation application is filed, LAFCO staff will authorize the City and the County to begin negotiating the tax-sharing agreement that becomes part of the annexation action. This negotiation occurs once the pre-zoning has been adopted so that information regarding the assessed value of each property and the potential tax implications can be understood during the negotiation process. According to Joint Resolution 01-96, for land that is primarily zoned residential, the County retains the existing property tax base and two-thirds (66%) of the future property tax increment. For undeveloped land that is pre-zoned for commercial development, the County retains the existing property tax base and all of the future property tax increment while the City retains the sales tax from the area. LAFCO staff has indicated that the City and County will negotiate the tax sharing agreement using the guidance under Joint Resolution 01-96 and from the CKH act which specifies that annexations should be "revenue-neutral" for the jurisdictions involved.

ALTERNATIVES

1. The area proposed for annexation excludes property owned by Paul Garay that borders Orcutt Road near the center of the OASP boundary. Mr. Garay has specifically requested to remain

outside of the annexation area and wishes to remain under the jurisdiction of the County. However, the Council may determine that this property should be included, consistent with the overall scope of the OASP and consistent with LAFCO policies that would discourage the isolation of specific parcels within the annexation area. This alternative is not recommended because it may potentially delay or derail the annexation process if Mr. Garay encourages other property owners or registered voters to protest the annexation.

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 benefit to both the City and the property owners by clearly defining expectations.
3. 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:

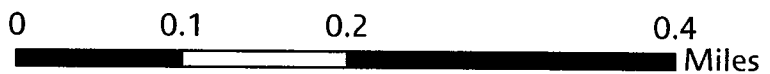
- Attachment 1: Proposed Annexation boundary map
- Attachment 2: Draft plan for services
- Attachment 3: Letter to Orcutt Area property owners
- Attachment 4: City Council resolution adopting OASP and General Plan Amendment
- Attachment 5: Table 1.1 OASP Land Use Summary
- Attachment 6: Excerpt from San Luis Obispo LAFCO procedures
- Attachment 7: Draft pre-annexation agreement

Reading File: Orcutt Area Specific Plan

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Orcutt Area Annexation Attachment 1



- New City Limit
- Current City Limit



Orcutt Area Annexation

Plan for Services – August 2010

Contents:

1. Law Enforcement
2. Fire Protection (Including Paramedic and Ambulance)
3. Parks and Recreation
4. Public Areas Maintenance
5. Public Transit
6. Solid Waste and Recycling
7. Government Services, Development Review and Code Enforcement
8. Water and Wastewater
9. Storm water facilities
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 86 employees; 59 are sworn officers who perform law enforcement and management tasks.

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 Orcutt Area Specific Plan indicates that the proposed annexation area will be served by the City Police Department. The Orcutt area is located approximately 3 miles from the police department at 1042 Walnut Street, from which response time is expected to be less than 5 minutes. In addition, units are often patrolling in more proximate areas that may result in a shorter response time. Finally, the County also has law enforcement services available at the San Luis Obispo County Airport that could provide mutual aid response in an emergency, if needed.

The Orcutt Area Specific Plan indicates that development of the Orcutt Area will increase the City's population by approximately 2,000 residents at build-out of the plan – an increase of approximately 4%. The City expects that service demands will gradually increase as development occurs in the Orcutt area in proportion to the amount of new development over the life of the plan. Development of the Specific Plan Area will likely drive the need for additional personnel and equipment to maintain performance at 30% available time for all patrol officers. 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 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 (SLOFD) 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, building plan checks, 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 42 full-time firefighters on staff. Headquarters (Fire Station #1) is located on the corner of Broad Street and South Street and houses the administrative offices, the Fire Prevention Bureau, a maintenance shop and training facility. Fire Station #3 is located at 1280 Laurel Lane and would serve the area. Station 3 typically has a staff of two firefighters and one paramedic and equipment for one three-person fire engine and can typically reach the area within the desired four minute response time. In addition, Fire Station #4 is located at the corner of Madonna and Los Osos Valley Road. The Fire Department's standard of coverage recommends that a three-person engine company, with paramedic, be available on all shifts 95 percent of the time. All SLOFD engine companies (first responders during an emergency call) include at least one paramedic.

The Orcutt Area Specific Plan indicates that Fire Station. 1 and 3 would provide the first response. Depending on the incident, Fire Stations 2 and 4 may also respond to provide back up.

The Orcutt Area Specific Plan indicates that development of the Orcutt Area will increase the City's population by approximately 2,000 residents at build-out of the plan – an increase of approximately 4%. The City expects that service demands will gradually increase as development occurs in the Orcutt area in proportion to the amount of new development over the life of the plan. Mitigations to address fire safety and access concerns (such as circulation improvements, non-combustible exteriors and defensible space requirements) have been addressed in the plan.

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 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 Orcutt Area meets this requirement by providing a 12-acre neighborhood park, 4.3 acres of pocket parks, and development of approximately 4 acres of parkland as a joint use facility on a future elementary school site in the area. The Neighborhood Park will be created with development of the surrounding neighborhoods and will be dedicated to, and thereafter maintained by, the City.

4. Public Areas Maintenance

The proposed annexation boundaries have been created in consideration of the City's ability to maintain public infrastructure within the annexation area. The City will maintain public facilities in the Orcutt Plan Area including parks, open space, and creek corridors; public streets; bicycle lanes and paths; and pedestrian paths. Street maintenance includes roadway pavement and markings, curb, gutter and sidewalk, and signs, street lighting, and signals. Adjacent properties will maintain the curb strip (planted area between the curb and the sidewalk) except for trees in the curb strip, which are maintained by the City. Maintenance of planting strips and other streetscaping along "A", "B", "C", and "D" Streets, Bullock Lane, Orcutt Road, and Tank Farm Road will be the responsibility of a Master Homeowners Association. A Master Homeowners Association or homeowners associations by individual development will also be responsible for maintenance of detention basins in the Orcutt Area. Privately owned but shared outdoor areas, such as condominium common areas, will be maintained by homeowners' associations. The owners of the multi-family apartments will maintain privately owned common outdoor areas such as children's playgrounds and outdoor greens.

Within the annexation area, new development will be responsible for dedicating and improving right-of-way areas with streets, curb, gutter, sidewalk, street trees, bike lanes, parks, paths and necessary utilities infrastructure. After City acceptance of public improvements, new streets are incorporated into the pavement management program. The Specific Plan does not show local streets as their location will be determined during the review of subdivision plans as they are submitted to the City.

5. Public Transit

The City expects to continue to provide citywide bus service through a contract operator and intends to extend service into the Orcutt Area as street connections and development are completed as resources and ridership allow. Potential bus routes and stops are provided in the plan; however, final routes, stops, and schedules are not included in the

Specific Plan and will be determined in consultation with the transit authority. Regional transit agencies are expected to continue providing connections between San Luis Obispo and other points in the county. Existing transportation services provided by Amtrak, air carriers and bus charter companies are expected to continue. New development is responsible for providing transit facilities, such as turnouts, shelters and in some cases, smart signs that indicate how soon the 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. The Orcutt Area will be required to meet these standards.

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.

The level of service provided to the annexed territory will be the same as provided to the rest of the City and will be subject to applicable service fees. Government services are based at City Hall, 990 Palm Street, San Luis Obispo.

8. Water and Wastewater

Water Supply

Currently, water to the majority of properties in the Orcutt Area is provided by wells on the individual properties. Several properties near the intersection of Orcutt Road and Johnson Avenue and fronting on Bullock Lane are already served by City water lines. New 12-inch diameter public water mains will be constructed along the proposed

residential collectors, "A", "B", "C", and "D" Streets. These lines will connect to the 8-inch and 12-inch water mains along Bullock Lane, Orcutt Road, and Tank Farm Road to provide a looped water supply. Water for the Righetti Ranch home open space area will be provided by a connection to the existing water line in Tank Farm Road. Pressure regulating valves or other appurtenances may be needed as a part of the required water system improvements to be certain that the new area interacts properly with the existing water system.

Based on the proposed units of residential and commercial development and the City's water-use factors, proposed development in the Orcutt Area is anticipated to require approximately 220 acre-feet per year of potable water for residential and commercial uses (including private landscaping). An additional estimated 30 to 40 acre-feet of water would be used for landscaping for common outdoor areas in the multi-family residential developments and for commercial and public landscapes such as the Neighborhood Park and linear park. Consistent with the City's 2007 *Water Reuse Master Plan*, commercial and public landscape areas will utilize recycled water. Any irrigation needed to establish or maintain vegetation in the storm water detention and riparian enhancement areas will be required to use recycled water.

Potable water for the Orcutt Plan Area will be supplied from the City's multi-source water supply. The City has five sources of water to meet the community's water demands: Salinas Reservoir (also referred to as Santa Margarita Lake), Whale Rock Reservoir, groundwater, recycled water, and beginning in the fall of 2010, Lake Nacimiento. With these available water resources, the City Council adopted major revisions to the City's Water and Wastewater Management Element on July 6, 2010 which establishes policies relative to water and wastewater services. Relative to water resources, the new policies establish that the City will account for water supplies necessary to meet three specific community needs as discussed below:

1. Primary Water Supply – The primary water supply is the amount needed to meet the General Plan build-out of the City. The quantity of water needed for the City's primary water supply needs is calculated using a ten-year average of actual per-capita water use and the City's build-out population as identified in the City's adopted Land Use Element of the General Plan.
2. Reliability Reserve – The reliability reserve provides a buffer for future unforeseen or unpredictable long-term impacts to the City's available water resources such as loss of yield from an existing water supply source and impacts due to climate change. The amount of the reserve is established as the current City population times twenty percent of the ten-year average of actual per-capita water use.
3. Secondary Water Supply – The secondary water supply is the amount needed to meet peak water demand periods or short-term loss of City water supply sources. The City's secondary water supply is identified as any water supply resources above those needed to meet the primary water supply and reliability reserve.

With the City’s available water resources, the City can meet the water supplies needed for full build-out of the General Plan, which includes this annexation area, as well as providing water for the reliability reserve and secondary water supply as shown in the table below.

2010 Water Supply Accounting

Total Water Supplies	Primary Water Supply	Reliability Reserve	Secondary Water Supply
9,950 acre-feet	7,894 acre-feet	1,241 acre-feet	816 acre-feet

The new development will incorporate water conservation features such as low-flow faucets and showerheads, drought-tolerant landscaping, and drip irrigation systems. Non-potable water for public landscaping will be provided through the City’s recycled water distribution system. Point of connection to the City’s water reuse system and location of the reclaimed water main in the Orcutt Area are shown in Figure 6.1 in the OASP. The new development will also utilize a dual-water system to allow use of City recycled water for public landscaping in the parks, landscaped buffers, the community commercial mixed use area, and common outdoor areas in the multi-family residential areas. Commercial mixed use and multi-family development projects will include reclaimed water irrigation systems in their landscaping plans.

Special care shall be given to all development plans, especially when recycled water will be implemented in phases or in conjunction with the use of well water, to ensure that all regulations regarding the use of recycled water are met and maintained. One of these regulations prohibits the use of recycled water within 50 feet of any potable well.

The City’s goals to maximize the use of recycled water may result in requirements to install recycled water mains beyond the limits shown in Figure 6.1 in the OASP. Such recycled water main extensions may be eligible for reimbursement by the City and/or future development in the area, when the extensions are required to be installed beyond that needed to serve the proposed development.

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.

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Wastewater Collection

The City's wastewater collection system conveys approximately 4.1 million gallons per day (mgd) to the City's Water Reclamation Facility (WRF). The current treatment capacity of the WRF during dry weather conditions is 5.1 mgd of wastewater. Therefore, the estimated remaining capacity is 1.0 mgd or 19.6 percent of the total wastewater treatment capacity. The City's Wastewater Master Plan identified that the WRF will be at capacity when the City's population reached 50,000.

Individual septic tanks currently provide wastewater treatment for the majority of properties in the Orcutt Area. Wastewater from the area covered by this specific plan will be conveyed to a new sewer that will cross under the railroad at Industrial Way. Wastewater will then be conveyed down Industrial Way to a new 10" sewer in Broad Street. Alternatives to this configuration may be considered by the City in order to avoid a new railroad crossing, if it can be demonstrated that adequate capacity is available in existing sewer mains near the Orcutt Area.

The completed development will generate an estimated 149,000 gallons/day of wastewater from the residential area and 2,000 to 3,200 gallons/day from the mixed-use area. This estimate is based on the City's standard wastewater generation rate of 190 and 120 gallons per day/unit for single-family and multi-family residential uses, respectively and 0.20 gallons per day/square foot of commercial space. The City's wastewater treatment plant still has remaining capacity, and planning has begun on an upgrade project that will meet the needs of General Plan build-out.

Total wastewater flow for the proposed project was estimated by the City's Utilities Department to be 152,000 gpd. Based on these estimates, buildout of the Orcutt area would utilize approximately 15 percent of the WRF's current remaining capacity. It is expected that the capacity improvements will be in place prior to General Plan buildout. Depending on the timing of needed improvements relative to the pace of development and construction in the City, however, a temporary resource deficiency could occur. If any particular project results in a demand that would exceed available capacity at the wastewater treatment plant, building permits could be delayed until the needed capacity is available. The cost of providing the additional capacity will be incorporated into the City's Wastewater Impact Fee structure. Pre-annexation agreements can be utilized to establish criteria for when any existing buildings will be required to connect to the sewer system and pay the associated Wastewater Impact Fee.

9. Storm water facilities

The Orcutt Planning Area is located within the watershed of the East Branch of San Luis Obispo Creek. Drainage features on the site include seven small perennial streams, five of which join together mid-site into one channel. The site has two distinct drainage sub-areas. Both are tributary to San Luis Obispo Creek. The Orcutt Area has no Flood Zone 'A' or 'B' areas ('A' indicates the areas of 100-year inundation). The proposed Drainage Master plan for the Orcutt Area meets the City's existing requirements for storm water management in new developments and complies with the City's Waterway Management

Plan (WMP). The project also incorporates best management practices for stormwater quality control.

The drainage plan proposed for the Orcutt Area includes a shared basin that provides detention for several subareas within the Specific Plan. Subareas not participating in the shared basin will be required to provide their own detention facilities. The grading plans and creek plans that affect the drainage will adhere to the WMP recommendations to establish a constructed natural channel. These standards result in a creek channel that has increased habitat value as well as adequate hydraulic capacity and stability to address area drainage. Storm water runoff quality will be addressed for both Construction and Post-Construction phases of the project. Sediment control during construction will be addressed through a detailed Storm Water Pollution Protection Plan (SWPPP) prepared for each grading project over 1 acre in disturbance. Construction Phase impacts will be addressed by the implementation of Best Management Practices (BMP's) during construction, and erosion control plans. The Specific Plan also will utilize BMP's for post construction stormwater quality.

The primary method of treating storm water quality will be bio-filtration: typically comprised of drainage areas that retain and filter water and any associated pollutants through vegetation and soils. Bio-filtration is the most effective long-term method for improving stormwater runoff quality. These facilities will be located where the soil conditions are appropriate and located to treat runoff containing pollutants (i.e. oils and or sediments) where the site design is compatible. Types of facilities that may be used in different site locations include bio-swales, detention basin forebays (which may also be designed to function as a floodable terrace). Runoff from parking lots and outdoor storage areas should be treated as close to the source as possible. Bio-filtration facilities should be located near these sources of runoff, or the site should include pervious surfaces so that runoff and pollutants are minimized. Buffers on streams and wetlands will also be designed to optimize infiltration and minimize flooding impacts.

After development, a sizeable portion of the Orcutt Area will remain in open space and parks and storm water runoff from those areas will be relatively unchanged. However, development areas will generate additional surface runoff during storms. The WMP indicates that storm water detention should be used in areas where there are downstream capacity limitations, and where detention analysis indicates that it would be beneficial. Storm water detention basins are proposed for the Orcutt Area, consistent with the surrounding Edna/Islay developments and the recommendations of the *1999 Airport Area Storm Drainage Master Plan (AASPDMP)*.

Considering the above, the basins proposed in the Specific Plan utilize the following criteria to be consistent with the WMP, the hydrological study, and to be compatible with the surrounding area drainage, applied at the basin outlet:

- ✓ Reduce 100-year post development peak runoff to 25-year pre-development rate.
- ✓ Reduce 50-year post development peak runoff to 20-year pre-development rate.
- ✓ Limit 10-year post development peak runoff to 10-year pre-development rate.
- ✓ Limit 2-year post development peak runoff to within 5 percent of the 2-year pre-development rate.

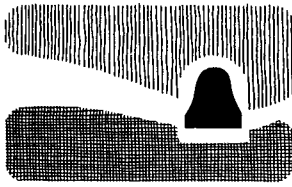
The EIR analyzed the regional impact of the proposed basins designed to the above standards, and used analysis methodology consistent with the City's adopted WMP. The EIR concluded that the detention basins provided sufficient mitigations such that there were no significant impacts to downstream receiving streams.

10. Affordable Housing

San Luis Obispo has adopted an inclusionary housing program that requires all new development projects to include affordable housing units, dedicate real property for affordable housing, or pay an in-lieu fee to increase affordable housing opportunities Citywide. In residential annexation areas like the Orcutt Area, at least 5 percent of the new housing must be rented or sold at prices affordable to low income households. Another 10 percent of the new housing must be available for moderate income households. New housing in San Luis Obispo must address the community's urgent need for affordable housing. For housing to qualify as "affordable," the housing developer must guarantee that the housing units will be developed and maintained in a manner consistent with the City's Affordable Housing Standards, which are updated annually with maximum sales prices and income limits for potential purchasers of affordable homes.

The Orcutt Area Specific Plan includes policies and programs that require the affordable housing to be constructed within the Orcutt Area. The affordable housing requirement will be met either by dedicating land in new subdivisions to the San Luis Obispo Housing Authority, or other City recognized low-income housing developer, or by building affordable units as part of the project. Property owners may also work together to coordinate development of the required number of affordable units (5% low and 10% moderate). When land is dedicated in-lieu of providing the affordable housing units, all frontage improvements and off-site improvements required to serve the affordable housing development shall be installed by the market-rate housing developer.

In addition to the programs that require affordable housing to be built within the Specific Plan area, residential development standards allow lot sizes as small as 3,000 sq. ft in order to encourage smaller lot development. This has the potential to increase the amount of housing that is "affordable by design".



city of san luis OBISPO ^{Attachment 3}

Community Development Department • 919 Palm Street, San Luis Obispo, CA 93401-3218

July 26, 2010

Dear Sir or Madam,

As you know, the City recently accomplished a major milestone in its efforts to plan for housing in the Orcutt Area by adopting the Orcutt Area Specific Plan (OASP) at the March 2, 2010, City Council hearing. The OASP includes land use policies, design guidelines and development standards that will apply to future development in the Orcutt Area.

Over the past few months, staff has been working with its financial consultant to finalize the fee program. As you'll recall, the City Council approved 50% cost-sharing for the Industrial Way bicycle/pedestrian bridge project, and agreed to pass on the savings from a grant used to widen Orcutt Road at Laurel Lane. Now that we have incorporated these final changes into the document, a final copy of the plan has been generated and is enclosed for your reference.

The final changes approved by the City Council in March reduce the Orcutt Area project-specific impact fees from \$19,265 to \$17,181 per single-family home. The multi-family unit impact fees were reduced from \$13,904 to \$12,448 per unit.

Now that a specific plan has been adopted, the Orcutt Area is eligible for annexation. The City Council authorized staff to begin this process so that development envisioned in the OASP can go forward when ready. However, annexation does not require anything of property owners that do not want to develop.

The City Council will consider the boundaries of the proposed annexation during a public hearing tentatively scheduled for August 17, 2010. While we would like to include all properties within the Orcutt Area, we understand that certain property owners do not want to be annexed. Unfortunately, the annexation rules established by the Local Agency Formation Commission (LAFCO) do not allow for any "donut holes" or "islands" of incorporated land in the Orcutt Area. As a result, the ability to "opt out" of the annexation is very limited.

This annexation is being offered at no cost to you, as a one-time program, to encourage cooperation during the process. The costs of annexation for an individual property can be in excess of \$20,000, so we believe this is the most cost-effective way for owners to move forward.

Please keep in mind that upon annexation you will not be required to hook up to City services or to change anything about your property until you are ready to develop. The actual annexation will not result in any change to your circumstances; you are not



The City of San Luis Obispo is committed to include the disabled in all of its services, programs and activities. Telecommunications Device for the Deaf (805) 781-7410.

DH-16

July 26, 2010

Attachment 3

required to develop your property until you are ready, and if the property is already developed, you can continue with business as usual.

You may have specific questions about your circumstances and we'd be happy to sit down with you to discuss the annexation procedure in more detail. The August 17th meeting will be just the first meeting in the process. You will continue to receive information regarding public hearings and decision points relative to the annexation as it progresses.

The City welcomes your participation in the annexation process. If you have any questions, please contact Phil Dunsmore, Senior Planner, for additional information. Phil may be reached at **781-7522**, or via email at **pdunsmore@slocity.org**. Michael Codron will also be participating in this process through his new office in the City's Administration Department.

We look forward to answering your questions about annexation and welcoming you to the City of San Luis Obispo.

Sincerely,

Phil Dunsmore
Senior Planner
pdunsmor@slocity.org
781-7522

Kim Murry
Deputy Director, Long Range Planning
kmurry@slocity.org
781-7274

PHI-17

RESOLUTION NO. 10154 (2010 Series)

A RESOLUTION OF THE CITY OF SAN LUIS OBISPO CERTIFYING THE FINAL PROGRAM ENVIRONMENTAL IMPACT REPORT FOR THE ORCUTT AREA SPECIFIC PLAN, ADOPTING THE ORCUTT AREA SPECIFIC PLAN, AND APPROVING GENERAL PLAN AMENDMENTS TO IMPLEMENT THE LAND USES APPROVED IN THE SPECIFIC PLAN (SP, ER 209-98)

WHEREAS, the City Council of the City of San Luis Obispo met in the Council Chamber of City Hall, 990 Palm Street, San Luis Obispo, California on March 2, 2010, for the purpose of considering a recommendation made by the Planning Commission to certify the Final Program Environmental Impact Report (EIR) for the Orcutt Area Specific Plan (OASP), adopt the OASP, and approve associated General Plan amendments to implement the land uses shown in the OASP; and

WHEREAS, the Planning Commission recommendation was based on public input received over the course of eight public hearings, and the advice and recommendations of other City advisory bodies including the Parks and Recreation Commission, the Bicycle Advisory Committee, the Cultural Heritage Committee and the Architectural Review Commission; and

WHEREAS, notices of said public hearings were made at the time and in the manner required by law; and

WHEREAS, the potential environmental impacts of the project have been evaluated in accordance with the California Environmental Quality Act and the City's Environmental Review Guidelines; and

WHEREAS, development of the Orcutt Area is expected to occur over a twenty to thirty year horizon, and therefore requires an intergenerational look at infrastructure requirements and planning for long-term City goals; and

WHEREAS, development of the Orcutt Area will be better served by City infrastructure, including police, fire, water and sewer service, and City streets, and described in the OASP; and

WHEREAS, the City Council has duly considered all evidence, including the testimony of the applicant, interested parties, and the evaluation and recommendations by staff presented at said meeting.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the City of San Luis Obispo as follows:

SECTION 1. EIR Certification. The City Council does hereby certify the EIR based on the *Findings of Fact and Statement of Overriding Considerations* included in Exhibit A, and subject to a Mitigation Measure Monitoring Plan maintained on file in the Community Development Department.

SECTION 2. Adoption of the OASP. The City Council does hereby adopt the Planning Commission Draft of the Orcutt Area Specific Plan and directs the Community Development Director to begin implementation of the Plan by working with property owners to develop a boundary map for a one-time, City-sponsored annexation, with the following changes:

1. References in the document to Skinner as a prior owner of the Righetti Ranch Housing property shall be replaced with the correct surname, Jacobson.
2. Chapter 5, Transportation, Policy 5.1c shall be revised as follows: *New individual driveway access onto Orcutt Road shall be prohibited under the Specific Plan. Existing driveways with access onto Orcutt Road may be used either for the existing number of units already constructed on land under one ownership or up to a total of two units for each existing ownership if not now constructed. Additional units above these thresholds shall require new road and intersection improvements as provided in this Specific Plan. Exceptions to this provision may be approved by the City Council for interim facilities approved as part of a subdivision phasing plan or development plan.*
3. Appendix A shall be revised with updated property information for the Taylor Property, as shown in Exhibit B.
4. Section 3.2.6 of the OASP shall be updated, as shown in Exhibit C, except the following sentence shall be inserted as the third to last sentence of the last paragraph: The City does not support Site C.
5. Chapter 8 shall be revised to incorporate a 50% obligation for the Orcutt Area to pay for the grade-separated railroad crossing at Industrial Way, with direction to City staff to pursue grants to fund the remaining 50% of the facility cost.

SECTION 3. Airport Land Use Commission. The adoption of the OASP shall become effective immediately following a determination by the Airport Land Use Commission (ALUC) that the OASP is consistent with the Airport Land Use Plan (ALUP). An ALUP consistency hearing is scheduled for March 17, 2010. In the event the ALUC conditions its determination of consistency on amendments to the OASP, the Community Development Director is authorized to make minor changes to the OASP to respond to concerns expressed by members of the ALUC relative to airport compatibility during the hearing. If the ALUC determines that substantial changes to the OASP are needed to achieve consistency with the Airport Land Use Plan, the adoption of the OASP shall not become effective until such time as the City Council has reviewed and approved those changes at a noticed public hearing.

SECTION 4. General Plan Amendments. The City Council does hereby amend the General Plan Land Use Map to implement the land use designations approved as part of the Orcutt Area Specific Plan, as shown in Exhibit D. Figure 2 of the Land Use Element shall be revised amending the location of the Urban Reserve Line, as shown in Exhibit E. These General Plan amendments are approved based on the following findings:

Resolution No. 10154 (2010 Series)

Page 3

1. The proposed amendments to the General Plan Land Use Map implement the Orcutt Area Specific Plan, by updating the General Plan with the land uses identified in the specific plan for Orcutt Area properties.
2. The land uses proposed for the Orcutt Area are consistent with the General Plan, which identifies the Orcutt Area as a residential expansion area.
3. The proposed amendments are necessary to implement the General Plan, which says that development in any part of the Orcutt Area may not occur until a specific plan has been adopted for the whole area.
4. The proposed Urban Reserve Line (URL) expansion is justified because the revised URL incorporates relatively flat land on the north side of Righetti Hill that is suitable for development, and excludes a similarly sized area on the upper slopes of the west side of Righetti Hill, which is not suitable for development.

Upon motion of Vice Mayor Carter, seconded by Council Member Ashbaugh, and on the following vote:

AYES: Council Members Ashbaugh and Settle, Vice Mayor Carter, and Mayor Romero
NOES: None
ABSENT: None
RECUSED: Council Member Marx

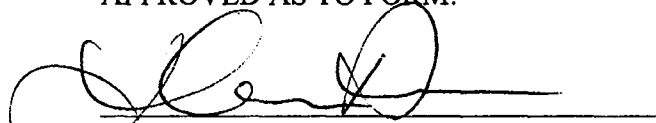
The foregoing resolution was adopted this 2nd day of March 2010.


Mayor David F. Romero

ATTEST:


Elaina Cano
City Clerk

APPROVED AS TO FORM:


J. Christine Dietrick
City Attorney

PH1-20

ORCUTT AREA SPECIFIC PLAN

1 Introduction

Development of the Orcutt Area will be phased to ensure that necessary public services and facilities are available to serve the approximately 2,000 new residents. The build-out potential for the Specific Plan Area is a range of 892-979 housing units with the fee program based on the average of 937 units. **Table 1.1** presents a summary of the proposed land uses in the Orcutt Area, and **Figure 1.3** illustrates the Specific Plan with proposed open space, parks, development areas, and roads.

TABLE 1.1 LAND USE SUMMARY

Land Use	Zoning	Acres	Density	Total Units (Estimated)	% of Orcutt Area
RESIDENTIAL					
Low Density Residential Detached single family, 4,500 - 15,000 sf. Lots	R-1-SP	51.0	Up to 7 du/acre ²	264	23.1
Medium Density Residential Detached/attached single family w/zero lot line; duplex units ¹ Minimum lot size of 3,000 sf.	R-2-SP	32.0	Up to 12 du/acre ²	276	13.5
Medium-High Density Residential Multi-plex units; mobile homes and multi family apartments ¹	R-3-SP	22.3	Up to 18 du/acre ²	336	9.0
High Density Residential Multi-family apartments ¹	R-4-SP	5.5	Up to 24 du/acre ²	103	2.4
Subtotal		110.8		979³	48.0
COMMERCIAL					
Community Commercial/ Mixed Use	CC-MU	2.75 ⁴			1.2
OPEN SPACE AND RECREATION					
Open Space	C/OS-SP	79.3			33.3
Parks					
<i>Neighborhood Park (ball fields, ball courts, playgrounds)⁵</i>	P-F-SP	12.0			4.7
<i>Trail Junction Park/Pocket Parks</i>	P-F-SP	4.3			1.6
<i>Potential joint use facility as part of future elementary school</i>	in residential zones	4.0			
Total Potential Parks		20.3			6.3
Central Detention Area/Floodable Terrace		4.8			2.0
Creeks		6.7			2.9
PUBLIC FACILITIES					
Roads Arterials, Collectors and major Local		14.6			6.3
TOTAL		230.9		979⁵	100.0

¹ These types of housing reflect examples of housing types within each residential category.

² This range reflects the maximum densities for residential development.

³ This figure represents max. development potential before affordable housing density bonuses.

⁴ This acreage is for CCMU and is expected to support 8,000 SF of retail and 8,500 SF of office space. The balance of the area will be devoted to residential in a mixed-use configuration.

⁵ This plan provides 12 acres total in the central neighborhood park. Dedication will be from two to three owners.



PROCEDURES

The following is a step-by-step guide to the basic procedures followed by San Luis Obispo LAFCO in considering proposed changes in local government organization. More detailed procedures can be found in the CKH Act and "A Guide to LAFCO Procedures for City and Special Districts Change of Organization and Reorganization" which are incorporated by reference into this policy document. All references in this section are to the Government Code unless otherwise specified.

Preliminary Steps

1. Proponent reviews proposal with LAFCO staff. Although this step is not required, a brief discussion with LAFCO staff before application submittal could save the applicant time. These following steps are suggested:
 - a. Call for an appointment.
 - b. Bring the following information:
 - (1) Assessor's parcel numbers (APNs) for individual lots or project maps for complex proposals.
 - (2) General plan and zoning designations.
 - (3) Development plans, if applicable. LAFCO generally requires approved development plans, such as tentative maps, specific plans, etc, when vacant territory is proposed for annexation to a municipality or district. A key consideration of LAFCO's review of annexation requests is the timing of the action. LAFCO discourages the annexation of vacant land until it can be demonstrated that services are required. Approved development plans also provide the information necessary to evaluate a proposal. The plans show what land uses are planned, the level of services required, how services will be provided, and the conditions under which service will be extended. They also enable LAFCO to evaluate the impact of a jurisdictional change on adjacent areas.
 - c. LAFCO staff will review procedures, information requirements, and fees.
 - d. Applicant should obtain application forms and ascertain what environmental documentation will be necessary.
2. Proponent prepares application material for proposal. More complex proposals may need additional information, but all proposals must includes the following:



- a. A certified resolution or petition of landowners/registered voters making the application. A petition or resolution of application shall include all of the following (56700):
 - (1) State that the proposal is made pursuant to the CKH Act.
 - (2) State the nature of the proposal and list all proposed changes of organization.
 - (3) Set forth a legal description of the boundaries of the affected territory accompanied by a map showing the boundaries.
 - (4) Set forth any proposed terms and conditions.
 - (5) State the reason(s) for the proposal.
 - (6) State whether the petition is signed by registered voters or landowner(s). (Not applicable to a resolution of application.)
 - (7) Designate not more than three persons as chief petitioners, setting forth their names and mailing addresses. (Not applicable to a resolution of application.)
 - (8) State whether the proposal is consistent with the spheres of influence of any affected municipality or district.
 - (9) Request that proceedings be taken for the proposal pursuant to this part.
 - (10) A resolution of application shall include a plan for services prepared according to CKH 56653.
- b. One copy of a metes and bounds legal description of the perimeter of the subject proposal.
- c. A Mylar, digital, or sepia parcel map of the subject property and ten prints.
- d. Two copies of a vicinity map of the subject property.
- e. One copy of any environmental documents (pursuant to CEQA) associated with the proposal if, however, an environmental impact report (EIR) associated with the subject proposal was prepared, 15 hard copies



of the certified EIR must be submitted with the application along with one digital copy. Only one copy of the EIR appendices is required.

- f. One large-scale topographical map of the subject property and a clear 8.5 by 11 inch map of the property.
- g. If the proposal includes annexation to a municipality, indicate that the annexing municipality has rezoned the property, such as a city council resolution approving the rezoning.
- h. Processing fees.

As with other public agencies, San Luis Obispo LAFCO is required to comply with the California Environmental Quality Act (CEQA) for purposes of considering the environmental impact of its actions. Each proposal must receive the appropriate environmental review for consideration by the Commission in making its decision. For a detailed discussion of environmental requirements, please refer to Section IV of these Guidelines.

LAFCO Proceedings

- 3. Proponent delivers a complete application to the LAFCO Executive Officer (Section 56652).
- 4. The LAFCO Executive Officer determines if:
 - a. The application is sufficient as required by law and issues a determination on its sufficiency within 30 days of submittal.
 - b. If LAFCO is to be the lead agency, then the environmental review is undertaken by LAFCO.
 - c. A satisfactory exchange of property tax has taken place. Master property tax agreements may be applicable or separate property tax exchange resolutions may be required. If negotiations leading to adoption of separate resolutions are required, either the County or any affected municipality must agree to a tax exchange or the County negotiates a property tax exchange on behalf of any Special District (Revenue and Taxation Code Section 99).
- 5. The LAFCO Executive Officer reviews the proposal and within 30 days of its receipt and either:
 - a. Determines that the application is complete (and that all property tax



agreements are on file) and issues a Certificate of Filing and sets the Commission hearing within 90 days; or

- b. Determines that the application is not complete and notifies the proponent (56658).
6. The LAFCO Executive Officer requests review of any information for the proposal from affected County Departments, affected agencies, and other affected counties' LAFCOs (56378).
 7. Proponents and/or LAFCO staff provides for a meeting with affected residents or landowners to give information and receive comments on the proposal (optional).
 8. The LAFCO Executive Officer, at least 21 days prior to the date set for hearing, gives notice by:
 - a. Publication in a newspaper of general circulation;
 - b. Posting near the door of the hearing room; and
 - c. Mailing to each affected agency which contains territory or whose sphere of influence contains territory within the proposal, chief petitioner(s), persons requesting notice, each municipality within three miles, and the County in the case of incorporation or formation.
 - d. Posting on the LAFCO website at www.slolafco.com.
 - e. For proposals requiring a public hearing, mailing to each registered voter and landowner within the affected territory and within 300 feet of the exterior boundary of the property that is the subject of the hearing. (This requirement may be waived if individual notices have already been provided by the initiating agency.) If this would require that more than 1,000 notices be mailed, notice may be provided pursuant to Section 65091.

Note: Some Commission actions can be made without a noticed hearing, such as annexations and detachments with written consent of all landowners. Notice and opportunity to request a public hearing must be given to agencies whose boundaries are affected (56157).
 9. The LAFCO Executive Officer reviews the application and any comments received and prepares the written report and recommendation. The report reviews pertinent factors and policies, spheres of influence, and general and specific plans.



10. The Executive Officer mails the report at least five days prior to the hearing to each Commissioner, each person named in the application to receive a report, each affected local agency requesting a report, each agency whose boundaries or spheres of influence will be changed, and the Executive Officer of the LAFCOs of any other affected county (56665).

11. The Commission hears the proposal on the noticed date and time. The hearing may be continued for up to 70 days. The Commission must consider a number of factors and policies in compliance with state law. Among the factors considered by the San Luis Obispo LAFCO in making its determination are (56666):
 - a. Population, density, land area and land use, per capita assessed valuation, topography, natural boundaries, drainage basins, proximity to populated areas, likelihood of significant growth during the next ten years.
 - b. Need for organized community services, present cost and adequacy of government services and controls, probable future needs, probable effect of change of organization and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.
 - c. The effect of the proposed action or alternative actions on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the County.
 - d. Conformity of the proposal to Commission policies on providing planned, orderly, efficient patterns of urban development, and with state policies and priorities on conversion of open space uses.
 - e. Effect of the proposal on maintaining the physical and economic integrity of lands in an agricultural preserve in open space uses.
 - f. Definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment and ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.
 - g. Conformity with appropriate City or County general and specific plans.
 - h. The sphere of influence of any agency which may be applicable to the proposal being reviewed.
 - i. Comments of any affected local agency.



- j. The ability of the newly formed or receiving entity to provide the services which are the subject of the application, including the sufficiency of revenues for those services following the proposed boundary change.
 - k. Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.
 - l. The extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the Council of Governments (COG).
 - m. Any information or comments from the landowner or owners.
 - n. Any information relating to existing land use.
12. Within 35 days of the hearing, the Commission will adopt a resolution of determination taking the following actions:
- a. Approve or deny with or without conditions or revisions to the proposal. If denied, no new proposal can be made for one year unless waived by LAFCO. If the proposal included incorporation or consolidation of a municipality, no new proposal can be made for two years unless waived by LAFCO (56851, 56855, and 57090);
 - b. Determine if the territory is inhabited or uninhabited (inhabited territory means territory within which there reside 12 or more registered voters);
 - c. Designate LAFCO or the Executive Officer as the Conducting Authority (56029);
 - d. Assign a short-term designation; and
 - e. Authorize proceedings without notice, hearing, or an election if there is 100% consent and only annexations, detachments, and CSA formations.
13. The LAFCO Executive Officer sends the Commission's resolution to the proponents, if any, and each agency whose boundaries will be changed by the proposal (56882). In the case of uninhabited territory, the Commission may waive conducting authority proceedings entirely if all of the following conditions apply (56663):
- a. All affected agencies that will gain or lose territory as a result of the



change or organization or reorganization have consented in writing to a waiver of conducting authority proceedings.

- b. The Commission has provided written notice of proceedings to all property owners and registered voters within the subject territory and no opposition is received prior to or during the Commission's meeting.
 - c. The Commission has provided written notice of proceedings to all property owners and registered voters within the subject territory and no opposition is received prior to or during the Commission's meeting.
14. In the case of inhabited city and district annexations or detachments, or both, the Commission may waive protest proceedings pursuant to Part 4 (commencing with Section 57000) entirely if both of the following conditions apply:
- a. The Commission has provided written notice of Commission proceedings to all registered voters and landowners within the affected territory and no opposition from registered voters or landowners within the affected territory is received prior to or during the Commission's meeting. The written notice shall disclose to the registered voters and landowners that unless opposition is expressed regarding the proposal or the Commission's intention to waive protest proceedings, that there will be no subsequent protest and election proceedings; and
 - b. All affected local agencies that will gain or lose territory as a result of the change or organization or reorganization have consented in writing to a waiver of protest proceedings.

Conducting Authority Proceedings

- 15. If Conducting Authority Proceedings are not waived, LAFCO sets the proposal for protest hearing within 35 days of the Commission's resolution date and gives notice. If authorized by the Commission, the protest hearing may be held without notice and hearing.
- 16. The date of the hearing shall not be less than 15 days nor more than 60 days after the date the notice is given and shall be:
 - a. Published in a newspaper of general circulation;
 - b. Posted near the hearing room door; and



- c. Mailed to each affected agency which contains territory or whose sphere of influence contains territory within the proposal, the Executive Officers of other affected LAFCOs, chief petitioners if any, persons requesting notice, and landowners within territory to be formed into or annexed to or detached (57001, 57002 and 57025).
17. The Executive Officer or LAFCO hears the proposal at the noticed time and date. The hearing may be continued for up to 60 days. Any written protests must be filed with the Executive Officer or Commission prior to the conclusion of the hearing and must be signed, have the signature date, and address or location of the property. The value of written protests must be determined and action taken by LAFCO resolution to order the change, with or without an election, or terminate proceedings.
18. The Commission shall perform all Conducting Authority Proceedings in accordance with the provisions of the CKH Act.
19. The Commission may delegate to the Executive Officer the authority to act on matters related to the implementation of the Conducting Authority responsibility as applicable and appropriate.

Completion and Effective Date

20. Immediately after completion of proceedings ordering a change of organization or reorganization without an election or confirming an order of a change of organization or reorganization after an election, the Executive Officer prepares a Certificate of Completion and makes the required filings (57200).
21. The Certificate of Completion is recorded with the County Recorder. If no effective date is specified in the Commission resolution, the recordation date is the effective date. A Statement of Boundary Change or Creation is issued by the Executive Officer and filed, with the appropriate fees, with the State Board of Equalization and County Assessor (57202, 57203, 57204). Property tax resolutions, if any, are forwarded to the County Auditor for property tax transfer (Revenue and Taxation Code, Section 99).
22. The Executive Officer gives the Certificate of Completion and effective date to agencies whose boundaries are affected and affected County Departments.
23. The affected agencies recognize completion of the jurisdictional change: Property and sales tax transfers, polices and fire protection responsibilities, planning and inspection controls, etc.

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: _____

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

This annexation agreement is made and entered into this _____ day of _____, 2010, 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. ANNX _____); and

WHEREAS, the Orcutt Area Specific Plan (OASP) 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 OASP 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:

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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 domestic purposes (including firefighting) 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 OASP, 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.

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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: _____

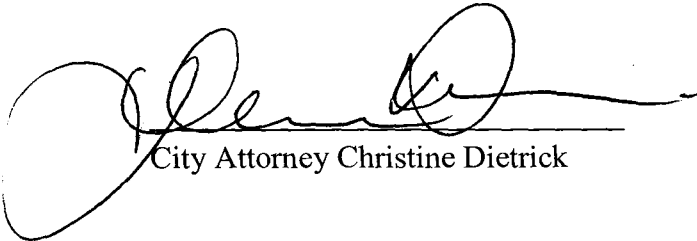
CITY OF SAN LUIS OBISPO, A Chartered Municipal Corporation

BY: _____
Mayor David F. Romero

ATTEST:

City Clerk Elaina Cano

APPROVED AS TO FORM:



City Attorney Christine Dietrick