

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 11/13/2012	(3) CONTACT/PHONE Chuck Stevenson, Division Manager / 805 781-5197	
(4) SUBJECT Consideration of the Proposed Memorandum of Agreement for the Sphere Of Influence update between the City of Arroyo Grande and the County of San Luis Obispo. Supervisorial District 4.			
(5) RECOMMENDED ACTION Adopt the proposed "Memorandum of Agreement between the City of Arroyo Grande and the County of San Luis Obispo Regarding the Sphere of Influence" included as Attachment 1 with this report.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input checked="" type="checkbox"/> Board Business (Time Est. _15 min_)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A <input checked="" type="checkbox"/> MOA			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(17) ADMINISTRATIVE OFFICE REVIEW Reviewed by Leslie Brown			
(18) SUPERVISOR DISTRICT(S) District 4 -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / Chuck Stevenson, Division Manager

DATE: 11/13/2012

SUBJECT: Consideration of the Proposed Memorandum of Agreement for the Sphere Of Influence update between the City of Arroyo Grande and the County of San Luis Obispo. Supervisorial District 4.

RECOMMENDATION

Adopt the proposed "Memorandum of Agreement between the City of Arroyo Grande and the County of San Luis Obispo Regarding the Sphere of Influence" included as Attachment 1 with this report.

DISCUSSION

Background:

The Local Agency Formation Commission (LAFCo) is updating the Sphere of Influence and the Municipal Service Review for the City of Arroyo Grande. The last Memorandum of Agreement (MOA) between the County and the City of Arroyo Grande was entered into in 2002. An MOA entered into with cities is a way for counties and cities, which have legislative authority to grant land use permits, change zoning and amend general plans, to work cooperatively toward mutually benefiting results when considering how the type, size and timing of growth at jurisdictional boundaries affects either entity. The MOA is a tool that can set forth certain procedural commitments as to how cooperation for future planning may occur. When considering updating a Sphere of Influence (SOI) and Municipal Service Review MSR, the LAFCo will review an approved agreement between the community and county when considering the SOI update.

Currently, LAFCo has prepared a proposed SOI Update for the City of Arroyo Grande in accordance with the requirements of the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH Act). A Municipal Service Review (MSR) is in preparation and planned for release to the public in April. The purposes of the MSR and SOI Update are to analyze the City's capability to serve existing and future residents and to establish a SOI boundary for the community's probable growth and service area over the next 20 years.

LAFCO is required, pursuant to State Regulations (the Cortese/Knox/Hertzberg Act of 2000), to update a jurisdiction's SOI every five years. LAFCO is the agency that has authority over changes to a SOI and annexation requests. A SOI provides for the orderly and logical growth of a city and represents its 20-year growth boundary. State regulations also strongly encourage a city and county to reach agreement regarding the SOI boundaries and development policies and regulations for lands to be ultimately annexed into a City. A Memorandum of Agreement (MOA) between a city and County is given great weight by LAFCO when it considers changes to a SOI.

Staff from the County of San Luis Obispo, City of Arroyo Grande, and LAFCO developed an MOA for consideration by the Arroyo Grande City Council and County of San Luis Obispo Board of Supervisors. The draft MOA includes many provisions that will guide development on lands outside the Arroyo Grande City Limits. They include provisions for development impact mitigation, coordinated review of development proposals, consideration of the City's and County's General Plan Policies for unincorporated areas in the City's SOI, preservation of agricultural and open space resources, identification and evaluation of adequate and reliable water supplies, and timing for the development of land use policies and regulations in advance of requests for annexation. It also includes guiding principles for future development of lands within the City's SOI. These principles are consistent with the Strategic Growth Policies contained in the County's General Plan. Those principles include:

- *Direct development toward existing incorporated and unincorporated urban areas with logical infrastructure connections.*
- *Create walkable and transit friendly neighborhoods that have logical connections to other parts of the City.*
- *Provide a variety of transportation choices that are feasible and financially viable.*
- *Create a range of housing opportunities and choices.*
- *Use land more efficiently.*
- *Improve the regional or sub-regional jobs/housing balance.*

Following each of these principles is a description that clarifies its goal and intent. In addition, the MOA includes processes and procedures for the cooperative review of specific plans and general plan amendments for areas outside the City limits.

The MOA also includes a Special referral area shown in Exhibit C, Project Referral Map, which is principally land within the County adjacent to the southern side of the City. Development proposals that are subject to review by the County on these lands will be referred to the City for review. Similarly, projects in the City that may have an effect on adjacent or nearby land in the County area will be referred to the County for its review. This is particularly important because it will allow each agency an opportunity to evaluate possible impacts to resources, infrastructure and public services.

LAFCo review: LAFCo staff has prepared the Memorandum of Agreement.

City review: The City of Arroyo Grande considered and approved the amended MOA and SOI on August 28, 2012 (see Attachment 1).

County review: The proposed Memorandum of Agreement (MOA) between the City of Arroyo Grande and County has been prepared for your Board for consideration and is included with this report as Attachment 1. The MOA provides that the standards and requirements are not intended to supersede or limit the existing review authority or environmental review process of either jurisdiction. The provisions of the MOA do not bind either the City or the County. Rather, the approach of the MOA and its standards and requirements is to ensure close coordination and cooperation between the City of Arroyo Grande and County on the future planning and development of the areas within the SOI boundary. The results of the approved MOA, the SOI and MSR update that may be adopted by LAFCo can subsequently be incorporated into the preparation of a future update of the County General Plan for this area.

A minor addition to the City of Arroyo Grande's Sphere of Influence and the South County Sanitation District is being recommended. This involves a small existing subdivision (Tract 1551) located on the south side of Branch Mill Road which is fully developed with nine single family homes served by on-site wells and septic systems. The tract is being added to the SOI to enable consideration of future connection to City of Arroyo Grande's water and/or waste water services should well levels or water quality decline to unacceptable levels.

Applicable County policies:

Strategic Growth Principles

Framework for Planning, Chapter 1, contains Strategic Growth policies adopted in 2009 that encourage growth in a compact, efficient and environmentally sensitive manner that provides people with additional travel, housing and employment choices. These policies are intended to focus future growth away from rural areas and limited resources, closer to existing and planned job centers and public facilities where sustainable resources are available. The following characteristics are taken from Framework for Planning and have been incorporated into the MOA as much as possible.

Strategically planned communities are urban or village areas with the following characteristics:

- Adequate resources, services and facilities for long-term growth (20 years),
- Inter-connected street systems, bicycle and pedestrian ways,
- Neighborhood areas that can accommodate a variety of housing types that are affordable to all income groups, which are located close to focal points serving daily needs,
- Adequate areas for commerce, employment, education, recreation, civic and social life.”

Applicable Strategic Growth Principles:

1. Preserve open space, scenic natural beauty and sensitive environmental areas
2. Conserve energy resources. Conserve agricultural resources and protect agricultural land.
3. Strengthen and direct development towards existing and strategically planned communities.
4. Foster distinctive, attractive communities with a strong sense of place.
5. Create walkable neighborhoods and towns.
6. Provide a variety of transportation choices.
7. Create a range of housing opportunities and choices.

OTHER AGENCY INVOLVEMENT/IMPACT

LAFCO is the lead agency responsible for preparing the SOI updates and MSR required by the CKH Act, with city and county participation. City of Arroyo Grande, County and LAFCo staff worked together in reviewing the proposed SOI update. County Counsel has reviewed and approved the MOA as to legal form and content.

FINANCIAL CONSIDERATIONS

Staff participation in the proposed SOI update and the Memorandum of Agreement is covered by the department's current budget.

RESULTS

Adoption of the Memorandum of Agreement will formalize the intent of the County of San Luis Obispo and City of Arroyo Grande for a cooperative and coordinated approach to the future planning and development of the area proposed to be included within the updated Sphere of Influence. Adoption of the MOA also ensures that the Local Agency Formation Commission will consider the intentions of the City of Arroyo Grande and the County when reviewing the SOI Update. This forwards the Countywide Goals of a Livable and Well-Governed Community.

ATTACHMENTS

Attachment 1 - Memorandum of Agreement Between the City of Arroyo Grande and the County of San Luis Obispo Regarding the City's Sphere of Influence