



Council Agenda Report

Meeting Date: 9/6/2016

FROM: Michael Codron, Community Development Director
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SUBJECT: MEMORANDUM OF AGREEMENT BETWEEN THE CITY AND THE COUNTY REGARDING THE CITY'S SPHERE OF INFLUENCE

RECOMMENDATION

Authorize the Mayor to enter into and sign a Memorandum of Agreement (Attachment A) between the City of San Luis Obispo and the County of San Luis Obispo Regarding the Sphere of Influence.

DISCUSSION

The Local Agency Formation Commission (LAFCO) has prepared a Sphere of Influence (SOI) Update and a Municipal Service Review (MSR) for the City in accordance with the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act). The purposes of the SOI Update and MSR are to analyze the City's capability to serve existing and future residents and to establish an SOI boundary for the City's probable growth and service area over the next 20 years.

The Sphere of Influence (SOI) helps identify probable urban boundaries, discourages sprawl and helps preserve open space between communities. The SOI also provides for more efficient provision of public services and is consistent with the policies of the San Luis Obispo LAFCO. The existing SOI boundary reflects City policies regarding growth, development and urban services, including those identified in the recently updated Land Use, Circulation and Housing Elements of the General Plan and is consistent with LAFCO's policies. Therefore, no additional properties or changes to the SOI boundary are being considered as part of this proposed SOI Update. The SOI Update and MSR consist of textual (i.e., updated goals and policies) and graphical (i.e., tables, maps, etc.) changes, see Attachment B for the Draft SOI and MSR and Attachment C for the proposed changes to be incorporated into the final version.

Background

The Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000 is the section of the State Government Code (Government Code §§ 56000 et seq) that requires the Local Agency Formation Commission (LAFCO) to update the Spheres of Influence (SOI) for all applicable jurisdictions in the County of San Luis Obispo (County). LAFCOs were created by the State of California to ensure orderly growth of and the provision of services by cities, independent service districts, and counties. LAFCO consists of seven members and four

alternates, appointed from and by the governing bodies (City Councils, independent special districts, Board of Supervisors) of the jurisdictions served, plus one public representative and alternate appointed by LAFCO. Among other things, LAFCO has final decision-making authority over SOI boundaries, annexations and detachments, and special district boundaries.

Sphere of Influence

A Sphere of Influence (SOI) is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality..." A SOI is generally considered to be a 20-year, long range planning tool, however there is no requirement that areas identified in the SOI be annexed within that period nor does it create a requirement to deliver municipal services to these areas, for example there are areas identified in the SOI that have not been addressed in the City's General Plan, such as SOI Study Area #3 - Orcutt Area, located east of Orcutt Road, which the City has not identified for future development or annexation, but is included in the SOI boundary because it is largely built out with Residential Suburban land uses that are in close proximity to the City. For this reason, the SOI is an important tool used by LAFCO to plan for future annexations. For a property to be annexed into the City it must be inside the approved SOI boundary. The SOI does not convey legal authority for development. It is a planning and policy tool used by LAFCO to consider future areas to be served by a jurisdiction. Nor does it change land use categories or give a property owner any more land use entitlements than already exist with a particular property. The SOI does not define or identify specific development projects, change or modify zoning, or grant land use entitlements.

The City's existing SOI was adopted in 2006 and includes approximately 5,930 acres beyond the City limits consisting of nine areas. The nine areas include are identified as 1) Cal Poly, 2) Florita-Alrita, 3) Orcutt, 4) Broad Street, 5) Airport, 6) Chevron, 7) LOVR/101, 8) San Luis Ranch, and 9) Cerro San Luis. A map of the existing SOI is provided in Exhibit A of Attachment A. The recommended SOI includes the same study areas, and would not result in any changes to the SOI boundary.

Since the adoption of the existing SOI five proposals have been considered and approved by LAFCO. In 2007, the Margarita/Airport Area was annexed which was comprised of approximately 1,100 acres. In 2010, the Madonna/Gap annexation was approved (i.e. the Target shopping center), which consisted of 118 acres of which 19 acres were preserved for agriculture. In 2011, the Orcutt Area was annexed consisting of 230 acres with 79 acres preserved in agriculture and open space. In 2015, a small, less than one acre, parcel (Farmhouse Lane) was annexed.

Municipal Service Review

CKH Act further requires that a Municipal Service Review (MSR) be conducted prior to, or in conjunction with, the update of a SOI. The MSR evaluates the capability of a jurisdiction to serve their existing residents for future development in their SOI (Attachments B and C). The MSR addresses the following seven factors:

1. Growth and population projections for the affected area.

2. Location and characteristics of any disadvantaged unincorporated communities.
3. Present and planned capacity of public facilities and adequacy of public services including infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status of, and opportunity for, shared facilities.
6. Accountability for community service needs including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

Memorandum of Agreement

As part of the SOI Update process, the CKH Act provides an opportunity for the City and the County to meet and reach agreement on the SOI boundaries, development standards and zoning requirements for the areas of the sphere to be amended. Agreement on these matters is documented and approved by the City and County in the form of a Memorandum of Agreement (MOA). The CKH Act gives LAFCO power to “approve or disapprove with or without amendment, wholly, partially or conditionally LAFCO is required to give “great weight” to an approved agreement between the City and County when considering the SOI Update.

The draft MOA that is included in Attachment ‘A’ was developed in coordination with City, County and LAFCO staff involving a series of meetings to discuss revisions, and covers the areas of most interest to the City. In the draft MOA, the City and County agreed to maintain the City’s existing SOI boundary, and to the extent of development standards and zoning processes for proposed projects. The general approach of the draft MOA was to ensure close coordination and cooperation between the City and County on the future planning and development of the areas within the City’s SOI boundary. The provisions address regional coordination on various interests including growth management, circulation, open space, fire and emergency response services and preservation of agricultural lands. Key provisions of the draft MOA include the following:

1. Written documentation to use other jurisdictions’ service as a way to mitigate an impact to services;
2. Referral of projects in the fringe area to the City and County;
3. Inclusion of growth management policies;
4. Fair distribution of mitigation/impact fees;
5. Meeting among emergency response agencies to discuss impacts and fiscal issues;
6. Prior City review of projects submitted to County & written documentation that the City will not consider annexing the project; and
7. Coordination of the City and County agricultural and open space policies.

The draft MOA will enhance the communication between the City and the County and helps to clarify the process for development within the SOI area, and includes relevant goals from specific Elements of each jurisdiction’s General Plan.

LAFCO Review

LAFCO staff worked closely with City and County staff to 1) collect accurate data on land use, demographics, and services, 2) understand the City's and the County's policies and regulatory framework, and 3) solicit input during the preparation of the draft SOI Update and the MSR documents. LAFCO released the draft SOI Update and MSR for the City of San Luis Obispo for public review on June 16, 2016.

Next Steps

Following City Council consideration of the MOA, the Board of Supervisors will consider it on September 13, 2016. Once the MOA is executed by the City and the County, LAFCO will be considering the following actions as part of this SOI Update: 1) approve and adopt the environmental documentation pursuant to CEQA, 2) approve a MSR for the City of San Luis Obispo, and 3) approve and adopt the San Luis Obispo SOI Update.

CONCURRENCES

Police, Fire, Utilities, Administration, Natural Resources, Parks and Recreation, Finance, Public Works and Community Development staff have reviewed the draft MOA and SOI Update and concur with the recommended actions.

ENVIRONMENTAL REVIEW

Execution of a Memorandum of Agreement between the City and the County regarding the City's Sphere of Influence is not a Project as defined in CEQA Guidelines Section 15387, and would therefore not be subject to CEQA review. However, LAFCO, acting as the lead agency for the SOI Update and MSR will prepare the environmental review for those items. Additionally, the Program Environmental Impact Report (SCH#2013121019) that was prepared for the City's LUCE Update analyzed the environmental impacts associated with the SOI boundary and the policies that are being incorporated into the SOI Update and MSR.

FISCAL IMPACT

There are no fiscal impacts associated with the recommended actions. Staff participation in this SOI Update effort has been covered by the Community Development Department's current budget.

ALTERNATIVES

1. Make changes to the draft MOA.
2. Recommend changes to the SOI Update Boundary.
3. Continue the item for more information or discussion. There is no specific deadline or time limit for Council action; LAFCO has targeted the end of this year for completion of the SOI Update for the City of San Luis Obispo.

Attachments:

a - Memorandum of Agreement Between the City of San Luis Obispo and the County of San Luis Obispo Regarding the City's Sphere of Influence

b - Draft SOI Update and MSR 2016

c - LAFCO Recommended Changes to the Draft SOI Update and MSR