MEMORANDUM OF AGREEMENT
BETWEEN THE CITY OF PASO ROBLES AND
THE COUNTY OF SAN LUIS OBISPO
REGARDING THE CITY'S 2011 SPHERE OF INFLUENCE UPDATE

This Agreement between the City of Paso Robles (hereafter "City") and the County San Luis Obispo County (hereafter "County") is entered into this _____ day of _____, 2011.

WITNESSETH

WHEREAS, the Cortese/Knox/Hertzberg Act of 2000 ("the Act") requires the Local Agency Formation Commission (LAFCO) to update the Spheres of Influence for all applicable jurisdictions in the County every five years; and

WHEREAS, a Sphere of Influence is defined by the California Government Code 56076 as a plan for the probable physical boundaries and service area of a local agency; and

WHEREAS, pursuant to Government Code 56425 the Sphere of Influence has been identified by the County of San Luis Obispo and the City of Paso Robles as shown in Exhibit B; and

WHEREAS, the Act further requires that a Municipal Service Review be completed prior to or, in conjunction with, the update of a Sphere of Influence in accordance with Section 56430 of the California Government Code as a means of identifying and evaluating public services provided by the City of Paso Robles and changes to the City's Sphere of Influence; and

WHEREAS, the City and County have reached agreement regarding the boundaries (Exhibit B), and provisions (Exhibit A) of the proposed Sphere of Influence to help ensure the orderly and logical development of these areas; and

WHEREAS, the City's General Plan and future amendments provide a policy basis for growth and development in the Sphere of Influence areas and defines policies and programs that would ensure the permanent preservation of important agricultural land and open space surrounding Paso Robles; and

WHEREAS, the County's General Plan goals call for Community Separators (as defined in the County's General Plan) to provide for a community's distinctive identity and preserve the rural character of the areas between and on the fringes of communities and cities; and

WHEREAS, the City and County intend to cooperate regarding growth and development on the urban fringe of the City and in the referral area shown in Exhibit C with special attention given to those locations designated as Specific Referral Areas; and

WHEREAS, LAFCO is required by Government Code 56425 (b) to give great weight to this agreement in making the final determination regarding the City's Sphere of Influence.

NOW, THEREFORE, be it resolved that the parties agree as follows:

1. The proposed Sphere of Influence boundary contained in Exhibit B provides for the orderly and logical growth for the City of Paso Robles and represents a potential 20-year growth boundary based on available information.

2. The provisions contained in Exhibit A offer a framework for completing updates to the General Plans of both the City and the County for the areas in the proposed Sphere of Influence.

3. The provisions contained in Exhibit A are intended to give the City and the County the basis for developing specific land use policies and standards for the areas in the City of Paso Robles' proposed Sphere of Influence and do not supersede or limit the planning or environmental review process or the discretionary decision making process of either jurisdiction.

4. The City's and County's General Plan policies shall be used to help guide the logical and orderly development of these Sphere Areas while permanently preserving agricultural and open space lands.

[Signatures on following page]

CITY OF PASO ROBLES

Dated: 10-11-11, 2011

Duane Picanco
Mayor

APPROVED AS TO FORM AND LEGAL EFFECT:

Iris P. Yang, City Attorney

ATTEST:

City Clerk

COUNTY OF SAN LUIS OBISPO

Dated: _____, 2011

Adam Hill
Chairman, Board of Supervisors

APPROVED AS TO FORM AND LEGAL EFFECT:

Chief Deputy County Counsel 1.10.2012

ATTEST:

Clerk of the Board

EXHIBIT A

PROVISIONS

The following provisions are agreed to and shall be used by the City of Paso Robles and the County of San Luis Obispo to establish a cooperative working relationship in formulating land use plans for future development within the proposed Sphere of Influence as shown in Exhibit B and to update their respective General Plans as needed.

1. **Intent.** It is the intent of the County and the City to work cooperatively to respect the agreed-upon Sphere of Influence (as shown in Exhibit B) and guide development and any future annexation(s) in an orderly and logical manner consistent with the Cortese/Knox/Hertzberg Act, the City and County General Plans, the California Environmental Quality Act and any other applicable laws and regulations.

2. **Impact Mitigation.** In evaluating any proposed development, the agency considering approval (City or County) should rely solely on its own capability to provide the required services to that development. The City and the County shall not presume any services will be provided by the other agency without documenting that such services will be provided.

   Development/mitigation fees needed to offset the impacts from development projects approved by either jurisdiction in the Referral Area (Exhibit C) shall be collected and distributed in a fair and equitable manner. Payment of these fees should be made to the City and/or the County in proportion to the location and degree of project impacts; however the total fees paid shall not exceed the cost to mitigate the specific project impact. Mitigation to offset significant impacts to fire, law enforcement, emergency medical services, water and wastewater treatment services, roads and streets, other public services, and housing, should be incorporated into the conditions of approval for projects. Documentation should be provided that identifies the project's impacts to both the City and the County and shall be considered as part of the development review process. The documentation may be used to prepare conditions of approval and to allocate impact fees where allowable and as appropriate.

3. **Interagency Cooperation.** The City and the County shall work cooperatively to plan for future land uses, public services and facilities needed to improve and maintain area circulation connections, and to preserve agricultural land and open space. The County and City will consider the creation and implementation of various assessment

and financing mechanisms for the construction and maintenance of public improvements, such as roads, utilities, recreation and trail improvements, parks and open space, and similar improvements that could serve visitors and residents of the City and the County. Discretionary development projects and General Plan Amendments (GPA's) within one agency's jurisdiction shall be referred to the other for review and comment as early as possible in the land use process. The County shall seek the City's comments regarding these projects or GPA's in the Referral Area as shown in Exhibit C. The City shall seek the County's comments regarding projects or GPA's that affect the unincorporated portion of the Referral Area shown in Exhibit C. All such referrals shall be sent to the following contact person(s) for early review and comment:

Director of Planning and Building
County of San Luis Obispo
Department of Planning and Building
County Government Center
San Luis Obispo, CA 93408

Community Development Director
City of Paso Robles
Community Development Dept.
1000 Spring Street
Paso Robles, CA 93446

Projects and activities that affect agricultural lands and resources shall be referred to the County Agricultural Commissioner's office at the following address:

Agricultural Commissioner
San Luis Obispo County Department of Agriculture
2156 Sierra Way, Suite A
San Luis Obispo, CA 93401

The provisions mentioned above shall not supersede other methods of commenting or providing feedback regarding a proposal or project.

Development Review Coordination. Projects or GPA's proposed within the Referral Area shown in Exhibit C, and subject to an Initial Study under CEQA, may cause the City and County representatives to request a meeting prior to completion of the Initial Study. The purpose would be to discuss the City's and County's General Plan policies with regard to the proposal and to identify any key issues that may need special attention during the CEQA process.

4. **Sphere of Influence.** The County shall, to the extent feasible, limit development within the City's Sphere of Influence (SOI) to those uses currently allowed by the County General Plan. The County shall give the great weight to the City's General Plan policies, Purple Belt Program principles, and City Gateway Plan Design Standards when reviewing development on land in the unincorporated areas that are

located within the City's Sphere of Influence. For projects submitted to the County for consideration, as part of the pre-application meetings and as part of processing the application, the County shall request written documentation that indicates the City's position regarding possible future annexation into the City. This documentation shall be provided by the City in a timely manner that does not delay the County's processing of the land use application. During this time, the County shall continue to process the land use application as required under the law.

5. **Agriculture and Open Space.** The City and the County will work together to permanently preserve agricultural and open space resources in the SOI area using the County's Agriculture Element policies, Strategic Growth principles, and the Conservation and Open Space Element (COSE) policies. The City's Purple Belt Program policies and Gateway Plan standards shall be considered and evaluated in the development and review process. The criteria contained in the COSE and Agriculture Element, and the pertinent policies in the City's General Plan and its implementing Purple Belt and Gateway Plans, shall be used in developing the preservation policies and programs.

6. **Water Supply.** The City shall document an adequate, reliable, and sustainable water supply prior to completing an annexation. Water resources will be evaluated and documented consistent with LAFCO policies, the City's Urban Water Management Plan, and State Laws such as SB 610 when applicable.

7. **General Plan and Zoning Code Amendments.** The City intends to complete environmental review, pre-zoning, pre-annexation, specific plans and any necessary general plan amendment activities prior to an annexation proposal being considered by LAFCO. The County intends to complete any necessary amendments to its General Plan to reflect the annexation of territory to the City of Paso Robles.

8. **Guiding Principles for Future Development.** The City and County agree that the following principles should guide development that is proposed within the City's Sphere of Influence:

a. Encourage compact urban development in incorporated areas close to infrastructure, while preserving rural character by maintaining distinct urban boundaries next to rural areas. The City and County will collaborate to carry out this principle through strategies including, but not limited to the following:

(1.) Implement the City's Purple Belt Program and its Principles, including:
- (a.) Maintaining the City's community character and way of life, while also recognizing the need to accommodate additional urban development.
- (b.) Supporting the continuation of agriculture and ranching.
- (c.) Landowners of areas to be annexed will be required to participate in the Purple Belt Program.
- (d.) Provide additional options to landowners interested in maintaining their land in agriculture in perpetuity, including opportunities to sell, donate, or transfer their development rights in exchange for cash, tax credits, and/or other benefits.
- (e.) Exploration of funding mechanisms to help support the Purple Belt Program.

(2.) Incorporate the City's Gateway Plan Standards into future development within the Sphere of Influence.

Future growth should incorporate the Gateway Plan's "Town and Country" Gateway standards for setbacks, grading, rural-style drainage facilities, tree planting, fencing, rural architecture and site planning. Areas annexed into the City will be required to incorporate these standards.

(3.) Implement the policies and strategies in the County Framework for Planning and Conservation and Open Space Element, in particular, the following regarding Community Separators as defined and shown in the County's Conservation and Open Space Element on Figure VR-2:
- (a.) Avoid suburban or low-density sprawl at the edges of communities.
- (b.) Discourage new frontage roads along highways and roadways within Community Separators, but consider exceptions for necessary circulation connections where visual and environmental resources are protected.
- (c.) Work with land owners, advisory councils and non-profit organizations to propose voluntary scenic, agricultural, or conservation easements and/or greenbelt programs that support private landownership while retaining the visual resources within Community Separators.
- (d.) Retain a rural character within Community Separators using setbacks from roadways, building design (i.e. height, massing, color), signage, and lighting standards to effectively retain visual resources.

b. Create a land use pattern that promotes and improves connections to other parts

of the City

Future growth should provide for an improved circulation system that would promote maximum connectivity between different parts of the City by planning for and/or constructing new roads, walkways, bike paths, transit facilities, or other means.

c. *Take advantage of good planning and design principles*

The proposed development should be designed to encourage improved transportation system and connectivity to existing city infrastructure within the areas proposed for development. The goals are to 1) develop neighborhoods and businesses that are well-designed, fit into the character of the area, and are a logical part of the City's future growth and 2) promote a land use pattern that encourages the efficient use of resources.

9. **Special Areas of Interest.** The City and County agree to the following processes and procedures for specific areas discussed:

1. **The 270 acre Quorum Properties** are located on the northwest quadrant of Highways 101 and 46 and are owned by Quorum Realty Company, or related entities. This area is within County jurisdiction, outside of the Paso Robles Sphere of Influence. The property is not included in this proposed update to the Sphere of Influence and therefore is not subject to this MOA. However, the City and Quorum, in consultation with the County, anticipate that a land use plan and EIR will be prepared in the near future. The land use plan and EIR will study the possible expansion of the Sphere of Influence and Annexation concurrently. This process would allow a proposed project and EIR to be fully reviewed by the public, the City, and other agencies prior to LAFCO considering the proposal.

2. **Vina Robles Area** is approximately 997 acres located on the eastern boundary of the City, south of Union Road, north of Linne Road and generally west of Huerhuero Creek. The area is recommended for inclusion in the Sphere of Influence with the understanding that the existing land use would not be changed. About 535 acres comprises an agricultural cluster development approved by the County with an agricultural easement on the vineyards. If placed in the SOI, the

City could provide both water services for indoor domestic use and future recycled water for agriculture and landscaping use that will help to better manage the groundwater resources in the area by reducing the number of wells that are pumping in the area. This could be considered through an annexation to the City or an outside user agreement which limits the services the City would provide to the area. An analysis of the groundwater resources and the benefits of having the City provide services should be provided as part of any application.

3. **The Mill Road Properties** total 175 acres, are located on the eastern boundary of the City just south of Hunter Ranch and are recommended for inclusion in the Sphere of Influence with the understanding that the area could provide a secondary access road from Union to Highway 46. The City's General Plan should address the future land use of the area as well as how its Purple Belt policies for preserving agricultural lands would apply.

EXHIBIT B

SPHERE OF INFLUENCE

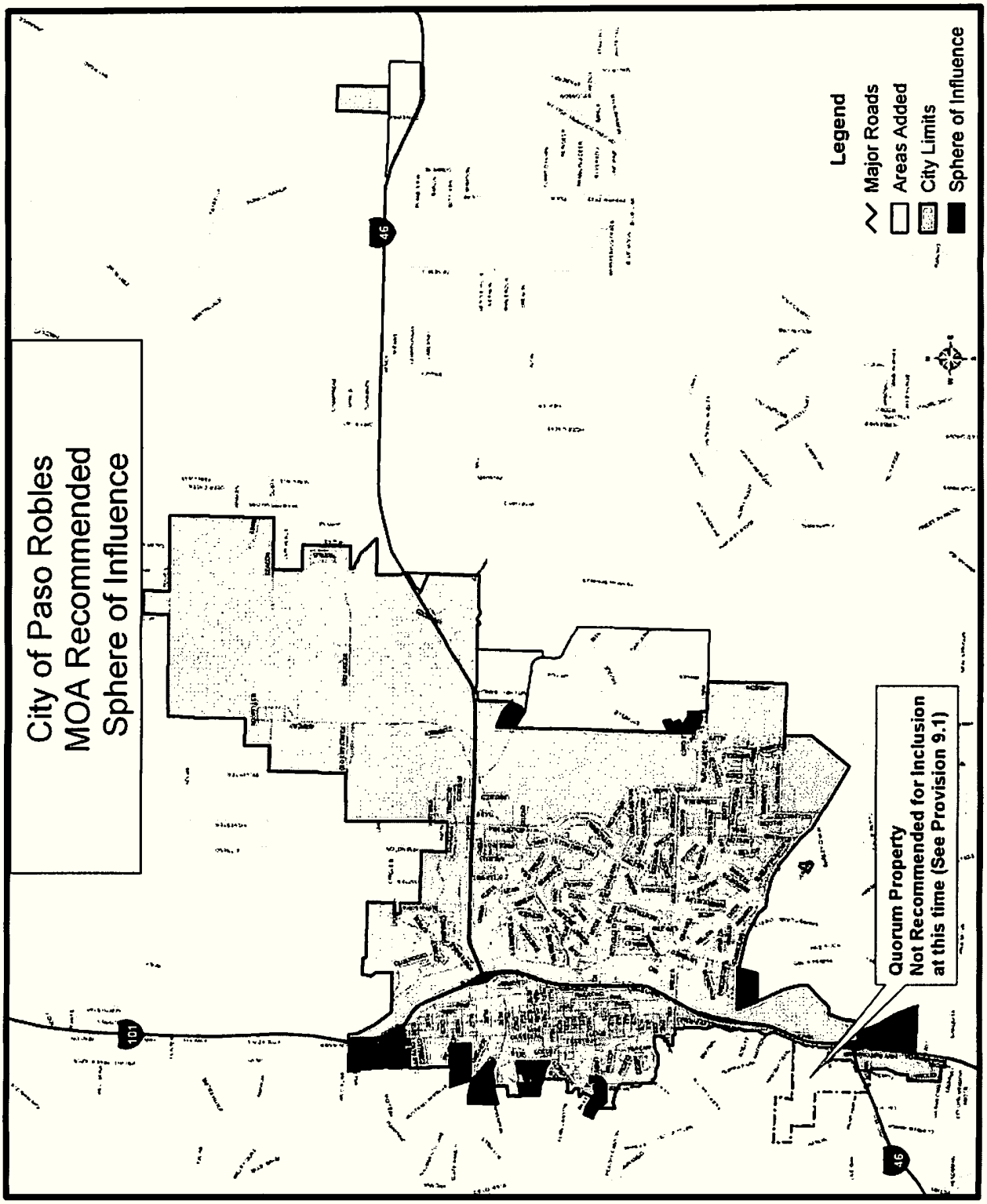
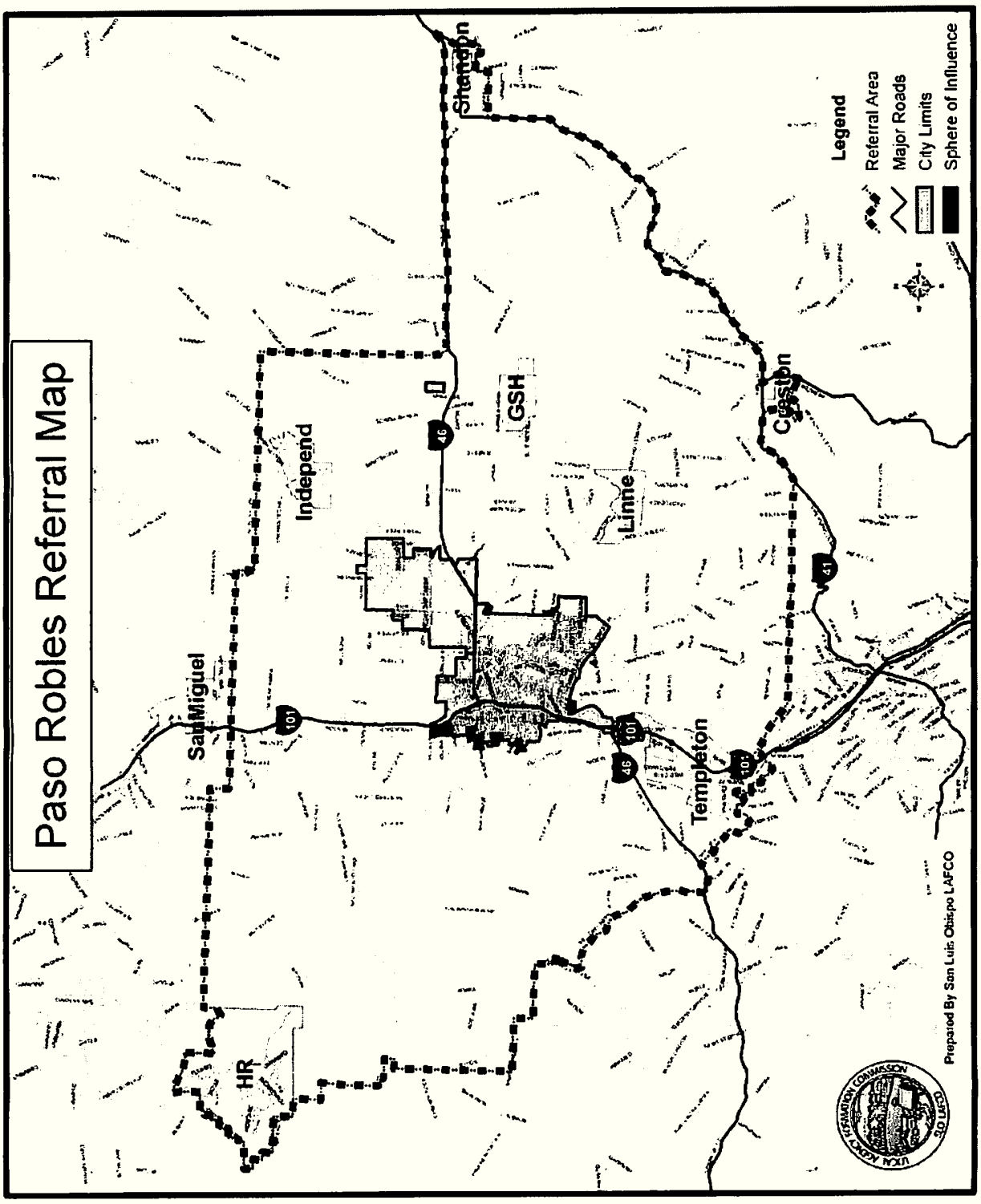


EXHIBIT C

PROJECT REFERRAL MAP