



LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

July 28, 2021

SENT VIA E-MAIL

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IMELDA MARQUEZ
Analyst

Scot Graham, Community Development Director
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

Subject: Proposed Sphere of Influence Amendment to the City of Morro Bay (Panorama Lots) LAFCO File No. 1-S-21

Dear Mr. Graham,

This letter is to advise you that the application for the Sphere of Influence (SOI) amendment has been received and was referred to other agencies involved in the annexation process. LAFCO staff has completed an initial review of the application and finds that the following items need to be submitted for LAFCO to continue processing the application:

1. LAFCO has received numerous petition letters from citizens with comments about the application to amend the City's Sphere of Influence (SOI). These petitions are attached for the City's consideration and response. Also, a letter from the County Agricultural Commissioner's office is attached for the City's consideration and response.

Noted.

2. The City's submitted Resolution of Application (attached) supporting application of an SOI amendment "desires" that LAFCO be the lead agency for CEQA purposes for the SOI Amendment. In this circumstance wherein the City is proposing an amendment to the City's SOI, LAFCO shall be the Responsible Agency and will use the CEQA record for decision making purposes. The City's Final EIR project description references areas outside the City boundaries as surrounding areas and the Sphere of Influence, which will allow LAFCO to rely upon the document for compliance with CEQA. This approach is standard practice. It should be noted that it is particularly helpful that LAFCO will have a recent EIR to rely upon.

Noted.

More specifically, the maps in the City's adopted and newly updated General Plan (Plan Morro Bay-2021) identify the Panorama lots as areas that should be considered for inclusion in the Sphere of Influence. The impacts of this action were considered in the Final EIR certified by the City and as stated in the City's resolution of application. The record appears adequate for LAFCO's use as a Responsible Agency.

Noted.

Please provide any concerns or comments the City might have about LAFCO using this record as a Responsible Agency.

3. Please submit a copy of CEQA Filing with the County Clerk, this should include the certified Addendum to the EIR for the General Plan Update that mentions the Panorama Lots.

See attached CEQA filing receipt from the County Clerk (Receipt no.: 40-05272021-064). There is no Addendum to the EIR for the May 2021 General Plan.

4. Please address LAFCO's policies and procedures 2.6 & 2.9 related to a Sphere of Influence amendment and Agriculture. Provide any written documentation that provides reasoning associated with the Sphere of Influence Factors outlined in Government Code 56425 (e) (1-5) and LAFCO policy 2.6.6.

Government Code 56425 (e)(1-5) states:

e) In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

- (1) The present and planned land uses in the area, including agricultural and open-space lands.**
- (2) The present and probable need for public facilities and services in the area.**
- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
- (4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**
- (5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

Response:

(1) These properties, which are currently zoned Agriculture land in the County, will continue to be designated as Agricultural land as set forth in the City of Morro Bay's Land Use Plan and will remain as such. The Agricultural zoning in either jurisdiction allows one residence and an accessory dwelling unit on each property with the rest of the property used for agricultural purposes, such as grazing. The City wants to preserve its backdrop by annexing the properties from County jurisdiction into the City and, at the time of annexation, require the residences to be located in the designated building area adjacent to the City (see Exhibit A) and the property above the designated development area to be restricted to agricultural and / or open space uses.

(2) and (3) The City's recently adopted Final EIR analyzed public facilities and services for those areas in the planned SOI. The City has adequate resources to serve these five properties. Existing infrastructure providing access to City services is in the immediate area; each future landowner will install the connections as required. Fire response is currently provided under County jurisdiction by the California Department of Forestry and Fire Protection (CAL

FIRE) and police response by the County Sheriff's office. The City also has active mutual aid agreements with both Cal Fire and the Sheriff's Department.

(4) and (5) There are no nearby areas of social or economic communities of interest or areas in the City limits that meets the Disadvantaged Communities definition.

See information regarding LAFCO Policy 2.6.6 in responses to Attachment B, LAFCO policy 2.6.6.

LAFCO's policies and procedures should be clearly addressed with the documentation submitted with the application, therefore brief analysis is needed for LAFCO use and reference when processing the project proposal.

Responses have been provided in this letter, see responses to Attachment B policies/procedures 2.6 & 2.9.

5. Conditions of Approval found in the 2017 adopted Sphere of Influence and Municipal Service Review (MSR) would be applied to the SOI Amendment if approved by LAFCO. These conditions address water, wastewater, and Agriculture and Open Space. The conditions provide clarity for the processing a future annexation associated with this SOI amendment. These conditions are attached. Please provide a response as to how the SOI amendment will satisfy each of these conditions and/or support their implementation if and when annexation occurs. Also, these conditions should be addressed (as well as other issues) by the City during the land use approval and CEQA process that would be completed prior to LAFCO considering an annexation application in order for LAFCO to confirm the conditions have been satisfied.

Responses have been provided in this letter, see responses to Attachment C.

6. A Sphere of Influence boundary can be drawn through parcels and does not necessarily have to follow parcel lines. Since a future annexation application would contemplate the five specific residences to be built as defined by a land use approval by the City, the SOI boundary could be determined along the potential building area boundary line in the areas where the City has interest in allowing development. One concept to this end would be to amend the SOI to only areas shown on the map in yellow on the City's Resolution of Application (attached) on the subject parcels. This boundary option would increase the SOI to include just the area where the City could potentially be providing services to the five units. LAFCO has discretion in determining the SOI boundary and this option could be discussed as it would minimize the area included in the SOI to the area that would receive city services based on a land use approval and CEQA approved by the in the Coastal Zone. Should the City be interested in this concept, LAFCO can arrange a meeting to discuss this option further.

The five lots were included in the City's recent General Plan/Local Coastal Land Use Plan update at future SOI in order to preserve the 'backdrop of the City' including the ridgelines in this area of the City. The proposal stated above is contrary to what the City has communicated to the public, in that the intent of bringing the lots into the SOI and eventually into the City through annexation is to maintain local control over development of the lots and to preserve the slopes above the City in an undeveloped state. This information and intent have been consistently conveyed to the public over the five plus year process associated with the General Plan update. The City's goals and objectives of preserving this portion of the City's backdrop have been communicated and coordinated with LAFCO Executive Director Rob Fitzroy and the intent for the SOI line to be concurrent with the property lines has been made apparent.

Also, this approach proposed above in the LAFCO response letter may result in confusion and conflicts between the City and County jurisdictional requirements and other considerations such as provision of services, public safety, land use jurisdiction and decision making, permitting, etc.

7. The Resolution of Application indicates that the City intends to consider development of five residential units (one on each lot) within the “potential building area” as well as preserving in perpetuity certain areas as open space. This is also relates to the aforementioned MSR conditions of approval. Please respond to several questions regarding the SOI amendment to support this plan:

- What are the City’s plans for the open space preservation on these parcels?
The open space portion of the lots will be restricted via a deed restriction, or similar agreement, at the same time as annexation.
- What is the timing of such plans?
Upon annexation. This request only includes a Sphere of Influence amendment.
- What legal instruments would be used to preserve the areas?
Deed restriction or similar recorded document, at the same time of annexation.
- Can any documentation be provided regarding preservation?
To be provided at time of annexation.

The information listed above is requested for LAFCO to be able to continue processing the SOI Amendment application. The application will remain on hold until LAFCO receives a response to the items found in this request. LAFCO may need additional clarification or information before deeming the application complete for processing. If you have any questions, please contact us at 805.781.5795 or email us at rfitzroy@slolafco.com.

Sincerely,



Imelda Marquez, LAFCO Analyst



Rob Fitzroy, LAFCO Executive Officer

cc. Commissioners
Brian Pierik, LAFCO Counsel

Enclosures:

- Attachment A: Comment Letters on the Application
- Attachment B: LAFCO Policies
- Attachment C: Morro Bay Sphere of Influence Conditions
- Attachment D: City of Morro Bay Resolution of Application

Attachment A

Comment Letters on the Application



COUNTY OF SAN LUIS OBISPO

DEPARTMENT OF AGRICULTURE / WEIGHTS & MEASURES

Martin Settevendemie, Agricultural Commissioner / Sealer of Weights & Measures

DATE: July 21, 2021
TO: Imelda Marquez, Analyst
FROM: Lynda L. Auchinachie, Agriculture Department
SUBJECT: Morro Bay Sphere of Influence Amendment (Panorama Lots) (3279)

Thank you for the opportunity to review and comment on the proposed Morro Bay Sphere of Influence (SOI) amendment for the Panorama Lots. The proposed amendment would include approximately 213 acres consisting of five parcels ranging in size from 33.5 to 57.4 acres each. Each parcel has an identified potential building area ranging in size from 4.3 to 14.8 acres. The properties are located adjacent to the northeastern portion of the Morro Bay near Panorama Drive and are currently within the county's Agriculture land use category. The application indicates that if the properties were annexed by Morro Bay, they would be zoned Agriculture with development limited to one single family house on each parcel.

Both LAFCO and Morro Bay have policies to protect agricultural resources. To complement those policies consideration should be given to identifying a maximum square footage of development area within the identified potential building areas to ensure impacts to agricultural resources are minimized.

Response A-1

The building areas will be within the yellow areas on Exhibit A – Potential Building Area. These properties have numerous physical constraints, so it is important to retain flexibility of site location and design to the design phase, when development constraints, environmental factors and design preferences will be addressed. The properties included as part of the Sphere of Influence amendment request are not suitable for agricultural uses other than grazing, due to the soils, sloping characteristic of the land, lack of available water resources, etc. The land is characterized as ‘Grazing Land’ under the Department of Conservation’s Farmland Mapping and Monitoring Program.

The above comments and recommendations are based on the Agriculture Department's application of policies in the San Luis Obispo County Agriculture Element, the Conservation and Open Space Element, the Land Use Ordinance, the California Environmental Quality Act (CEQA) and on current departmental objectives to conserve agricultural resources and to provide for public health, safety and welfare, while mitigating negative impacts of development to agriculture. The Agriculture Department is a referral agency to the Planning and Building Department. Comments and recommendations are specific to agricultural resources and operations and are intended to inform the overall decision-making process.

If you have any questions, please call me at 805.781.5914.

July 21, 2021

JUL 22 REC1

LAFCO
1042 Pacific Street, Suite A
San Luis Obispo, CA 93401

Dear LAFCO Commissioners:

The enclosed citizens' petition with over 600 signatures opposes the Sphere Of Influence ("SOI") application the City of Morro Bay has submitted for APN 073-075-002 and portions of APN 073-076-016. These signatures were gathered during COVID-19 without going door-to-door.

This petition was initiated by residents of north Morro Bay who will be directly and physically impacted by any development on the 5 lots included in the SOI request. The City's application readily states that the intent is annexation. In the August 17, 2017 *Adopted Sphere of Influence Update*, the City stated, "The reasons for this request included greater control of the area and possible future development of the area that may need services from the City." (page 2-6)

Residents and home owners of south Morro Bay join us in our concern due to the financial implications to all of us. As stated in the 2017 *Update*, "Construction of new infrastructure to serve the SOI areas presents a challenge in terms of funding such projects. Serving the SOI areas will likely require a plan for financing infrastructure improvements in these areas. This plan would address funding sources for a number of needed improvements including roads, pipeline infrastructure, and other capital improvements. Funding and timing of these improvements would require planning and investment of resources." (page 3-55)

You'll see that there are 2-3 varying forms of the petition because different individuals started their own. Ultimately, we united. The outstanding concern for all of us are the Hazards as established in our Local Coastal Plan (LCP). City produced maps from the LCP are enclosed, as well as geological maps of previous landslides.

The City has stated in its 2021 *Proposal Application* that it will retain the Agriculture zoning (page 22). Therefore, we believe this statement from the 2017 *Update* should apply, "Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an agency's sphere of influence unless the area's exclusion would impede the planned, orderly and efficient development of the area." (page 2-18)

Response A-2

Not applicable. This citation comes from LAFCO's Municipal Service Review, which was based on the City of Morro Bay's previous General Plan (1988), not the recently updated and adopted General Plan (May 25, 2021). See Response to Item 6 in the July 28th LAFCO letter.

Thank you for your attention to our reservations and objections.

Sincerely,

PEOPLE AGAINST THE DEVELOPMENT OF MORRO BAY PANORAMA LOTS

To: SLO County LAFCO
From: The Undersigned Citizens

We, the undersigned, are opposed the inclusion of the Panorama Lots (see map) in the City of Morro Bay's Sphere of Influence (SOI) for the purposes of residential development for the following reasons:

1. The entire area is a high landslide risk as outlined in the City of Morro Bay's Coastal Plan (MCP), Chapter X, pages, (attached) and has experienced landslides in the past. Any development that involves digging (as detailed in MCP) will put the entire neighborhood beneath these lots at risk.

Response A-3

If the lots are incorporated into the City, no development will occur until after annexation. The City will require the future landowner / applicant to obtain a geotechnical analysis to establish specific building sites and guide construction requirements for the residences.

As mentioned before, the lots are designated Agricultural in the General Plan and limited to one residence plus an accessory unit per lot. (As noted during the LAFCO Study Session on August 19, 2021, additional or secondary dwelling units are allowed/permitted on agricultural lots, per State law.)

2. These lots are a known wildlife corridor, used by many species of protected animals endemic to the coastal area. Development on these lots could eliminate their coastal migratory route.

Response A-4

This comment is premature given that the current proposal is a requested SOI amendment and the land use and development potential is not changing with the requested SOI amendment. The land is currently designated Agricultural land within the County of San Luis Obispo and will remain Agricultural through approval of the SOI amendment and future annexation application. The zoning and residential development (one residence and accessory dwelling unit per lot) will be the same regardless of County or City jurisdiction; however, if annexed the residential development would be limited to the lower elevations next to City streets and the upper elevations would be restricted to agricultural and open space uses, which would be more protective of any wildlife corridors that may exist.

The Final EIR includes Mitigation Measure BIO-3. Wildlife Movement Corridors Protection and the following policy was added to the Conservation Element in the City's General Plan. Policy C-1.17 Project Design for Wildlife Connectivity, which states:

Design new stream crossing structures and extensions or modifications of existing structures to accommodate wildlife movement. At a minimum, structures within steelhead streams

must be designed in consultation with a fisheries biologist and shall not impede movement. New projects with long segments of fencing and lighting shall be designed to minimize impacts to wildlife. Fencing or other project components shall not block wildlife movement through riparian or other natural habitat. Where fencing or other project components that may disrupt wildlife movement is required for public safety concerns, they shall be designed to permit wildlife movement.

Proposed development on the lots in the SOI request will be required to comply with Policy C-1.17 above,

Signed,

OPPOSITION TO THE SPHERE OF INFLUENCE FOR THE PANORAMA LOTS INTO THE CITY OF MORRO BAY

To: SLO County LAFCO

From: The Undersigned Residents and Homeowners of Morro Bay

We, the undersigned, are opposed to the inclusion of the Panorama Lots (see map) into the City of Morro Bay's Sphere of Influence (SOI) for the purpose of development for the following reasons:

1. The entire area is "a high landslide risk zone" with a "High Landslide Risk Rating" as identified in the City of Morro Bay's *Local Coastal Plan*, Chapter X, and has experienced landslides in the recent past. The Lots are of the same geology as the Water Reclamation Facility lot which experienced 2 landslides since construction began last year. Any development on the Panorama Lots would put the neighborhoods just below them, from Island Street to Blanca Street, a mile in length, at risk.

See Response A-3; site-specific geotechnical studies will be completed to establish development sites and requirements. If the property is incorporated into the City, those studies would occur in conjunction with annexation, development design and permitting.

2. The Lots are a known wildlife corridor, used by many protected species endemic to the coastal area. Development on these lots, including urban fencing, could restrict their coastal migratory route.

See Response A-4.

3. An SOI is the necessary step before annexation; the purpose of annexation is development. Adding hundreds of acres into the City's incorporated limits binds the City to be responsible for expanded utility service as well as fire and police coverage. We do not need our resources--fire and police--up in the hills responding to emergencies when we already contend with simultaneous medical/fire calls as we are.

See the Response to Item 4, LAFCO July 28, 2021 Letter. The City of Morro Bay has mutual aid agreements with the County of San Luis Obispo Fire Department (Cal Fire) and the County Sheriff's office.

Signed,

Attachment B

LAFCO Policies



2.6 Sphere of Influence Review Policies

The CKH Act provides the legislative authority and intent for establishing a Sphere of Influence and is included by reference in these policies. A Sphere of Influence is the probable 20-year growth boundary for a jurisdiction's physical development. These policies are intended to be consistent with the CKH Act and take into consideration local conditions and circumstances. All procedures and definitions in the CKH Act are incorporated into these policies by reference.

1. LAFCO intends that its Sphere of Influence determination will serve as a master plan for the future organization of local government within the County. The spheres shall be used to discourage urban sprawl and the proliferation of local governmental agencies and to encourage efficiency, economy, and orderly changes in local government.

The SOI amendment is consistent with the City's current General Plan adopted in May 2021.

2. The Sphere of Influence lines shall be a declaration of policy which shall be a primary guide to LAFCO in the decision on any proposal under its jurisdiction. Every determination made by the Commission shall be consistent with the spheres of influence of the agencies affected by those determinations.

Not applicable.

3. No proposal which is inconsistent with an agency's adopted Sphere of Influence shall be approved until the Commission, at a noticed public hearing, has considered an amendment or revision to that agency's Sphere of Influence.

Amendment application filed.

4. The adopted Sphere of Influence shall reflect city and county general plans, growth management policies, annexation policies, resource management policies, and any other policies related to ultimate boundary area of an affected agency unless those plan or policies conflict with the legislative intent of the CKH Act (Government Code Section 56000 et seq.)

Where inconsistencies between plans exist, LAFCO shall rely upon that plan which most closely follows the legislature's directive to discourage urban sprawl, direct development away from prime agricultural land and open space lands, and encourage the orderly formation and development of local governmental agencies based upon local conditions and circumstances.

The proposed SOI is consistent with the City's adopted General Plan and represents an orderly development approach (see the Response to Item 4, LAFCO July 28, 2021 Letter).



In accordance with the CKH Act a municipal service review shall be conducted prior to the update of a jurisdiction's Sphere of Influence. The service review is intended to be a basis for updating a jurisdiction's Sphere of Influence.

The City of Morro Bay is due for a municipal service review (MSR) based on the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requiring MSR updates every five years. The City will cooperate with the LAFCO initiated MSR update.

5. LAFCO will designate a Sphere of Influence line for each local agency that represents the agency's probable physical boundary and includes territory eligible for annexation and the extension of that agency's services within a zero to twenty-year period.

The Sphere of Influence request being considered by LAFCO was included in the City's recently adopted General Plan Land Use Plan. The subject lots will be eligible for annexation after the SOI request has been approved. Utilities, such as water and sewer connections to City of Morro Bay services will be accessible to the lots. See the Response to Item 4, LAFCO July 28, 2021 Letter for more information about serving these properties.

6. LAFCO shall consider the following factors in determining an agency's Sphere of Influence:
 - a. Present and future need for agency services and the service levels specified for the subject area in applicable general plans, growth management plans, annexation policies, resource management plans, and any other plans or policies related to an agency's ultimate boundary and service area (CKH 56425 (e)(1)).

See the Response to Item 4, LAFCO July 28, 2021 Letter.

The City has adequate water and sewer capacity to serve the property and connection to City infrastructure is readily available from the surrounding streets. The City also has adequate police and fire services to serve the property and the City maintains mutual aid agreements with the County related to fire (Cal Fire) and police services (Sheriff's office). Please refer to the City of Morro Bay's General Plan, One Water Plan, and Final Water Reclamation Facility. General Plan Policies LU-1.1 and LU-3.1 sets parameters for locating new development and ensuring sufficient infrastructure and service capacity.

Links to the documents referenced above are provided below.

Plan Morro Bay (General Plan)

<https://www.morrobayca.gov/DocumentCenter/View/15424/Plan-Morro-Bay-GP-LCP-Final>

One Water Plan

<https://www.morro-bay.ca.us/DocumentCenter/View/12500/OneWater-Plan-Final>

Final Water Reclamation Facility Plan

Link here: <https://morrobaywrf.com/wp-content/uploads/Final-Water-Reclamation-Facility-Plan-April-2019.pdf>

- b. Capability of the local agency to provide needed services, taking into account evidence of resource capacity sufficient to provide for internal needs and urban expansion (CKH 56425 (e)(2)).

Policy OS-7.1 requires areas that might be included in the City's SOI, that a plan will be prepared and adopted to include infrastructure and services provided by the City of Morro Bay. Also, see answer to "a" above and the Response to Item 4, LAFCO July 28, 2021 Letter. Policy OS-7.1 Account for External Impacts states:

If any portion of the area outside the city limits is included in the City's sphere of influence in the future, prepare and adopt a plan for the affected parcels that includes infrastructure and services provided by the City of Morro Bay. The plan shall also identify policies for the protection of natural resources in the affected areas.

- c. The existence of agricultural preserves, agricultural land and open space lands in the area and the effect that inclusion within a Sphere of Influence shall have on the physical and economic integrity of maintaining the land in non-urban use (CKH 56426.5 (a)).

See the Response to Item 4, LAFCO July 28, 2021 Letter.

The proposed inclusion of the subject property in the City's SOI supports the City's goal to protect the scenic backdrop of the City. By including these properties in the SOI and limiting the location of residential development to the area shown in yellow on Exhibit A wherein the limited development may occur. This is consistent with a much larger effort initiated by Chevron to divest the Estero Terminal properties through cooperative efforts with the City, County, Cayucos Sanitary District, and a variety of conservation non-profit groups (LCSLO, TPL, et. al)

- d. Present and future cost and adequacy of services anticipated to be extended within the Sphere of Influence.

See the Response to Item 4, LAFCO July 28, 2021 Letter. The cost for installing connections for the services located in the streets adjacent to the properties will be borne by the landowners.

- e. Present and projected population growth, population densities, land uses, and area, ownership patterns, assessed valuations, and proximity to other populated areas.

The land use of the lots in the SOI Amendment will remain designated Agricultural, as currently designated in the County of SLO. The areas

designated for potential building on the five lots is adjacent to existing development along Panorama Drive, while the remainder of the lots will be deeded to open space. The City is capable to provide services to lots included in SOI. As specified in the General Plan, Measure F, a voter-approved growth management ordinance, limits the City's population to 12,200 residents, unless otherwise approved/amended by a majority of voters, as well as securing additional water resources.



San Luis Obispo LAFCO

- f. The agency's capital improvement or other plans that delineate planned facility expansion and the timing of that expansion.

The amount of development that would be associated with the SOI amendment (5 lots) is minor in nature and would not be significant for the City's public facilities and/or services. Both water and sewer are accessible from two points of access from the subject lots, in addition to dry utility access.

The City is undergoing construction on the Water Reclamation Facility, with expected completion in Spring/Summer of 2022.

- g. Social or economic communities of interest in the area (CKH 56425 (e)(4)).
See the Response to Item 4, LAFCO July 28, 2021 Letter. The City of Morro Bay does not have any officially designated disadvantaged communities as described in state planning law, and the levels of both educational attainment and employment are higher in Morro Bay than in most of California. The City does include an Environmental Justice Chapter in the General Plan and specifies goals, policies, and implementation actions to address the equity impacts of planning and regulatory decisions, particularly while preparing for the effects of climate change, including becoming more prone to flooding, landslides, and extreme heat events.

- h. For an update of a Sphere of Influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, a written determination regarding the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing Sphere of Influence shall be prepared.

Not applicable.

7. LAFCO may adopt a zero Sphere of Influence encompassing no territory for an agency. This occurs if LAFCO determines that the public service functions of the agency are either nonexistent, no longer needed, or should be reallocated to some other agency of government. The local agency which has been assigned a zero Sphere of Influence should ultimately be dissolved.

Not applicable.

8. Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an agency's Sphere of Influence unless the area's exclusion would impede the planned, orderly and efficient development of the area.

Exclusion of this SOI amendment request would impede planned, orderly and efficient development, as these lots could be developed in the County of San Luis Obispo inconsistent with City objectives.

9. LAFCO may adopt a Sphere of Influence that excludes territory currently within that agency's boundaries. This occurs where LAFCO determines that the territory consists of agricultural lands, open space lands, or agricultural preserves whose preservation would be jeopardized by inclusion within an agency's Sphere of Influence. Exclusion of these areas from an agency's Sphere of Influence indicates that detachment is appropriate.

See response to #6c above.

10. Where an area could be assigned to the Sphere of Influence of more than one agency providing needed service, the following hierarchy shall apply dependent upon ability to serve:

- a. Inclusion within a municipality Sphere of Influence.
- b. Inclusion within a multipurpose district Sphere of Influence.
- c. Inclusion within a single-purpose district Sphere of Influence.

In deciding which of two or more equally capable agencies shall include an area within its Sphere of Influence, LAFCO shall consider the agencies' service and financial capabilities, social and economic interdependencies, topographic factors, and the effect that eventual service extension will have on adjacent agencies.

Not applicable.

11. Sphere of Influence boundaries shall not create islands or corridors unless it can be demonstrated that the irregular boundaries represent the most logical and orderly service area of an agency.

Not applicable.

12. Nonadjacent publicly owned properties and facilities used for urban purposes may be included within that public agency's Sphere of Influence if eventual annexation would provide an overall benefit to agency residents.

Not applicable.

13. At the time of adoption of a city Sphere of Influence LAFCO may develop and adopt in cooperation with the municipality, an urban area boundary pursuant to policies adopted by the Commission in accordance with Government Code Section 56080. LAFCO shall not consider any area for inclusion within an urban service area boundary that is not addressed in the general plan of the affected municipality or is not proposed to be served by urban facilities, utilities, and services within the first five years of the affected city's capital improvement program.

There is service capability and infrastructure accessible in Panorama Drive,

Tuscan Avenue, Blanca Street, and Zanzibar Street.

14. LAFCO shall review Sphere of Influence determinations every five years or when deemed necessary by the Commission consistent with an adopted work plan. If a local agency or the County desires amendment or revision of an adopted Sphere of Influence, the local agency, by resolution, may file such a request with the LAFCO Executive Officer. Any local agency or county making such a request shall reimburse the Commission for the actual and direct costs incurred by the Commission. The Commission may waive such reimbursement if it finds that the request may be considered as part of its periodic review of spheres of influence.

Not applicable.

15. LAFCO shall adopt, amend, or revise Sphere of Influence determinations following the procedural steps set forth in CKH Act 56000 et seq.

Consistent.



2.9 Agricultural Policies

The policies in this section are designed to assist LAFCO in making decisions that achieve the Goals stated in the previous section. A policy is a statement that guides decision making by indicating a clear direction on the part of LAFCO. The following policies support the goals stated above and shall be used by San Luis Obispo LAFCO when considering a proposal that would involve agricultural resources:

1. Vacant land within urban areas should be developed before agricultural land is annexed for non-agricultural purposes.

Consistent, this will continue to be Agricultural land.

2. Land substantially surrounded by existing jurisdictional boundaries should be annexed before other lands.

Not applicable.

3. In general, urban development should be discouraged in agricultural areas. For example, agricultural land should not be annexed for nonagricultural purposes when feasible alternatives exist. Large lot rural development that places pressure on a jurisdiction to provide services and causes agricultural areas to be infeasible for farming should be discouraged.

The lots are not designated for “urban” development. The lots are and will continue to be designated for Agricultural land uses and continued agricultural (grazing) use with one residence and one accessory dwelling unit per lot. The land is not suitable for Agricultural land uses other than grazing due to the sloping nature of the lots, soil categories and lack of available water resources.

4. The Memorandum of Agreement between a city and the County should be used and amended as needed to address the impacts on and conversion of Agricultural Lands on the fringe of a city.

There is no proposed conversion of Agriculturally designated land as part of this SOI Amendment request. The existing agricultural land use designation will remain.

5. The continued productivity and sustainability of agricultural land surrounding existing communities should be promoted by preventing the premature conversion of agricultural land to other uses and, to the extent feasible, minimizing conflicts between agricultural and other land uses. Buffers should be established to promote this policy.

The proposed SOI amendment and City General Plan limit the amount of development that may occur on the subject lots to a single residence and one accessory dwelling unit per existing +/- 40ac parcel. (As noted during the LAFCO Study Session on August 19, 2021, additional or secondary dwelling units are allowed/permitted on agricultural lots, per State law.) The potential development area on each lot is identified on the SOI map (subject

to geotechnical evaluation and other site-specific studies). The areas comprising the higher elevations of the lots will be reserved for agricultural and open space uses, acting as a buffer to agricultural use (grazing) on the adjacent parcels.

Also see the Response to Items 4 and 6, LAFCO July 28, 2021 Letter.

6. Development near agricultural land should not adversely affect the sustainability or constrain the lawful, responsible practices of the agricultural operations.

See response to #5 above.

7. In considering the completeness and appropriateness of any proposal, the Executive Officer and this Commission may require proponents and other interested parties to provide such information and analysis as, in their judgment, will assist in an informed and reasoned evaluation of the proposal in accordance with these policies.

Noted.

8. No change of organization, as defined by Government Code 56021, shall be approved unless it is consistent with the Spheres of Influence of all affected agencies.

Both City and County are aware of and support this SOI amendment request.

9. Where feasible, and consistent with LAFCO policies, non-prime land should be annexed before prime land.

The proposed Sphere of Influence amendment is consistent, as this is non-prime land.

10. The Commission will consider feasible mitigation (found in the following guidelines) if a proposal would result in the loss of agricultural land.

See response to #3 above and Item 4, LAFCO July 28, 2021 Letter. This will not result in the loss of agricultural land. First off there is no development proposed as part of the Sphere of Influence request. Development within the City will only occur after annexation. The only “development” that would be allowed to occur would be one residence and an accessory dwelling unit on each lot, which would be allowed now under County jurisdiction. (As noted during the LAFCO Study Session on August 19, 2021, additional or secondary dwelling units are allowed/permitted on agricultural lots, per State law.) Exhibit A – Potential Building Area establishes building areas for the residences and accessory dwelling units to be located next to the City roads at the lower elevations, leaving the remainder of the properties undeveloped and available for grazing and open space uses.

11. The Commission encourages local agencies to adopt policies that result in efficient, coterminous and logical growth patterns within their General Plan and Sphere of Influence areas and that encourage protection of prime agricultural land in a manner that is consistent with this Policy.

This is not prime agricultural land per LAFCO definition. It does not have Class I or II soils in the USDA Natural Resources Conservation Service, does

not qualify for an 80-100 Storie Index Rating, does not support livestock, crops or other plantings and/or production of unprocessed agricultural plan products. The land conditions require about 10 acres to sustain each cow that grazes the land, which exceeds the one animal unit per acre as defined in the prime agricultural land definition.

12. The Commission may approve annexations of prime agricultural land only if mitigation that equates to a substitution ratio of at least 1:1 for the prime land to be converted from agricultural use is agreed to by the applicant (landowner), the jurisdiction with land use authority. The 1:1 substitution ratio may be met by implementing various measures:

Not prime land per LAFCO definition. Does not have Class I or II soils in the USDA Natural Resources Conservation Service, does not qualify for a 80-100 Storie Index Rating, does not support livestock, crops or other plantings and/or production of unprocessed agricultural plan products.

- a. Acquisition and dedication of farmland, development rights, and/or agricultural conservation easements to permanently protect farmlands within the annexation area or lands with similar characteristics within the County Planning Area.
 - b. Payment of in-lieu fees to an established, qualified, mitigation/conservation program or organization sufficient to fully fund the acquisition and dedication activities stated above in 12a.
 - c. Other measures agreed to by the applicant and the land use jurisdiction that meet the intent of replacing prime agricultural land at a 1:1 ratio.
13. Property owners of agricultural lands adjacent to a LAFCO proposal shall be notified when an application is submitted to LAFCO.
LAFCO to prepare noticing.

Attachment C

Morro Bay Sphere of Influence Conditions

- *City of Morro Bay-Goal 35: Preserve agricultural uses in and adjacent to the City with conflict resolution between agricultural and urban land uses.*

This will not result in the loss of agricultural land. First off, there is no development proposed as part of this Sphere of Influence request. Development within the City will only occur after annexation into the City of Morro Bay. The only “development” that would be allowed to occur under this proposal would be the addition of one residence and an accessory dwelling unit on each lot, which would be allowed now under County jurisdiction. (As noted during the LAFCO Study Session on August 19, 2021, additional or accessory dwelling units are allowed/permitted on agricultural lots, per State law.) Exhibit A – Potential Building Area establishes building areas for these properties. This proposal ensures that the residences and accessory dwelling units will be located next to the City roads at the lower elevations, leaving the remainder of the properties undeveloped and available for grazing and open space uses. This is consistent with the proposed conservation approach for the properties in this area.

COUNTY OF SAN LUIS OBISPO GENERAL PLAN

- *County of San Luis Obispo-Estero Area Plan. Prevent urban development outside the Morro Bay City Limits, and direct future growth onto developable, non-prime lands within the City.*

This SOI amendment proposal is not considered ‘urban development’ as the continued Agricultural zoning will allow only one residence and one accessory dwelling unit. Also, the land does not qualify as prime agricultural land per LAFCO criteria. See the Response to Item 4, LAFCO July 28, 2021 Letter.

- *County of San Luis Obispo-Estero Area Plan. Maintain existing agricultural land use categories in order to protect agricultural resources; do not convert agricultural land to other land use categories or revise planning area standards so as to enable more intensive development.*

The land will retain the Agricultural land use designation within the City of Morro Bay. See the Response to Item 4, LAFCO July 28, 2021 Letter.

These goals are supported in each General Plan with policies and programs that work towards achieving these results. The Memorandum of Agreement is a way to implement both General Plans in a more coordinated manner.

City Council Action. The City Council approved the MOA on September 10, 2007.

County Board of Supervisors Action. The County Board of Supervisors approved the MOA on September 25, 2007

Conditions of Approval

The following conditions of approval are adopted based on this updated Sphere of Influence Update, Municipal Service Review, Memorandum of Agreement, the environmental review, and public input and to reflect the current situation for services and protection of agricultural and open space lands.

WATER

- a. As a condition of an annexation application being filed with LAFCO, the City shall document with a water supply analysis that an adequate, reliable, and sustainable water supply is available and deliverable to serve the areas proposed for annexation.

Noted. This application is a Sphere of Influence amendment request, not an annexation application. The City’s One Water Plan addresses this analysis. See link to One Water Plan: <https://www.morro-bay.ca.us/DocumentCenter/View/12500/OneWater-Plan-Final>.

WASTEWATER

- a) As part of an annexation application, the City shall document the progress of the currently-planned upgrade to the wastewater treatment plant in compliance with a NPDES permit.

Noted. This application is a Sphere of Influence amendment request, not an annexation application. The City’s Wastewater Master Plan addresses this analysis. See link to Final Water Reclamation Facility Plan: <https://morrobaywrf.com/wp-content/uploads/Final-Water-Reclamation-Facility-Plan-April-2019.pdf>

AGRICULTURE & OPEN SPACE

- a. The City shall identify all agricultural and open space lands to be protected in the annexation areas when rezoning or preparing land use entitlements for an area.

See previous comments in Item 7 of the LAFCO July 28, 2021 letter; landowner would record a deed restriction or other instrument on the “no-build” portion as part of annexation process.

- b. Prior to LAFCO filing the certificate of completion (if an annexation is approved), conservation easement(s) or other appropriate mitigation measures as listed in LAFCO’s Agricultural Policy 12, shall be recorded on the deed(s) of the properties affected by the annexation specifying the areas to be protected in perpetuity.

Noted, see previous comments in Item 7 of the LAFCO July 28, 2021 letter; landowner would record a deed restriction, or similar agreement, on the “no-build” portion of each lot at the time of annexation.

RECONSIDERING THE SOI/MSR

- a. LAFCO would revisit the SOI upon completion of the GP/LCP and One Water Plan update.

It is appropriate timing now, as the General Plan was adopted in May 2021 and the One Water Plan was approved in October 2018. Links to the General Plan and One Water Plan are provided below.

Plan Morro Bay (General Plan)

PRESENT AND PLANNED LAND USE

The land use zoning within the proposed Study Areas of the Sphere of Influence is Agriculture and Recreation. The two existing SOI areas are the beach area to the north and the Back Bay area to the south. Neither area is proposed for future development. The City's General Plan policies are being updated to manage the growth and development within these areas. Once the City identifies a site for its new wastewater treatment plant the Sphere of Influence will be considered amended.

Not applicable.

PRESENT/PROBABLE NEED FOR PUBLIC SERVICES

The present need for public services in the proposed SOI area varies in the different areas. Many of the properties' current uses are for agricultural and open space purposes. The probable need for public services in the proposed Sphere of Influence is low. Urban levels of development are not anticipated in the existing Sphere of Influence. Also, the City needs to complete the upgrade of the sewer facility and increase the reliability of its water supply.

This Sphere of Influence request is consistent with the City's SOI line as delineated on the City's Land Use Plan. The land use designation for the properties will remain agricultural and will not be considered 'urban development'. The City is undergoing construction on the Water Reclamation Facility, with expected completion in Spring/Summer 2022.