



CITY OF EL PASO DE ROBLES

"The Pass of the Oaks"

March 15, 2021

Mr. David Church
Interim Executive Officer
San Luis Obispo County Local Agency Formation Commission
1042 Pacific Street, Suite A
San Luis Obispo, CA 93401

via email only to DChurch@SLOLAFCO.com

**Re: Paso Robles Gateway Annexation
Response to LAFCO Information Hold Letter Dated November 5, 2020
(File 3-R-20)**

Dear Mr. Church:

The City of Paso Robles submits the following in response to LAFCO's Information Hold letter dated November 5, 2020 related to the proposed Gateway Annexation.

LAFCO Comment 1. Economic and Fiscal Analysis

- a. Thank you for the Beacon report, this analysis broadly addresses the impacts related to both construction and on-going operations. The report outlines the number of jobs supported and economic output generated by the project. However, more specific analysis is needed that outlines which jobs and industries will be provided beyond the construction, and retail sector outlined in the economic report.
- b. Specifically, which direct, indirect, and induced job classifications does the Beacon report identify this project will contribute towards. Describe all other job types outside of the construction industry.

RESPONSE: Please see the attached memorandum from Beacon Economics (Part 1) that addresses these requests (Attachment 15).

LAFCO Comment 2. Please provide greater analysis related to the rental costs and housing supply with the City. Provide any comparisons of existing housing stock of similar size and rental market. If possible, correlate the types of permanent jobs created with the cost of housing.

RESPONSE: Please see the attached memorandum from Beacon Economics (Part 2) that addresses this request (Attachment 15).

LAFCO Comment 3. Agricultural Uses

Provide further discussion regarding the agricultural uses that are not within the conservation easement. Provide a broader discussion and understanding of how these uses fit within the overall destination atmosphere and any obstacles to maintaining this setting.

RESPONSE:

Setting and Description:

The future agricultural uses that are not within the agricultural conservation easement are generally located in the northern portion of the project site surrounding the Hillside Hotel – Destination Resort (Area 3) and the Village Commercial Center (Area 2) and at the project entrance along (Area 5) the Vine Street corridor (Area 6) (see Attachment 12.B of the originally application). These agricultural areas are comprised of four noncontiguous pockets of land totaling approximately 14.4 acres and ranging individually in size between 1.85 acres and 8.08 acres. These areas are anticipated to be planted with irrigated vineyard or orchards, similar to the 32 acres of agricultural land that will be covered by the future agricultural conservation easement.

How Uses Fit the Destination Atmosphere:

Ag Vineyard (AV) Area 3 and AV Area 4 are contiguous to existing off-site vineyards that are also owned by the Furlotti family and managed by Randy Heinzen and Vineyard Professional Services (see Attachment 16). AV Area 3 and AV Area 4 will become an extension of, and incorporated into, the adjacent vineyard blocks. The result is the creation of an even more dramatic destination atmosphere. The sense of place and visitor experience will be aesthetically and visually elevated by surrounding the Hillside Hotel, Resort, and Spa with rolling vineyards and expansive views. The outcome of this agricultural and passive recreational interface is a unique visitor experience that is unmatched in San Luis Obispo County and arguable beyond. The visitors will feel like they are staying at a secluded retreat surrounded by hundreds of acres of agricultural and open space, even though the property is located with an incorporated City and at the intersection of two State Highway corridors.

AV Areas 5 and AV Area 6 will provide the visitors with a sense of arrival to the property and reinforce that they are entering a world class wine and visitor destination in the Paso Robles American Viticulture Areas. These vineyards areas, although they will be farmed, will also serve as an important landscape feature of the project site. Project and wayfinding signage will be incorporated along the edges of vineyard areas and will direct visitors to their destination(s) within the property. Informational educational signage regarding the agricultural crops (i.e. grape varieties, soils information, sun exposure, etc.) may also be incorporated along the edge of the vineyard blocks.

Obstacles to Maintaining the Setting:

AV Area 2 and AV Area 3 will be an extension of existing commercial farming operations therefore there are no obvious obstacles to maintaining the vineyard or orchards in the developed project setting.

Based on the location(s) of AV Area 5 and AV Area 6 there is a substantial incentive to the property owner(s) and Owners Association to ensure these key focal areas are maintained in the agricultural use(s) even if there is not a fair market value realized from the crop itself.

The project design and incorporation of the agricultural uses in proximity to other ‘developed’ uses, including visitor-serving uses, is not unusual and proven to be able to be managed and maintained in a variety of settings throughout the County (e.g. Allegretto Vineyard Resort, Daou Winery, Halter Ranch Winery, Robert Hall Winery, Niner Wine Estates, Summerwood Winery and Inn).

LAFCO Comment 4. Plan for Services Water Section Revisions.

- a. Thank you for the Plan for Services, this plan outlines the City’s water supply and demand needs. However, greater discussion of how SGMA and the Paso Robles Groundwater Basin GSP are consistent with the City’s water portfolio is needed.

RESPONSE: In recent years, more than half of the City's water has come from four of the City's Salinas River surface water wells located south of Charolais Road. An additional three Salinas River surface water wells are located north of Niblick Road and historically are only utilized during the summer months. One Salinas River surface water well, located north of Charolais Road and south of Niblick Road is not typically operated as a source of supply. The City's surface water wells employ surface water diversion pursuant to appropriate surface water rights and a permit issued by the State Water Resources Control Board. Because surface water is distinct from groundwater, SGMA does not apply to the water obtained from these wells.

The Gateway project's existing on-site private wells are located in the Atascadero Subbasin. The Atascadero Subbasin is a very low priority (sub)basin under SGMA and, therefore, not required to comply with SGMA. However, the Atascadero Area Subbasin GSA, of which the City of Paso Robles is a member, has decided to continue to proactively manage the subbasin groundwater resources and develop a GSP using grant funds provided by DWR. According to the WSA for the project, the Atascadero Area Subbasin is not in overdraft, and can sustain the continued use of the onsite wells to supply the proposed offsite vineyard irrigation and onsite vineyard irrigation.

The City operates 12 groundwater (basin) wells that are located east of the Salinas River throughout the City and overlie the Paso Robles subbasin. The Paso Robles Subbasin GSP calls for reduced basin pumping through monitoring and outreach, BMPs, stormwater recapture/recharge, and voluntary fallowing of irrigated land. Assumptions of the Paso Robles Subbasin GSP include an overarching assumption that any future increases in groundwater use within the Subbasin will be offset by equal reductions in groundwater use in other parts of the Subbasin, or in other words, groundwater neutral through implementation of the GSP (*Paso Robles Subbasin GSP 2019*). While the City has the infrastructure to continuing pumping groundwater at historical rates, the City has decreased its pumping of basin wells by more than half by utilizing supplemental water from the Nacimiento Water Project and through city-wide conservation efforts.

- b. Please provide greater analysis related to the Quiet Title action, if any limitations are set and how that does or doesn't affect the City's water portfolio.

RESPONSE: In November of 2013, various landowners filed a quiet title lawsuit against the City of Paso Robles, San Luis Obispo County, Templeton Community Services District, Atascadero Mutual Water Company, and San Miguel Community Services District. The landowners asked the court to issue a judgment stating that they have groundwater rights that are free from any interference (i.e., superior in priority) from wells operated by the City and the other defendants. The City and other defendants have responded to the lawsuit by asserting their groundwater rights (*City of Paso Robles Urban Water Management Plan 2015*).

As demonstrated in response to LAFCO Comment 4(c), below (see Table 2), the City has adequate water supplies through a diverse portfolio to provide for the 2045 General Plan Buildout, including implementation of the Gateway project.

- c. Provide clearer water demand projections under Table 1 showing overall supply by source with and without limitations versus total City demand including the Gateway project.

RESPONSE: Please see the simplified water project table below (Table 2; *Table 1 is included with the October 7, 2020 Application for Annexation and Plan for Services*). In short, the City has a diverse water portfolio that contains groundwater, surface water, imported Nacimiento water, and will include recycled water in the future.

Table 2. City Water Demand Projections Summary

Total City Water Available Groundwater (Basin Wells) Surface Water (River Wells) Nacimiento Water (Pipeline/Recovery Well) Recycled Water	17,246 AFY
2019 Actual City Water Use	5,552 AFY
2045 General Plan Buildout Projected City Water Demand	9,519 AFY
Gateway Project Water Demand	144 AFY
Remaining Available City Water with Implementation of Gateway Project and 2045 General Plan Buildout	7,583 AFY
Remaining Available City Water with Implementation of Gateway Project and 2045 General Plan Buildout WITHOUT Groundwater (Basin Wells)	3,583 AFY

Surface Water. Currently, more than half of the City’s water supply comes from four Salinas River surface water wells located south of Charolais Road. An additional three Salinas River surface water wells are located north of Niblick Road and historically are only utilized during the summer months. One Salinas River surface water well, located north of Charolais Road and south of Niblick Road is not typically operated as a source of supply. The City’s permit with the State Water Resources Control Board (Permit 5956), allows for a maximum surface water diversion of 4,600 AFY.

Nacimiento Water. The City has entitlements to 6,488 AFY of water from the Nacimiento Water Project. Lake Nacimiento water is a reliable and stable source of water as jurisdictions in San Luis Obispo County have a contractual first priority to 17,500 AFY of the reservoir yield which is over 200,000 AFY. Modeling of the Nacimiento project indicates that even during historical drought periods, the total annual entitlement to San Luis Obispo County can be delivered (*City of Paso Robles Urban Water Management Plan 2015*).

The City currently uses 1,100 to 2,300 AFY of its Nacimiento allocation in its water treatment plant and to augment surface water supplies adjacent to the City’s river wells. Should the City desire to increase utilization of Nacimiento water beyond 4,600 AFY the water treatment facility would need to be expanded/upgraded.

In addition to direct deliveries, Nacimiento water also can be utilized by the City through a recovery well. This operation allows Nacimiento water to be turned into the Salinas River channel and captured through the recovery well (distinct from the Salinas River surface water diversion wells).

Groundwater. The City operates 12 groundwater (basin) wells that are located east of the Salinas River throughout the City and overlie the Paso Robles subbasin. Between 2011 and 2015 the City has historically pumped up to 4,000 AFY from these wells (*City of Paso Robles Urban Water Management Plan 2015*)¹. While the City has the infrastructure to continue pumping groundwater at this historical rate, the City has decreased its pumping of Paso Robles subbasin wells by half this amount to optimize utilization of available supplies.

Recycled Water. Recycled water is not currently used as a supply source in the City of Paso Robles, although the City has completed construction of the Tertiary Treatment plant needed to meet the recycled water standard. The City is currently designing and reviewing a recycled water distribution system that will serve irrigation demands in the City and allow regional recycled water use.

¹ Historic pumping amount does not reflect any limits on the City’s groundwater rights.

- d. Lastly, provide a detailed description of all City wells and which basin they are located in.

RESPONSE: The City operates a total of 21 wells. There are 12 deep groundwater wells that are dispersed across the City east of the Salinas River that overlie the Paso Robles Subbasin.

The City also has eight (8) Salinas River surface water wells that draw from surface water pursuant to appropriate surface water rights and a permit issued by the State Water Resources Control Board. The City's Permit number 5956, as amended on November 6, 1981, allows the City to take up to eight cubic feet per second (3,590 gpm) with a maximum diversion of 4,600 AFY (January 1 to December 31). Currently, more than half of the City's current groundwater supply comes from four Salinas River surface water wells located south of Charolais Road. An additional three Salinas River surface water wells are located north of Niblick Road and historically are only utilized during the summer months. One (1) other surface water well, located north of Charolais Road and south of Niblick Road is not typically operated as a source of supply.

The City also has one (1) recovery well that allows Nacimiento water to be turned into the Salinas River channel and captured through the recovery well (as distinct from Salinas River surface water).

LAFCO Comment 5. Main Street off-ramps at HWY 101

Clearly outline what road conditions will remain at the Main Street off-ramps at HWY 101 after project completion.

RESPONSE: Potential impacts were assessed for the U.S. 101/Main Street interchange located in the unincorporated County approximately 1.7 miles south of the project. As shown in Table 4.13-3 of the Final EIR, the southbound off-ramp at the U.S. 101/Main Street interchange and the northbound off-ramp at the U.S. 101/Main Street interchange both currently operate at LOS E during the PM peak hour (4:00 PM – 6:00 PM), which exceeds the Caltrans LOS C and County LOS D targets for the interchange. The interchange currently operates at an LOS C during the AM peak hour (7:00 AM – 9:00 AM) for southbound traffic and at an LOS B during the AM peak hour for northbound traffic, which meets both the County and Caltrans LOS targets.

Specifically, the Project would add 3 trips to the southbound off-ramp and 6 trips to the northbound off-ramp at the U.S. 101/Main Street interchange during the PM peak hour, and 2 trips to the southbound off-ramp and 5 trips to the northbound off-ramp at the U.S. 101/Main Street interchange during the AM peak hour. In accordance with the Caltrans Guide for the Preparation of Traffic Impact Studies, for state highway facilities currently operating at LOS D, E, or F, Caltrans' endeavor is to maintain the existing measure of effectiveness. The minor amount of traffic (2 to 5 trips at the ramp intersections) would not degrade the LOS during the AM peak hour.

The existing PM peak hour delays are 35.1 seconds per vehicle at the U.S. 101 southbound off-ramp intersection and 38.5 seconds per vehicle at the U.S. 101 northbound off-ramps intersection. As noted above, these ramps both operate at LOS E during the PM peak hour, which has a delay range of 35 seconds to 50 seconds. Since the existing delays are near the low end of LOS E range, it is assumed that the ramps would continue to operate at LOS E with the additional project trips during the PM peak hour. The project would not change the LOS at this interchange and therefore would not result in a significant impact in accordance with Caltrans criteria. However, the Project would exacerbate existing deficient conditions during the PM peak hour at this interchange, which would result in a potentially significant impact in accordance with County criteria. The Final EIR determined this impact would exacerbate existing deficient conditions, and therefore results in a Class 1 significant and unavoidable impact.

Mitigation Measure T-1 requires a contribution to the Templeton Road Improvements fee program, in the amount specified for Area C of the Areas of Benefit of the Templeton Traffic Circulation Study, for the 6 Project-added PM peak hour trips at the U.S. 101/Main Street northbound off-ramp, and the 3 Project-added PM peak hour trips at the U.S. 101/Main Street southbound off-ramp. This fee would be collected by the

County and used for future interchange improvements. Long-term recommendations for the Main Street Interchange are to reconfigure the interchange with installing signals or roundabouts. Improvements to Caltrans facilities are subject to Caltrans Intersection Control Evaluation (ICE) process and approval. Improvements are anticipated to cost approximately \$12,000,000, of which \$6,000,000 would be generated by the Templeton Road Improvements fee program ([Templeton Community 2017 Travel Demand Model and Circulation Study Update](#)).

LAFCO Comment 6. Ride-Share Services

Indicate what new provisions or expand on existing ride-share services offered by the project including shuttle, Uber, Lyft, etc. that currently operate within the City (basic analysis of how many operators and types are available for the Gateway project).

RESPONSE:

Existing Rideshare Services Serving Paso Robles:

The Paso Robles region has several options available for patrons wanting to visit within the City, local wineries, and other local attractions without having to drive themselves. Within the Paso Robles City limits, there are the traditional taxi and web based services such as Dial-a-Ride, Fetch Ridez, Surf Cab, SLO Safe Ride, Uber, and Lyft. These operators are designed for immediate call service for pickup and drop-off services and handle typically up to 3-4 passengers per vehicle. Ride-on provides a shuttle service within the City limits. Other shuttle service providers which cater to veterans, the elderly, and individuals in the need for transportation to medical and non-medical appointments includes Senior Go, Cencal Shuttle, Care Connection, and Runabout Paratransit Services. Additionally, San Luis Regional Transit Authority operates within the City limits on a fixed route bus service through Paso Express.

Other Rideshare Operators:

The local wine industry has seen an expansion of ride share operators which have been designed around providing a winery experience for the tourists. The services include providing door to door service, coordinating tours of vineyards and wineries, and transportation to dinners and other activities. They also specialize in coordinating in-house food and beverages for visitors staying in a vacation rental or other properties that do not have access to on-site food and beverage service. These operators are focused on providing an “experience” for the tourists and require advance booking. Depending on the needs of the client there are different operators to choose from based on the size of the group or aspect of the activity whether it is for a small intimate group, a corporate function, or a wedding. There are three main operator classifications servicing the Paso Robles area and they are 1) Bus, Shuttle, Van Services, 2) Limousine, Sedans Services, and 3) Use of your own car. Table 3 below quantifies the number of operators.

Table 3 Number of Operators and Types of Operators in Paso Robles Area

Operator Classification	Number of Operators
Bus, Shuttle, Van Services	19
Limousine, Sedan Services	7
Use of your own car	3
Taxi / web-based ride sharing	8

All these operators service the Paso Robles area. The Bus, Shuttle, Van Services typically handle larger groups of people more than 20. The Limousine, Sedan Service operators are for groups for less than 10. The use your own car will only carry the quantity available in your vehicle minus the driver.

Wine Industry Options:

The wine industry has been evolving over the years and has become an international destination location with a focus on creating a unique experience for its visitors. Traditionally tasting room visitors will utilize their own vehicles to access the facilities, however, the use of ride share, shuttles, and designated drivers have become increasingly popular as the public has become more aware of the danger and consequences of driving under the influence. Uber has even launched into the wine tour business. Wine tours can be booked through WINE or WINEXL on the Uber app. Larger party events such as weddings, company retreats, bachelor/bachelorette, and birthday celebrations are more inclined to use a shuttle or limousine services depending on the number of participants.

Proposed Operations:

Future hotel operators within the Gateway project may offer their own onsite shuttle service to locations within and the surrounding Paso Robles area. Their shuttle service(s) would likely be for hotel guests only and would provide transportation to and from their arrival portals (i.e. Paso Robles and San Luis Obispo County Airport or the Amtrak station) and into town for dinner, shopping, or other activities. Since there are no identified tenants/operators and the hotels will likely not be in operation for several more years (+/- 3 – 5 years) any definitive information regarding future ride share or shuttle services offered by the project would be speculative at best. It is expected that the ride-share and shuttle industry will continue to evolve, adapt, and fine tune their services and they will be available to serve future visitors during their stay on the property.

Listing of All Providers in Paso Robles Area:

Bus, Shuttle, Van Services

1. **Uncorked Wine Tours**
The fleet vehicles are a Ford Transit bus, wine tour bus, Mercedes sprinter, van, Luxury SUV, tour van, and executive sprinter.
Website: <https://www.uncorkedwinetours.net/>
2. **101 Wine Tour**
Fleet vehicles are Volkswagen Atlas, Sprinter and transit bus.
Website <https://101winetours.com/tours>
3. **Elite Wine Tours Paso**
Fleet vehicle is a Limo Sprinter. Pickup and drop-off central coast area.
Website: <http://elitewinetourspaso.com/>
4. **SLO Safe Ride**
Fleet vehicle are luxury bus, full size bus, large and mid-size charter bus, SUVs, shuttles, sprinter, limousines, limousine buses and car.
Website: <https://slosaferide.com/wine-tours/paso-robles-wine-tours/>
5. **The Wine Line**
Fleet vehicle is a shuttle bus.
Website: <https://hoponthewineline.com/>
6. **Toast Tours**

Fleet vehicle is a bus. Pick up from Paso Robles and Atascadero area.
Website: <https://hoponthewineline.com/>

7. SLO Fetch
Fleet is a van.
Website: <https://www.slofetch.com/>
8. Crown Limousine Service
Fleet vehicles are 3 stretch limousines and 1 passenger van, SUV, 3 limousine buses.
Website: <http://www.crownlimos805.com/index.cfm>
9. Bakersfield Limo Service
Fleet vehicles are sedans, SUVs, limousines, limousine buses, mini coaches and vans.
Website: <https://bakersfieldlimoservice.com/paso-robles-wine-tours/>
10. Paso Robles Party Bus Company
Fleet vehicles are luxury limousine bus, sprinters, and luxury coach.
Website: <https://www.pasoroblespartybus.com/>
11. Paradise Limousine Co
Fleet vehicle is a limousine and luxury van.
Website: <https://paradiselimousineco.com/>
12. SLO Party Bus
Fleet vehicles are buses and stretch SUV limousine.
Website: <https://slopartybus.limo/>
13. Hop On Beer Tours
Fleet vehicle is a bus. Pick up within 20 miles of SLO.
Website: <https://www.hoponbeertours.com>
14. Paso Party Bus
Fleet is a bus.
Website: <http://www.pasopartybus.com/wine-tours-and-party-busses.html>
15. Grand Cru Limousine
Fleet vehicles are 3 Sprinter limousines, 2 stretch limousine, 2 Luxury SUVs.
Website: <https://www.crulimos.com/>
16. Elegant Image Limos
Fleet vehicles are Sprinter limo, limo bus, luxury limo bus.
Website: <https://www.elegantimagelimos.com/buses>
17. Lush Limo
Fleet vehicles are a limo bus, party bus, executive limo bus, sprinter, van, stretch limousines, SUVs, Van, sedan. Option to drive your car.
Website: <https://lushlimo.com/rates-specials/>
18. Grapeline Wine Tours
Fleet vehicles are executive SUV, deluxe touring van, or mini-coach.

Website: <https://gogrape.com/paso-robles/wine-tour-excursions/>

19. Obsidian Luxury Services
Fleet vehicles are sedans, Sprinters, luxury coach bus, limousine bus, stretch limousine, SUV.
Website: <https://www.obsidianluxuryservices.com/wine-tours>

Limousine, Sedans Services

1. Niche wine tours
Fleet vehicle luxury SUV. Provides a personalized Paso Robles wine tour six people.
Website: <https://www.nichewinetours.com/>
2. Pearl of Paso Limo
Fleet vehicle is a private stretch limousine.
Website: <http://www.pearlofpasolimo.com/>
3. Chariot Wine Tours
Fleet vehicle is a stretch limousine.
Website: none.
4. Best limo DB
Fleet vehicles are a variety of limousine services (sedans, SUVs, stretch limousines, limousines).
Website: <https://www.bestlimodb.com/>
5. Epic Limousine Services
Fleet vehicles are sedans and a limousine.
Website: <http://pasorobleslimotours.com/>
6. Cal-Limos
Fleet vehicles are luxury sedans, limousines and SUVs.
Website: <http://cal-limos.com/>
7. Central Coast Limousine Service
Fleet vehicles are Stretch Hummer, stretch limousine sedan, luxury SUV.
Website: <https://www.centralcoastlimoservice.com/>

Drive your car

1. Designated Wine Driver
Will drive your vehicle and meet at preferred starting location. Client can plan and select their own route, or he offers suggestions. Available 7 days a week.
Website: <http://designatedwinedriver.com/>
2. Destination Drivers
Will drive your car.
Website: <https://destinationdrivers.com/>
3. Lush Limo

Fleet vehicles are a limo bus, party bus, executive limo bus, sprinter, van, stretch limousines, SUVs, Van, sedan. Option to drive your car.
Website: <https://lushlimo.com/rates-specials/>

Taxi Services

1. Uber
2. Lyft
3. Fetch Ridez
Website: <https://www.slofetch.com/>
4. Surf Cab
Website: <http://surfcabco.net/#Services-List>
5. Dial a Ride- operates within City limits of Paso Robles.
Website: <http://www.slorta.org/services/dial-a-ride/>
6. SLO Rideshare
Website: <https://rideshare.org/>
7. Ride-on
Website: <http://www.ride-on.org/>
8. Runabout Paratransit Services
Website: <http://www.slorta.org/services/runabout-paratransit/>

LAFCO Comment 7. Annexation Mapping
Revise Map and Legal per County Surveyor comments.

RESPONSE: A revised map and legal exhibits were resubmitted to LAFCO under separate cover on November 23, 2020 and approved by the County Surveyor on December 9, 2020.

LAFCO Comment 8. Tax Sharing Agreement
Property Tax Agreement approved by the County and City.

RESPONSE: On January 26, 2021 the County Board of Supervisors formally commenced negotiations for the exchange of property tax revenue for this annexation. These negotiations remain ongoing.

Sincerely,



Warren Frace
Community Development Director

ATTACHMENTS

Attachments 1-14 included with the October 7, 2020 Application for Annexation.

15. Beacon Economics Memorandum
16. Agricultural Vineyard Exhibit