

ATTACHMENT D
LAFCO Proposal Review Factors - Government Code 56668
Fiero East-West Annexation to the
City of San Luis Obispo 1-R-20

Factor (a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

Response. The Fiero East/West Annexation involves 68 acres bounded by Tank Farm Road to the south, Orcutt Road to the east and north, and the Union Pacific Railroad (UPRR) to the west. Many of these factors are addressed in the staff report. The Fiero East/West annexation was approved by the City under separate actions. West portion was approved in December 2019 and the East portion was approved in March 2020. Both approvals follow the City’s Airport Area Specific Plan and LUCE which provides policies and development standards to ensure the orderly development of these areas. The Environmental Impact Report prepared for the Airport Specific Plan and subsequent Mitigated Negative Declarations identified the potential for Business Park (BP), Service Commercial (CS), and Manufacturing (M) (consistent with the Airport Area Specific Plan. The citywide buildout potential population is consistent with the City’s General Plan Land Use Element Update 2014. The County Resource Management System states the following with regard to population:

As of January 2010, the City’s population was approximately 44,750. The total population growth rate from the year 2000 to 2010 was 0.5%. The year 2020 population estimate is 43,370. Build out population is approximately 57,000.

San Luis Obispo Population			
2000	2005	2010	2020
44,174	44,619	44,750	43,370

Growth is likely in this area whether it’s in the City or under the County. The City is prepared to provide services and has approved the Airport Specific Plan with the goal of providing for the planned and well organized growth.

Currently, of the 33 parcels in the East Side annexation area 21 parcels area developed with a mix of office, business park, industrial and manufacturing uses, storm water basins and FLWC facilities. Total square footage for potential buildout is about 680,000. Estimated build out is at 389,000 square feet with a

total potential build out of approximately 680,000 square feet. Nine parcels are currently vacant. This area is about 60% built out.

The existing development within the West Side includes 30 parcels approximately 500,123 sq. ft. of one and two story structures accommodating light manufacturing, service commercial, and office uses. It is estimated that 90% of the parcels are built out in this area under county permitting.

The topography on the site is generally flat. The areas have been graded for development and do not have any significant topographical features.

Assessed Valuation: The total assessed value of the annexation area as determined by the County Assessor is \$176,393,549. This breaks down as \$64,805,593 in land value and \$11,587,956 in improvement values. As discussed above, the properties are primarily in light manufacturing, service commercial, and office uses. This assessed valuation was used as the basis for property tax negotiations between the City and County.

Factor (b) The need for organized community services, the present cost and adequacy of governmental services and controls in the area, probable future needs for those services and controls, probable effect of the proposed incorporation, formation, annexation, or exclusion and alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

Response. The present cost and adequacy of governmental services and controls in the area is technically the County's responsibility, however, in emergency response situations the City is normally the first responder. The properties are supplied water and wastewater by Fiero Lane Mutual Water Company. The West Annexation area (Fiero Lane portion) was issued an Outside User Agreement in 2016 to address the failing Fiero Lane Mutual Water Company services of their water system and wastewater treatment plant, which currently also serves the East area. The City has an existing 12-inch potable water main on Broad Street and Aerovista. The annexation area is in the City's *Water Reuse Master Plan* area and will be served with recycled water for landscape irrigation in the future when the recycled water distribution system is extended south on Broad Street.

The Pre-Annexation Agreement (PAA) and Memorandum (MOA) with FLWC identify the necessary improvements and impact fees to be paid and other financing issues. The probable need for future services is high given the urban nature of the surrounding area, the pre-zoning already approved by the City. If the annexation is approved, the area would then be able to receive urban level services that can be provided by the City. The costs of services may increase, however the level of services available from the City is also increased and addresses the failing FLWC system. The City would provide a higher level of

service to the area in terms of water and wastewater services as well as fire and police.

Factor (c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

Response. The proposed action would allow the proposal approved by the City to be implemented upon compliance with the conditions of approval. The area would be removed from the County's unincorporated area and be within the City's incorporated service area. The eventual impact could be an increase of population for the City. The City would be responsible for providing services to the area. The commercial and industrial development would increase the economic activity in the area and contribute to local businesses, social and economic interests.

Factor (d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377.

Response. The City prepared the Airport Specific Plan that provides for the planned, orderly and efficient development of the area coupled with the City approving the Pre-Annexation Agreement and environmental documentation regarding this proposal both provide detailed documents that address a variety of issues, including:

- Open Space and Parks
- Airport Compatibility
- Utilities and Services
- Plan Implementation
- Development Standards
- Circulation/Transportation
- Housing Affordability
- Land Use
- Community Design
- Public Services
- Public Facilities
- Financing

The City also completed an Environmental Impact Report for the Airport Specific Plan that evaluates the impacts. In 2016 LAFCO approved an Outsider User Agreement that conditioned the West Side area be annexed. Based on the proximity and common services of the West and East annexation areas and the connection of these areas related to the Fiero Lane Water Company the City, FLWC, and LAFCO decided that both areas should be annexed at the same time. The following are the San Luis Obispo LAFCO Policies for City Annexations and a brief analysis of the proposal under these policies:

Policy 1. The boundaries of a proposed annexation must be definite and certain and must conform to lines of assessment whenever possible.

Analysis. The boundaries are definite and certain and adhere to assessor parcel lines. The annexation map has been approved by the County Surveyor.

Policy 2. The boundaries of an area to be annexed will not result in any areas difficult to serve.

Analysis. The properties are adjacent to the City and are not difficult for the provision of City services. The Annexation of both areas provides for the efficient and effective provision of services by the City as planned for in its Planning documents and in its Sphere of Influence.

Policy 3. There is a demonstrated need for governmental services and controls in the area proposed for annexation.

Analysis. The City will be able to provide an increased level of service and controls for these areas. The Plan for Services approved by the City address the provision of governmental services, financing of improvements, a plan for all services and improved sales tax revenues.

Policy 4. The municipality has the resources capable of meeting the need for services in the area proposed for annexation and has submitted studies and information documenting its ability to serve.

Analysis. The City has demonstrated its ability to serve the area in the already approved Airport Specific Plan and certified Environmental Impact Report completed. The City further documented its capabilities in the Plan for Services found in Exhibit B of this Staff Report. The City has the capability to provide water and wastewater, police and fire services and other services as well. The City has an allocation of 5,374 acre-feet per year of net water availability to serve the proposed project demand of 59 AFY. Wastewater capacity is 1.0 mgpd to accommodate 27,512 gallons per day from the proposed project.

Policy 5. There is a mutual social and economic community of interest between the residents of the municipality and the proposed territory.

Analysis. The proposed annexation would become part of the social and economic fabric of the City of San Luis Obispo. The Area is adjacent to the City and its social and economic communities of interest. The annexation of this area will promote the implementation of the Airport Specific Plan which address the

development of this area in detail and call for incorporate this area into the City.

Policy 6. The proposed annexation is compatible with the municipality's General Plan. The proposed annexation represents a logical and reasonable expansion of the annexing municipality.

Analysis. The proposed annexation is consistent with the City General Plan and implements the Airport Specific Plan prepared by the City for this area.

Policy 7. The Commission shall determine if a disadvantaged unincorporated community is associated with an application. If a disadvantaged unincorporated community does exist, the procedures for processing the annexation as outlined in the CKH Act shall be implemented.

Analysis. The proposed annexation does not contain a disadvantaged unincorporated community. LAFCO conducted a Municipal Service Review of the City in October 2016 which concluded the City of San Luis Obispo's Sphere of Influence does not have disadvantaged unincorporated community located within or adjacent to its boundaries. Since that time, no changes have occurred within or adjacent to the Fiero West-East area annexation that changes this determination.

Policy 8. That the City Prezone the area to be annexed and complete CEQA as the Lead Agency for the proposal and/or project. LAFCO should in most instances act as the Responsible Agency with regard to an annexation and CEQA.

Analysis. The City pre-zoned the area Business Park (BP), Service Commercial (CS), and Manufacturing (M) (consistent with the Airport Area Specific Plan. The City also completed CEQA and filed a Mitigated Negative Declaration. LAFCO is acting as a Responsible Agency.

Government Code Section 56377 states:

56377. In reviewing and approving or disapproving proposals which could reasonably be expected to include, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider all of the following policies and priorities:

(a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.

(b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing sphere of influence or the local agency.

Analysis. The annexation to the City promotes the development of lands proximate to the City, the East and West annexation areas do not have any agriculture land located within the boundaries of the annexation.

Factor (e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.

Response. The area includes 63 parcels, under numerous ownerships. The area is unincorporated and has seen significant development under County zoning consisting of a mix of office, Business Park, industrial and manufacturing uses. The People's Self-Help Housing site that is part of this annexation (recently added within the EACP) is vacant land at this time, but has been entitled for up to 23,665 SF of development by the County. PSHH is currently undergoing building plan processing with the County and is expected to pull permits before annexation is completed.

Factor (f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

Response. The annexation boundary follows lines of assessment and does not create an island or corridor of unincorporated territory.

Factor (g) A regional transportation plan adopted pursuant to Section 65080.

Response. The SLOCOG RTP 2019 and comment letter submitted by SLOCOG recommends that the Fiero East-West annexation provide for the extension of Buckley Road to South Higuera Street, and the designation of Buckley Road as a

truck route. Regional connectors are outlined in the plan which includes Prado Road overpass and interchange, Broad Street (also known as SR 227), LOVR, Buckley and Tank Farm improvements.

Factor (h) Consistency with appropriate City or County General and Specific Plans.

Response. The annexation is consistent with the City's and County's General Plan and Policies. The City has approved the Airport Specific Plan and certified the Environmental Impact Report and subsequent MND's for both East and West areas.

Factor (i) The Sphere of Influence of any local agency which may be applicable to the proposal being reviewed.

Response. The proposal site is within the City of San Luis Obispo's current Sphere of Influence which was updated in 2016. The proposal does not conflict with the Sphere of Influence of any other jurisdiction.

Factor (j) The comments of any affected local agency or other public agency.

Response. Comments regarding this proposal have been received from the following agencies:

- County of San Luis Obispo Planning Department
- County of San Luis Obispo Environmental Health
- San Luis Obispo Council of Governments

- County of San Luis Obispo Public Works Department

The comments were addressed in the staff report.

Factor (k) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

Response. The City of San Luis Obispo is capable of providing services to all of the properties within the annexation area. This is documented in Mitigated Negative Declaration, Plan for Services, and other studies completed by the City. The property tax agreement has been approved by the City and the County of San Luis Obispo. The City and FLWC have also approved a Pre-Annexation Agreement and MOA to address costs, and improvements of these areas. Additional sales tax and portion of the property tax increment are expected to be produced for the City.

Factor (l) Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.

Response. This is discussed in detail in the water service section of the staff report and in the City's Annual Water Status report which is attached.

Factor (m) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.

Response. The table below provides the latest information regarding the City's progress towards achieving the City's share of the regional housing needs as established in the Housing Element. The annexation proposal includes the Fiero East-West annexation which will include commercial, Business Park and industrial uses. The City of San Luis Obispo has taken a number of actions to ensure affordable housing on a citywide basis. The City requires that affordable housing units be included in residential projects. New Commercial Development will be required to meet the City's affordable housing policies which require inclusionary fees.

Factor (n) Any information or comments from the landowner or owners.

Response. Letters from the property owners will be included and addressed in the Staff Report.

Factor (o) Any information relating to existing land use designations.

Response. The existing land use is addressed in the staff report.

Factor (p) Environmental Justice. The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

Response. No new development is included as part of the contemplated service and annexation proposal. Any new development in the future would be considered by the City with environmental justice topics considered. With regards to the location of public facilities and the provisions of public services, (pipelines and other infrastructure) associated with development will be located within public roadways or on the site. The City services such as police and fire are capable of serving the site and have adequate resources to serve all residents of the City of San Luis Obispo. The annexation of the area shall not require the

construction of facilities or connections to services and fees to be unfairly impacted by races, cultures and incomes.

Factor (q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone pursuant to Section 51178 or maps that identify land determined to be in a state responsibility area pursuant to Section 4102 of the Public Resources Code, if it is determined that such information is relevant to the area that is the subject of the proposal.

Response. The Fiero East-West sites are identified as a low fire hazard zone; and moderate liquefaction risk however, the EIR and subsequent MND address the Safety Element and any local hazard mitigation planning. No impacts were identified.