

Exhibit D

LAFCO Proposal Review Factors - Government Code 56668

ANNEXATION #11 TO COUNTY SERVICE

AREA NO. 18 (JACK RANCH) – LAFCO No. 2-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 Jack Ranch Annexation involves 13.2 acres (creating 13 new 1-acre parcels) located west of San Luis Golf Club and County Service Area 18 (CSA 18) and south of Tract 211. Many of these factors are addressed in the staff report. The Jack Ranch annexation was initiated by petition. The County of San Luis Obispo had plans to pursue the annexation and prepared and approved an Environmental Impact Report in 2017 for the Jack Ranch Agricultural Cluster project. The Environmental Impact Report identified the potential for clustered residential subdivision (proposed annexation to CSA 18) and continued agricultural uses under a conservation easement on the remaining areas of Tract 2429. The project would be consistent with the policies and regulations included in the County's General Plan, Land Use Ordinance, and local Clean Air Plan.

The project proposes 13 single family dwellings, approximately 30 new residents (13 units x 2.33 persons/unit) based on California Department of Finance 2020 estimates for average household size in the County. This would result in a <1% increase in the County unincorporated population of 156,426 (DOF 2020). The SLO County 2016-2018 Resource Summary Report says that in 2018 the service area population was 881 for CSA 18. This would result in an estimated 3% increase in the CSA's population. Population growth resulting from the project would be minimal. Significant increases in population are not anticipated to occur in this area over the next 20 years. Although, the Jack Ranch annexation would increase services.

The County is prepared to provide services and has provided a plan for services and a Conditional Intent to Serve Wastewater letter from Public Works dated February 1, 2017.

The topography on the site is gently to moderately sloping. Site drainage is generally to the south and ultimately into Davenport Creek (a tributary of San Luis Obispo Creek surrounded by vineyards on north and south of waterway).

Assessed Valuation: The total assessed value of the annexation area as determined by the County Assessor is \$8,221,159. This breaks down as

\$6,002,404 in land value and \$2,218,755 in improvement values. The amount of property tax revenue to be transferred between the County of San Luis Obispo and CSA No. 18 shall be zero. This is because wastewater services provided by CSA 18 are financed by connection fees and charges and not by property taxes.

Factor (b) 1) 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; and probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

(2)"Services," as used in this subdivision, refers to governmental services whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.

Response. CSA 18 is a single-purpose agency authorized to provide wastewater service to the Country Club Estates area which is subject to septic tank failures due to impervious soils. The Jack Ranch annexation to CSA 18 is required due to septic unsuitability on site and set forth as condition #11 in the letter from SLO County Public Works, referenced above. The present cost and adequacy of governmental services and controls in the area are the County's responsibility. The costs approved by the County would include impact fees to offset specific expenses. Any upgrades or maintenance outlined in the Intent to Serve letter would be borne on the developer for the Tract 2429. If the annexation is approved, the area would then be able to receive services from CSA 18. The project would provide for upgrades to the existing treatment plant facility to account for the higher demand for wastewater services. Costs associated with provisions of wastewater by CSA 18 after completion and connection of the Jack Ranch area will be paid by the applicant and/or future landowners of said properties, this includes connection fees.

The project is consistent with the County General Plan and service facilities will meet the additional service demand after compliance with the conditions in the Intent to Serve Letter and associated attachments.

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 Jack Ranch proposal to be implemented upon compliance with the conditions of approval. The area would continue to be located within the County's unincorporated area and be added to

the County Service Area 18's service area for wastewater services only. The eventual impact could be a small increase of population for the CSA. CSA 18 would be responsible for providing wastewater services to the area. The new development would marginally increase the economic activity in the area given the potential for only thirteen residential units.

The proposed project will result in the continuation and long-term preservation of agricultural operations consisting of the production of food and fiber on the surrounding area (Tract 2429 excluding the 13.2ac of the Jack Ranch proposal).

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 County's General Plan and Environmental Impact Report provides for the planned, orderly and efficient development of the area by regulating development regarding this proposal.

The following are the San Luis Obispo LAFCO Policies for Special District Annexations (under Government Code 56036, a County Service Area is defined as a "special district") and a brief analysis of the proposal under these policies:

Policy 1. A demonstrated need exists for the required services and there is no reasonable alternative manner of providing these services.

Analysis. The annexation would be consistent with the conditions of approval that the developer must comply with to obtain wastewater service from CSA 18, further discussed in the Staff Report. The area is known for septic failures and no other provider can serve the development.

Policy 2. The proposed annexation represents a logical and reasonable expansion of the district.

Analysis. The properties are adjacent to CSA 18 and pose no difficulty for the provision of wastewater services. Infrastructure will be implemented in the area as a condition of approval; the property owners are required to design, construct, and install collector line extensions for sewer services. In addition, the Jack Ranch annexation area is within Tract 2429 which was added to CSA 18's sphere of influence in 2017. The 2017 Municipal Service Review also determined that the CSA is capable of providing services to the Sphere of Influence areas.

Policy 3. The proposed annexation reflects the plans of the adjacent governmental agencies.

Analysis. The proposed annexation is consistent with the County's General Plan, Plan for Services and Environmental documentation as demonstrated in the Staff Report. The County approved the development and subdivision with conditions reflecting the governmental agency's plan and authorization.

Policy 4. The proposed annexation does not represent an attempt to annex only revenue producing property.

Analysis. The 13 parcels proposed for annexation are 13.2-acres respectively, and would allow for a clustered residential subdivision. The properties will not generate revenue for CSA 18 except for fees to offset wastewater services provided. The remaining property not being annexed would contain vineyard production creating significantly more revenue, but the area does not require wastewater services.

Policy 5. The proposed boundaries must be definite and certain and conform to lines of assessment whenever possible.

Analysis. The boundaries are definite and certain and will adhere to assessor parcel lines once the Tract 2429 is recorded. The Jack Ranch area is included in this annexation and detailed in the legal description of the annexation. The annexation map has been approved by the County Surveyor.

Policy 6. The district has the capability of meeting the need for services and has submitted studies and information documenting its capabilities.

Analysis. The County Public Works Department operates the plant and has demonstrated its ability to serve the area after compliance with the conditions in the Intent to Serve Letter, Plan for Services, and associated attachments (Exhibit B). The project is consistent with the County General Plan and service facilities will meet the additional service demand.

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 CSA 18 promotes the development of lands proximate to the district, the 13-acres from the annexation areas do not have any prime agriculture land located within the boundaries of the annexation. The area was added to the sphere of influence in 2017. Although the site is presently zoned agriculture and rural lands, the Jack Ranch annexation area is the only part of Tract 2429 that will be developed and annexed into the district. The remaining land will have an Agricultural conservation easement to be maintained for agricultural uses and planted in vineyard. The proposal has guided development away from agricultural and open space lands, while maintaining agricultural viable production surrounding the subdivision.

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

Response. The proposed annexation boundary contains lands designated for agricultural and rural land purposes. Tract 2429 and CUP S000323U grant approval for pre-zoning an agricultural cluster subdivision to create 13 new residential parcels. The proposed development will build out the allowed 13 residential parcels with associated roadway and utility infrastructure. The remaining land will have an Agricultural conservation easement to be maintained for agricultural uses and planted in vineyard. The proposal has guided development away from agricultural and open space lands, while maintaining agricultural viable production surrounding the subdivision.

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 island or corridor of unincorporated territory because only the annexation area needs to annex at this time to gain wastewater service. The unincorporated territory will be placed in agriculture conservation easement (remaining 285-acres of Tract 2429).

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

Response. The SLOCOG SR 227 Operations Study determined that the intersections nearest to the project site operate at unacceptable levels during peak hours and the intersections of SR 227/Farmhouse Road and SR 227/Buckley Road are projected to operate at unacceptable levels under interim (2025) and future year (2035) conditions. It was also determined that, under current conditions, all SR 227 segments evaluated in the study fail in either one or both peak hour periods (A.M./P.M.) and are projected to degrade under future year (2035) conditions. Any addition of traffic to cumulative conditions as a result of the project would result in potentially significant cumulative intersection and roadway impacts.

The project is within the designated fee area and, therefore, would result in a considerable contribution to the identified cumulative impacts. The City of San Luis Obispo will be annexing Fiero East-West, which is located just north of CSA 18 along SR 227. Improvements associated with various projects within the City of SLO (Avila Ranch, San Luis Ranch, Froom Ranch, etc) require the City and developments to improve the area circulation including Buckley Road, Broad Street (SR 227) and Farmhouse.

Factor (h) The proposal's consistency with city or county general and specific plans

Response. The annexation is consistent with the County's General Plan and certified the Environmental Impact Report for the Jack Ranch annexation area.

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

Response. The proposal site is within CSA 18's current Sphere of Influence which was updated in 2017. 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. No comments regarding this proposal have been received from any agency.

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

Response. CSA 18 is capable of providing services to the property within the annexation area. This is documented in the Plan for Services, Exhibit B. The annexation and subsequent development of these sites will pay any fair share costs associated with wastewater services from CSA 18 through connection fees and charges.

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

Response. The project area water service will be provided by Golden State Water Company as discussed in the staff report. CSA 18 is a single-purpose agency authorized to provide sewer service only.

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 thirteen parcels will remain in the county continuing to contribute to the regional housing needs. The project application includes a Vesting Tentative Tract Map (Tract 2429), and a Conditional Use Permit to allow a 13-lot major Agricultural Cluster Project, consistent with Section 22.22.150 of the County Land Use Ordinance. Most of the parcels in the village area are being used for rural homesites. Most homes within the village are priced well above the financial capabilities of the average San Luis Obispo County resident. The village currently has little, if any, rental housing and no low-income housing. This proposal would not affect the County's ability to meet its respective fair share housing needs. Other communities and site will be identified for appropriate regional and lower target needs.

Factor (n) Any information or comments from the landowner or landowners, voters, or residents of the affected territory.

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 site is presently zoned agriculture and rural lands and is further addressed in the staff report.

Factor (p) The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins, with respect to the location of public facilities and the provision of public services, to ensure a healthy environment for all people such that the effects of pollution are not disproportionately borne by any particular populations or communities.

Response. This is a residential proposal and the homes would eventually be on the open market and available to people of all races, cultures and incomes. With regard to the location of public facilities and the provision of public services, this project does not affect the fair treatment of people of all races, cultures and incomes. Facilities (pipelines and other infrastructure) associated with development will be located within public roadways or on the site.

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. (Amended by Stats. 2019, Ch. 360)

Response. According to CAL FIRE's Fire Hazard Severity Zones in Sensitive Resource Area map, the project would be located within a 'Moderate' Fire Hazard Severity Zone in State Responsibility Area. However, the project would include the provision of adequate emergency access routes and landscaping buffers around the perimeters of the proposed residential units and install fire hydrants in accordance with County Standards. The EIR addresses the Safety Element and any local hazard mitigation planning, concluding that the project site would be less than significant.