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SLO LAFCO - Serving the Area of San Luis Obispo County

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TO: MEMBERS, FORMATION COMMISSION

**FROM: DAVID CHURCH, EXECUTIVE OFFICER
MIKE PRATER, DEPUTY EXECUTIVE OFFICER**

DATE: MARCH 21, 2019

**SUBJECT: SECOND TIME EXTENSION FOR FIERO LANE WATER
COMPANY OUTSIDE USER AGREEMENT
FILE NO. 1-O-16**

Recommendation

It is respectfully recommended that the Commission grant a second one-year time extension for the Outside User Agreement between the City of San Luis Obispo and the Fiero Lane Water Company.

Summary

On April 21, 2016 LAFCO approved an Outside User Agreement between the Fiero Lane Water Company (FLWC) and the City of San Luis Obispo with conditions. Condition #2 required Fiero Lane Water Company to submit an application for annexation to LAFCO within one-year consistent with the Memorandum of Agreement.

On April 6, 2017 LAFCO approved a two-year time extension to complete Phase Two.

The Outside User Agreement is for water and wastewater services between the City of San Luis Obispo and the Fiero Lane Water Company. The Outside User Agreement allows the City to provide water and sewer services associated with the future annexation as discussed in the Memorandum of Agreement between the City and the FLWC. The need for these service connections is due to: 1) unreliability of the existing water supply (three wells ~100 feet in depth), 2) the time, complexity, and cost of annexation, and 3) the poor quality of the existing water source which requires continuous and costly treatment.

The proposal was envisioned to occur in two phases with Phase One including interim hookups to the City water and sewer facilities. This phase was completed in summer of 2016.

Phase Two includes defining the detailed improvements required for permanent connections to the City systems, funding for the improvements, impact fees, and zoning and land use consistency.

Attachments

A: Time Extension Request

The FLWC and City have explored financing options for paying fees and completing needed infrastructure which led to a City-County Statewide Community Infrastructure Program (SCIP) funding program with funding anticipated being available in 2019. The City anticipates that the annexation request will be considered by the City Council in late spring/early summer of 2019.

The City highly anticipates receiving the SCIP funding that would allow the City to complete the necessary improvements without greatly impacting the existing customers. The City would prepare a Plan for Services that would outline the rates for the annexation application.

The Condition LAFCO placed on the Outside User Agreement was for an annexation application to be submitted to the Executive Officer. This condition did not require the annexation to be completed within the two-year time extension granted. The City and FLWC are continuing to work through the process and expect to be completed by summer of 2019. This second extension would be granted for one-year, but realistically could be met within three months. All landowners and occupants of the area will be notified of all City actions and be given the opportunity to voice comments and/or concerns throughout this process.

A time extension may be granted, if requested (see attached letter).



Community Development

919 Palm Street, San Luis Obispo, CA 93401-3218
805.781.7170
slocity.org

February 27, 2019

Mr. Mike Prater, Deputy Executive Officer
San Luis Obispo Local Agency Formation Commission
1042 Pacific Street, Suite A
San Luis Obispo, California 93401

Subject: Request for Extension (Fiero Lane-Clarion Court; ANNX-1166-2015)

Dear Mr. Prater:

The City of San Luis Obispo would like to request a one-year extension on the Fiero Lane Water Company (FLWC) annexation to the City of San Luis Obispo (ANNX-1166-2015). The original project description for this annexation was initially presented in two phases:

Phase 1 included the interim hook-up to City water and sewer facilities after initial City Council and LAFCO authorization. This phase was successfully completed in the summer of 2016.

Phase 2 includes City and FLWC staff defining the detailed improvements required for permanent connections to the City systems, funding for required improvements and impact fees, as well as zoning and land use consistency. Following FLWC's preparation of an engineering assessment in 2016, the FLWC and City explored financing options for paying fees and completing needed infrastructure. This process led to several 2018 actions to implement a City-County Statewide Community Infrastructure Program (SCIP) funding program option for the Fiero Lane-Clarion Court property owners, with funding anticipated to be available in 2019. The City anticipates that the annexation request will be considered by the City Council in late spring/early summer of 2019.

Thank you for your time to review this time extension request. If you have any questions, please contact Shawna Scott at sscott@slocity.org or by phone at (805) 781-7176.

Thank you,

A handwritten signature in blue ink that reads "Shawna Scott".

Shawna Scott
Senior Planner
City of San Luis Obispo
Community Development Department

cc: Case File