

MEMORANDUM

TO: CITY COUNCIL

FROM: TERESA MCCLISH, COMMUNITY DEVELOPMENT DIRECTOR

BY: *M.H.* KELLY HEFFERNON, ASSOCIATE PLANNER

SUBJECT: CONSIDERATION OF ADOPTION OF AN ORDINANCE TO PREZONE A 48.74 ACRE PROPERTY ADJOINING THE CITY IN THE VICINITY OF CASTILLO DEL MAR AND A RESOLUTION FOR INITIATION OF PROCEEDINGS FOR THE ANNEXATION OF TERRITORY; DEVELOPMENT CODE AMENDMENT 14-003; APPLICANT - HEIGHTS AT VISTA DEL MAR GROUP, LLC

DATE: APRIL 8, 2014

RECOMMENDATION:

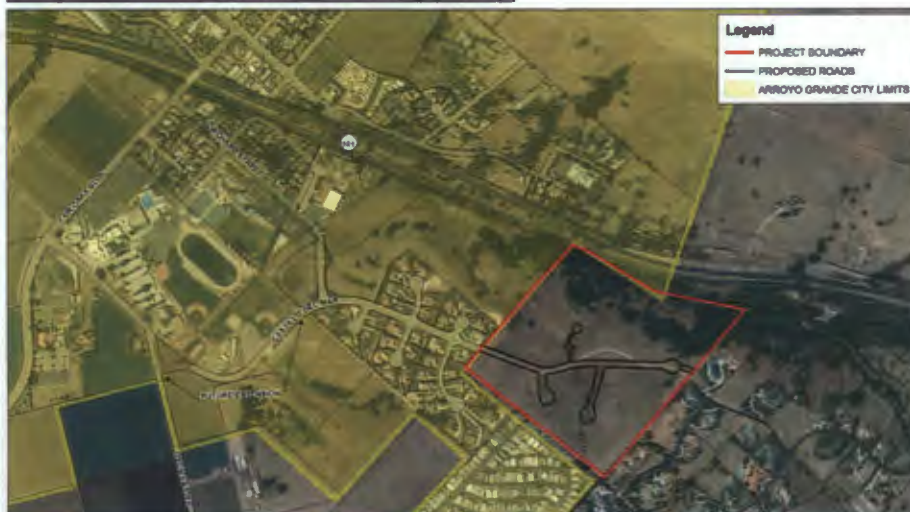
It is recommended the City Council: 1) Adopt an Ordinance to prezone a 48.74-acre property adjoining the City in the vicinity of Castillo Del Mar; and 2) Adopt a Resolution for initiation of proceedings for the annexation of territory.

FINANCIAL IMPACT:

The proposal will have impacts on staff time related to proceedings necessary for annexation approval through the Local Agency Formation Commission (LAFCO). The applicant will be responsible for paying all costs pursuant to the Memorandum of Understanding (MOU) as well as LAFCO application fees related to the proposed annexation.

BACKGROUND:

Proposed Annexation Location Map



CITY COUNCIL

CONSIDERATION OF ADOPTION OF AN ORDINANCE TO PREZONE A 48.74 ACRE PROPERTY ADJOINING THE CITY IN THE VICINITY OF CASTILLO DEL MAR AND A RESOLUTION FOR INITIATION OF PROCEEDINGS FOR THE ANNEXATION OF TERRITORY; DEVELOPMENT CODE AMENDMENT 14-003; APPLICANT - HEIGHTS AT VISTA DEL MAR GROUP, LLC

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On March 25, 2014 the City Council took preliminary action to annex the project site by adopting a Resolution changing the land use designation from County Residential Suburban (RS) to City Low Density (LD) residential and introducing an Ordinance to prezone the property to Residential Hillside (RH). The next steps in the process for annexation include: 1) adopting the Ordinance, and 2) adopting a Resolution of application to LAFCO, which includes a Plan for Services.

ANALYSIS OF ISSUES:

The proposed Resolution lays out the requirements for annexing property according to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The conditions include that the applicant complies with the California Environmental Quality Act (CEQA) and approve a Plan for Services. The Council adopted a Mitigated Negative Declaration on March 25, 2014 for General Plan Amendment 14-001 and Development Code Amendment 14-003. The proposed Plan for Services is included as Exhibit "C" of the attached Resolution.

If LAFCO approves the annexation, the land use designation of the subject property will change from County Residential Suburban (RS) to City Low Density (LD) residential, and the property will be zoned Residential Hillside (RH). LAFCO requires that the City prezone the property prior to formal annexation. Adopting the Ordinance fulfills this requirement.

ALTERNATIVES:

The following alternatives are offered for Council's consideration:

- Approve staff's recommendations and adopt an Ordinance to prezone the subject property for the purpose of annexation, and adopt a Resolution to initiate proceedings for the annexation of territory.
- Do not adopt the Ordinance or Resolution.
- Provide direction to staff.

ADVANTAGES:

Annexation of the property and development of the project will result in access improvements that will help relieve congestion related to high school traffic and enable the City to better manage use of groundwater within the basin. Approval of the recommendations for the purpose of annexation also has the benefit of providing the City with additional impact fee revenue.

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CONSIDERATION OF ADOPTION OF AN ORDINANCE TO PREZONE A 48.74 ACRE PROPERTY ADJOINING THE CITY IN THE VICINITY OF CASTILLO DEL MAR AND A RESOLUTION FOR INITIATION OF PROCEEDINGS FOR THE ANNEXATION OF TERRITORY; DEVELOPMENT CODE AMENDMENT 14-003; APPLICANT - HEIGHTS AT VISTA DEL MAR GROUP, LLC

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DISADVANTAGES:

The City will be responsible for additional road maintenance costs within the project boundaries should the property be annexed. Water conservation offsets from retrofitting large facilities will be used.

ENVIRONMENTAL REVIEW:

City Council has reviewed this project in compliance with the California Environmental Quality Act (CEQA), the CEQA Guidelines and the City of Arroyo Grande Rules and Procedures for implementation of CEQA and adopted a Mitigated Negative Declaration on March 25, 2014.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted in front of City Hall on Thursday, April 3, 2014. The agenda and staff reports were posted on the City's website on Friday, April 4, 2014. No public comments were received as of the time of preparation of this report.

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE PREZONING A 48.74-ACRE PROPERTY ADJOINING THE CITY IN THE VICINITY OF CASTILLO DEL MAR (APN 075-021-026) FOR THE PURPOSE OF ANNEXATION (DEVELOPMENT CODE AMENDMENT 14-003); APPLICANT – THE HEIGHTS AT VISTA DEL MAR GROUP, LLC

WHEREAS, in 1990, the City of Arroyo Grande (the “City”) appealed a Mitigated Negative Declaration for a 16-lot residential subdivision (VTTM 1789 – Busick Tract) located at the southeast terminus of Castillo Del Mar for the reason of traffic impacts; and

WHEREAS, in 1994, the County of San Luis Obispo (the “County”) required that an Environmental Impact Report (EIR) be prepared for VTTM 1789; and

WHEREAS, in May 2006, the City entered into a Memorandum of Understanding (MOU) with the Lucia Mar Unified School District (the “District”), J.H. Land Partnership (the applicant for VTTM 1789) and John Taylor (agricultural land owner) to enable the City to accomplish an extension of Castillo Del Mar to Valley Road to improve circulation; and

WHEREAS, in June 2008, the County adopted an EIR and approved VTTM 1789; and

WHEREAS, the MOU was amended in January 2007, April 2007, April 2008, December 2010 and August 2013; and

WHEREAS, VTTM 1789 was not pursued and a new Tract Map was instead submitted to the County for a 22-lot subdivision on the subject property (VTTM 3048, Heights at Vista Del Mar); and

WHEREAS, the County approved VTTM 3048 on December 12, 2013; and

WHEREAS, on August 27, 2013 the City Council adopted Resolution No. 4543 approving initiation of proceedings for the amendment of the City’s Sphere of Influence (SOI) to include the subject property within the City limits; and

WHEREAS, on November 21, 2013 the San Luis Obispo County Local Agency Formation Commission (LAFCO) approved an amendment to the City’s SOI to include the subject property within the City limits; and

WHEREAS, the City Council adopted the updated General Plan which became effective on October 9, 2001 and which includes the Housing Element adopted in 2013; and

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WHEREAS, the applicant has initiated General Plan Amendment 14-001 to amend the Land Use Map to designate the subject property as Low Density (LD) Residential; and

WHEREAS, the Community Development Department has conducted CEQA initial studies and concluded that environmental impacts associated with the project will be mitigated to a less than significant level; and

WHEREAS, the City Council, after public hearing, consideration of the draft Mitigated Negative Declaration, all testimony and evidence presented, finds the Mitigated Negative Declaration appropriate and adequate pursuant to State and local CEQA laws and guidelines and reflects its independent judgment and analysis; and

WHEREAS, the City Council, after a duly noticed public hearing on March 25, 2014, consideration of the staff report, all testimony and evidence presented finds the proposed changes to the zoning map as shown on Exhibit "A" attached hereto and incorporated herein, to be appropriate and consistent with the intent of the 2001 General Plan Update adopted policies, specifically those policies in the Housing Element and Land Use Element; and

WHEREAS, after consideration of all testimony and all relevant evidence, the City Council has determined that the following Development Code Amendment findings can be made in an affirmative manner:

1. The proposed amendment is consistent with the goals, objectives, policies and programs of the general plan and will not result in any internal inconsistencies within the plan. *The proposed amendment satisfies the following objectives and policies of the Land Use and Housing Elements of the General Plan: Policy LU11-1.4, which requires the City to "restrict new urban single family, multiple family and mobile home uses to infill areas adjacent to existing developments of similar density"; Objective LU10, to "Promote a pattern of land use that protects the integrity of existing land uses, area resources and infrastructure and involves logical jurisdictional boundaries with adjacent communities and the County"; Housing Element Policy A.1 stating the "City shall adopt policies, programs, and procedures to attempt to meet the present and future needs of residents of the City, and to aim at providing their fair share regional housing need allocated (RHNA) for each income classification, within identified governmental, market, economic and natural constraints"; and Policy A.8 which states that "The City may annex land on the urban edge to promote orderly growth and the preservation of open space."*
2. The proposed amendment will not adversely affect the public health, safety and welfare or result in an illogical land use pattern. *There will be adequate provisions for water, sanitation, public utilities and services to serve the subject property. Specifically, water supply has been secured through water conservation offsets*

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and South San Luis Obispo County Sanitation District can accommodate the additional flow.

3. The proposed amendment is consistent with the purpose and intent of the Development Code. *The primary purpose of the RH district is to provide for and protect rural atmosphere and lifestyles, as well as to provide for protection of existing hillside areas in accordance with general plan policies. This district is intended as an area for development of low density, large lot, single-family detached and small lot single-family detached residential dwelling units at a maximum density of one dwelling unit per 1.5 gross acres. Cluster development is encouraged in order to protect the environment. VTTM 3048 provides a logical and orderly pattern of development consistent with neighboring developments and preserves 14.87 acres of open space containing an oak woodland habitat.*
4. The potential environmental impacts of the proposed amendment are insignificant or can be mitigated to an insignificant level. *The City Council has reviewed the amendment in compliance with the California Environmental Quality Act (CEQA) and has determined that a Mitigated Negative Declaration can be adopted.*

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Arroyo Grande as follows:

Section 1: The above recitals and findings are true and correct and incorporated herein.

Section 2: The Mitigated Negative Declaration for the subject project is hereby adopted.

Section 3: The boundaries of the zoning district established pursuant to Section 16.24.010 are hereby revised as outlined below and as more specifically set forth in Exhibit 'A', attached hereto and made a part hereof.

- Prezone for annexation from County Residential Suburban (RS) to Residential Hillside (RH) as shown on Map Exhibit 'A'.

Section 4: If any section, subsection, subdivision, paragraph, sentence, or clause of this Ordinance or any part thereof is for any reason held to be unlawful, such decision shall not affect the validity of the remaining portion of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, or clause thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, or clause be declared unconstitutional.

Section 5: A summary of this Ordinance shall be published in a newspaper published and circulated in the City of Arroyo Grande at least five (5) days prior to the City Council

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meeting at which the proposed Ordinance is to be adopted. A certified copy of the full text of the proposed Ordinance shall be posted in the office of the City Clerk. Within fifteen (15) days after adoption of the Ordinance, the summary with the names of those City Council members voting for and against the Ordinance shall be published again, and the City Clerk shall post a certified copy of the full text of such adopted Ordinance.

Section 6: This Ordinance shall take effect and be in full force and effect thirty (30) days after its passage.

On motion by Council Member _____, seconded by Council Member _____, and by the following roll call vote, to wit:

- AYES:**
- NOES:**
- ABSENT:**

the foregoing Ordinance was adopted this _____ day of _____ 2014.

TONY FERRARA, MAYOR

ATTEST:

KELLY WETMORE, CITY CLERK

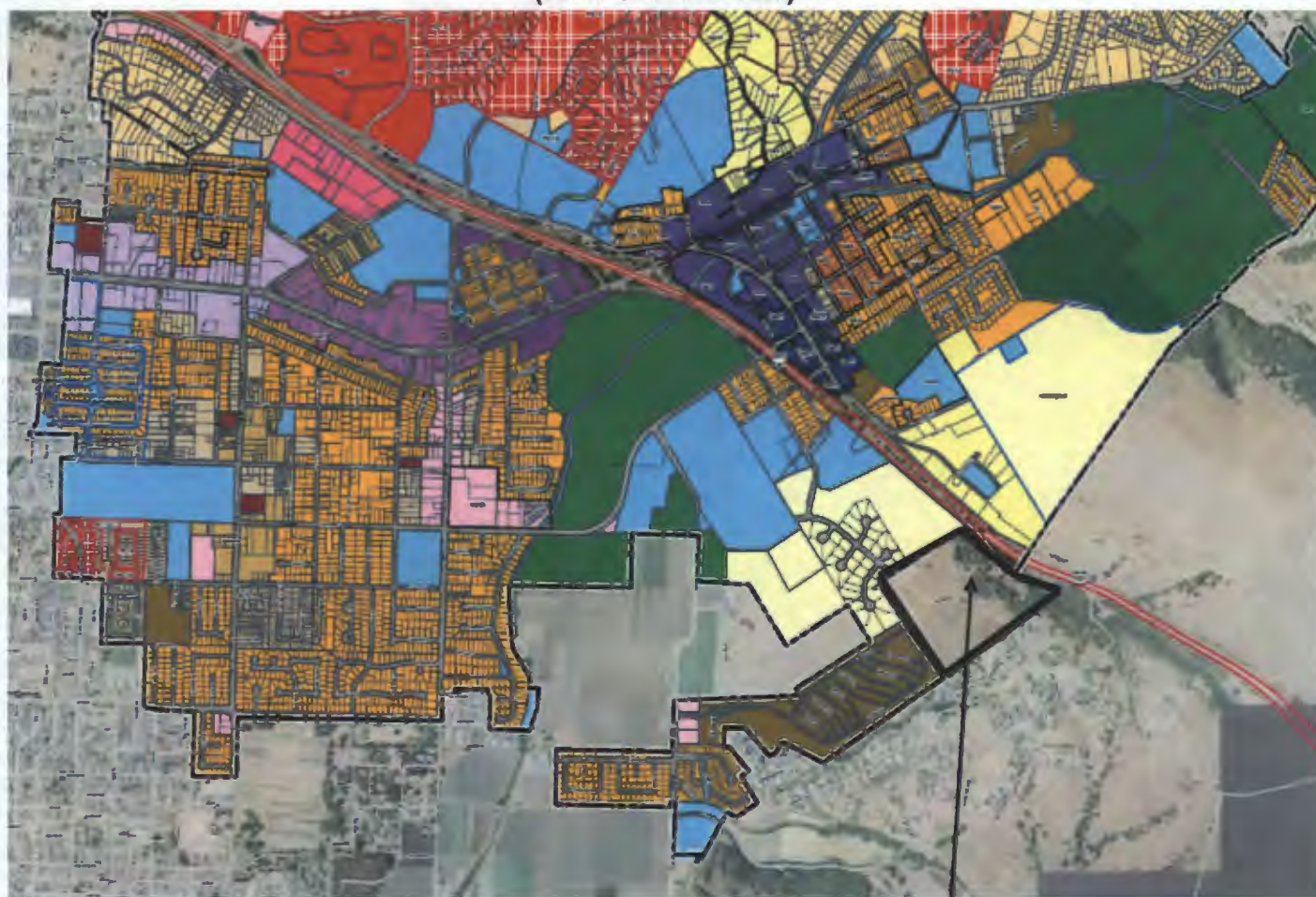
APPROVED AS TO CONTENT:

STEVE ADAMS, CITY MANAGER

APPROVED A TO FORM:

TIMOTHY J. CARMEL, CITY ATTORNEY

DCA 14-003
AMENDMENT TO THE CITY OF ARROYO GRANDE
ZONING MAP
(APN 075-021-026)



Project Site:
Zoning Designation = Residential
Hillside (RH)

RESOLUTION NO.

A RESOLUTION OF APPLICATION FROM THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE APPROVING INITIATION OF PROCEEDINGS FOR THE ANNEXATION OF TERRITORY

WHEREAS, the City Council of the City of Arroyo Grande desires to initiate proceeding pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for Annexation of territory to the City of Arroyo Grande; and

WHEREAS, this Resolution of Application is submitted to comply with Government Code Section 56700; and

WHEREAS, the Notice of Intent to adopt this Resolution of Application has been given according to Government Code Section 56654(b); and

WHEREAS, the purpose of this proposal is to annex the property identified in Exhibits A and B into the City of Arroyo Grande; and

WHEREAS, the territory is uninhabited. A map and description of the boundaries of the territory are attached hereto as Exhibits "A" and "B", and are incorporated herein by this reference; and

WHEREAS, the principal reasons for the proposed annexation are as follows: 1) it enables more orderly planning for development of the property pursuant to City policies; 2) it is consistent with the Plan for Services attached hereto as Exhibit "C", incorporated herein by this reference; and 3) annexation of the property will provide the City with impact fees; and

WHEREAS, the following agency or agencies would be affected by the proposed jurisdictional changes: County of San Luis Obispo and City of Arroyo Grande; and

WHEREAS, the proposed annexation is subject to the following terms and conditions: Compliance with the Mitigated Negative Declaration adopted by the City Council on March 25, 2014 for GPA 14-001 and DCA 14-003, Conditions of Approval for Tract 4038, and provision of an emergency access easement to serve the Sunrise Terrace Mobilehome Park; and

WHEREAS, the Local Agency Formation Commission (LAFCO) approved a Sphere of Influence amendment for this area on November 21, 2013; and

WHEREAS, the City has assumed Lead Agency status, responsible for compliance with the California Environmental Quality Act (CEQA); and

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WHEREAS, the City adopted a Mitigated Negative Declaration on March 25, 2014 for General Plan Amendment No. 14-001 and Development Code Amendment No. 14-003 to change the land use designation from County Residential Suburban to City Low Density residential and to prezone the property to Residential Hillside.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Arroyo Grande does hereby adopt and approve this Resolution of Application and approve the Plan for Services, attached hereto as Exhibit "C", and hereby requests that LAFCO proceed with the processing of the annexation of territory, as authorized and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

This resolution shall become effective immediately upon adoption.

On motion of Council Member _____, seconded by Council Member _____,
and by the following roll call vote, to wit:

- AYES:**
- NOES:**
- ABSENT:**

the foregoing Resolution was passed and adopted this _____ day of _____ 2014.

**RESOLUTION NO.
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TONY FERRARA, MAYOR

ATTEST:

KELLY WETMORE, CITY CLERK

APPROVED AS TO CONTENT:

STEVEN ADAMS, CITY MANAGER

APPROVED AS TO FORM:

TIMOTHY J. CARMEL, CITY ATTORNEY

EXHIBIT A

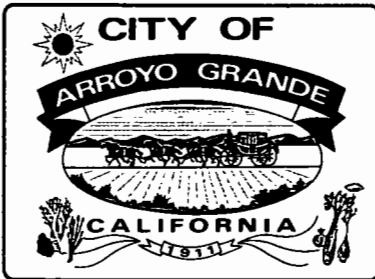


LEGAL DESCRIPTION

Real property in the unincorporated area of the County of San Luis Obispo, State of California, described as follows:

Remainder Parcel of Tract No. 2207, in the unincorporated area of Arroyo Grande, County of San Luis Obispo, State of California, according to map recorded July 17, 2000 in Book 19, Page 26 of Maps in the office of the County Recorder of said County and by Certificate of Correction recorded November 8, 2000 as Instrument No. 2000-66285 of Official Records.

APN: 075-021-026 and 075-021-042



Heights at Vista Del Mar (HVDM) Annexation Vesting Tentative Tract Map (VTTM) 3048

Plan for Services – April 2014

Contents:

1. Introduction & Background
2. Water Supply and Distribution
3. Sanitary Sewer Collection and Treatment
4. Storm Drainage
5. Fire Protection Services (including paramedic and ambulance)
6. Police Services (including law enforcement)
7. Parks and Recreation Facilities
8. Community Development Services (Planning, Building and Engineering)
9. Public Works Maintenance Services
10. General Municipal Administration (management, personnel, finance and records)
11. Circulation
12. Public Transit
13. Solid Waste and Recycling
14. Affordable Housing
15. Hospital/Health Care
16. Schools
17. Summary of Conclusions

1. Introduction & Background

The project site is located at the current terminus of Castillo Del Mar, immediately southwest of U.S. Highway 101, southwest of the City limits. Surrounding land uses include low density residential development and open space to the north within the City, low density residential development to the east within the unincorporated County, and high density mobile homes to the west within the City. The project site is currently vacant with an unpaved emergency access road traversing from Castillo Del Mar to Falcon Ridge Estates located in the County. Topography of the site is gently to steeply sloping. An oak woodland exists on the steeper slopes, which is protected by an open space easement. Below is a property location map.



Annexation of the subject property into the City limits was initiated by the applicant for the primary purpose of water service. The County of San Luis Obispo (the "County") considered several development proposals for this property over the past twenty-four years. The City has been an active participant in the public review process.

In 1990, the City appealed a Mitigated Negative Declaration for a 16 lot residential subdivision (VTTM 1789 – Busick Tract) located at the southeast terminus of Castillo Del Mar. The primary issue of concern was traffic. The City withdrew the appeal in 1991 as a result of efforts made by the County Board of Supervisors to address the City's concerns. In 1993, the County Planning Commission re-considered and approved VTTM 1789. This decision was appealed by the Falcon Ridge Estates Homeowners Association to the Board of Supervisors. During this appeal period, the City expressed concerns regarding a potential access road extending from the project site to Orchard Avenue. In 1994, the County Board of Supervisors considered the appeal and required the applicant to prepare an Environmental Impact Report (EIR). After many revisions to the project to address significant environmental effects, the County adopted the EIR and approved VTTM 1789 in June 2008. This project includes primary access via Castillo Del Mar through the City's Vista Del Mar (VTTM 2207) residential development.

In May 2006, the City entered into a Memorandum of Understanding (MOU) with the Lucia Mar Unified School District (the "District"), J.H. Land Partnership (the applicant for VTTM 1789) and John Taylor (agricultural land owner) to enable the City to accomplish an extension of Castillo Del Mar to Valley Road. The MOU was amended in January 2007, April 2007, April 2008, December 2010 and August 2013. The primary objective of the City has been to provide an additional access route behind the high school to

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relieve existing traffic congestion on Orchard Street caused by the high school and to provide safe, alternative access routes for students and the general public.

Due to the economic downturn at the time of VTTM 1789 approval, development of the project was not pursued. To improve the economic viability of the project, the developer revised the project and submitted an application to the County for six (6) additional units for a total of twenty-two units (VTTM 3048, the Heights at Vista Del Mar). The following actions have been made towards project entitlement and annexation:

- The City adopted Resolution No. 4543 on August 27, 2013 approving initiation of proceedings for the amendment of the SOI.
- LAFCO approved an amendment to the City's SOI to include the subject property within the City limits on November 21, 2013.
- The County approved VTTM 3048 on December 12, 2013.

2. Water Supply and Distribution

Project Water Supply Offset from Conservation Projects:

The originally entitled sixteen (16) unit project was to be served water from Rural Water Company. The increase of six (6) units for a total of twenty-two (22) units required that additional water be identified. It was determined that the City could provide a more appropriate source of water supply than groundwater provided by a private water purveyor since it can be better managed to avoid negatively impacting projected groundwater supply. Approximately 5.54 acre-feet of water was anticipated for the sixteen (16) unit development. An additional 2.07 acre-feet is necessary to serve the approved twenty-two (22) lot project.

According to the developer, 7.61 acre-feet-year (AFY) will be required to meet the subdivision's water demand and would include water conservation mitigation measures limiting the quantity of turf and type of landscape. The City contracted with Water Systems Consulting (WSC) to provide a third party analysis to determine if three (3) identified water conservation irrigation retrofit projects would reliably offset the development's water demands at a ratio of 2:1 (with a minimum developer estimated goal of 15 AFY total offset). The irrigation retrofits are proposed to occur at the Arroyo Grande Cemetery, Ocean View Elementary School, and Paulding Middle School.

The City's irrigation consultant, Sprinkler King Inc., completed reports on estimated water savings calculations for the proposed irrigation retrofit projects. A similar project has been accomplished at Strother Park with successful monitored savings, so accurate data has been collected that verifies the methodology and results. Five years of consumption data, including wet and dry months, was evaluated for the three sites proposed for retrofits and compared to Strother Park. The analysis also includes a comparison of developer projected demand and the City's demand based on land use. It is important to note that the City's land-use based demands do not account for irrigation-related water conservation measures. The analysis confirms that the developer's demand projections are reasonable using restricted landscape

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requirements. Additionally, the project would connect with the City's water system and would be served by the Vista Del Mar Booster Station, which would be upgraded by the project.

The results of the study indicated that the proposed retrofits (14.03 AFY) would fall 1.2 acre feet short of reliably offsetting the project's water demand (7.61AFY) by the 2:1 ratio. In order to meet or exceed the desired 2:1 threshold, Rancho Grande Park has been identified as a fourth project, with calculated savings of 4 AFY of savings, so that the overall impact will exceed a 2:1 savings (i.e. 15.2 AFY needed, approximately 18 AFY gained through retrofits). Included as Attachment A is a Technical Memorandum prepared by WSC dated December 6, 2013 which reviews the project's water supply offset from conservation projects. The irrigation retrofit has been completed for the Arroyo Grande Cemetery, and irrigation retrofits have begun for the Lucia Mar Unified School District (Paulding and Ocean View schools). Irrigation Improvements to Rancho Grande Park are expected to commence by June 2014.

City's Water Supply and Distribution:

The City of Arroyo Grande currently incorporates 5.45 square miles of land with primarily residential and agricultural land uses. The population of the City is 17,252 according to the 2010 U.S. Census. However, the City currently serves water to a population of approximately 16,900. The City's water service area population includes residents of nine (9) water service connections outside of City limits and excludes residents of 138 connections served by the Oceano Community Service District in an area located in the southwest portion of the City limits. All connections to the City's water system are metered, and there are no agricultural or industrial connections.

The City has a variety of water sources including groundwater, local surface water, and ponded stormwater used for groundwater recharge, irrigation and construction water. The City has completed multiple studies of potential supplemental water supply sources including an extension of the Nacimiento Pipeline, desalination, recycled water, and State Water Project water from the County. The following tables outline the City's current and planned water supplies for the next 16 years.

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Table 1. Historical Water Supply – AFY						
Water Supply Sources	1980	1985	1990	1995	2000	2005
Groundwater – Santa Maria Groundwater Basin	1,202	1,202	1,202	1,202	1,202	1,202
Groundwater – Pismo Formation	0	0	0	80	80	80
County of San Luis Obispo Lopez Reservoir Project	2,290	2,290	2,290	2,290	2,290	2,290
Surplus Lopez Project Water		600	700	910	500	0
Oceano Community Services District						100
TOTAL	3,490	4,090	4,192	4,472	4,062	3,758

Table 2. Current and Projected Water Supply – AFY					
Water Supply Sources	2010	2015	2020	2025	2030
Groundwater – Santa Maria Groundwater Basin	1,323	1,323	1,323	1,323	1,323
Groundwater – Pismo Formation ¹	80	200	200	200	200
County of San Luis Obispo Lopez Reservoir Project	2,290	2,290	2,290	2,290	2,290
Oceano Community Services District ²	100	100			
TOTAL	3,793	3,913	3,813	3,813	3,813

¹ Assumes 80 AFY of groundwater from Well No. 9, 80 AFY from Well No. 10, and 40 AFY from Well No. 11 will be available as a reliable source of supply from 2015 through 2030.

² Assumes that the remaining three years of the five year contract of 100 AFY with OCSD will be utilized in 2014, 2015, and 2016.

The City is committed to reducing the necessity to import water and maximize the available local resources. A big part of maximizing available resources is developing an effective water conservation program. The City has maintained a non-revenue water average of 4.9% of gross water use. Residents can participate in water efficiency programs, like the plumbing retrofit program, the Smart Irrigation Controller program, and the Cash for Grass program. In the plumbing retrofit program, residents can request high efficiency toilets, showerheads, faucet aerators, and pressure regulators funded by the City. Smart-irrigation controllers are also available to residents, which decrease the water use needed to irrigate the property. The City residents can also receive a rebate by upgrading their current washing machine to a high-efficiency washing machine. Finally, the City currently offers 50 cents per square foot to replace lawn with native vegetation or artificial turf.

Along with water efficiency programs, the City has been operating a successful stormwater recycling program at the Arroyo Grande Sports Complex. The City has reduced their water demand by about 100 AFY irrigating 45 acres of grass and field. Additionally, the City has conducted a study to utilize recycled wastewater. The City uses no recycled wastewater; however the study outlined potential recycled water usage that would reduce potable water needs by 201 AFY. The same study also outlined a stormwater reclamation program that would reduce water needs by an additional 43 AFY.

3. Sanitary Sewer Collection and Treatment

The City has an existing eight inch (8") sewer main in the Castillo Del Mar right of way, which has adequate collection capacity to service the twenty-two (22) lot residential development. The subdivision developer would be required to extend the eight inch (8") sewer main to serve the project. The developer would also pay standard connection and sewer impact fees to both the City and South San Luis Obispo County Sanitation District (SSLOCSD) for offsite collection and transmission systems and treatment plant improvements required to serve the new homes once constructed. The SSLOCSD treatment plant has approximately 40% of design capacity available for planned developments within Arroyo Grande, Grover Beach and Oceano. Annexation to SSLOCSD as well as to the City of Arroyo Grande is requested as part of this application.

4. Storm Drainage

As part of VTTM 3048 environmental review, which includes a previously certified Final Environmental Impact Report (FEIR) for Tract 1789 (the originally approved 16-lot subdivision) and Addendum for VTTM 3048, it was determined that the proposed drainage facilities would be adequate. The storm drain system includes a network of curb inlets and piping, and an outfall to a detention basin. An existing 36-inch culvert will convey flow from the basin, similar to existing drainage patterns. A metering device will be installed to control and limit peak flow rates.

5. Fire Protection (Including Paramedic and Ambulance)

The City of Arroyo Grande cooperates with the City of Grover Beach and the Oceano Community Services District to provide emergency and non-emergency fire protection services within their jurisdictions pursuant to a Joint Powers Agreement signed in 2010, which established the "Five Cities Fire Authority". The City of Arroyo Grande operates from its headquarters fire station located at the corner of Station Way and Traffic Way (addressed 140 Traffic Way) near Freeway 101 and Branch Street in the Village, less than a mile north of the proposed annexation. Estimated emergency response time to Castillo Del Mar at the southeast City limit is three (3) to five (5) minutes, depending on traffic conditions. The Five City Fire Authority also provides mutual aid emergency responses outside City limits to incorporated Arroyo Grande fringe areas that would otherwise have more than ten to fifteen (10-15 minutes) response time from the nearest County Fire Department (CDF) stations located at the San Luis Obispo Airport on Highway 227 or the Nipomo CSD Fire Station.

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The Five Cities Fire Authority currently has twenty-one (21) paid employees, one (1) division chief, one (1) full-time administrator, one (1) part time administrative assistant, two (2) chaplains, and twenty (20) reserve volunteers. The City's fire fleet includes the following:

- 3 – Type I Fire Engines
- 1 – Reserve Type I Fire Engine
- 1 – 100' Aerial Platform (Truck)
- 1 – Type III Brush Engine
- 1 – Type IV Patrol (Dunes Response)
- 1 – Type II Urban Search & Rescue/Breathing Support Unit
- 1 – Cal OES Fire Engine
- 1 – Squad (Medical)
- 2 – Command Vehicles

The level of fire protection service provided to the annexed territory will be the same as provided to the rest of the City.

6. Police Services (Including Law Enforcement)

The Arroyo Grande Police Department provides a variety of law enforcement and community services. Police services are based at 200 North Halcyon Road. The Arroyo Grande Police Department has thirty-five (35) dedicated full-time employees with a budget in fiscal year 2013 of approximately \$5,889,173. In addition, the Department has five (5) part-time employees, two (2) Neighborhood Services Technicians, one (1) Fleet and Equipment Technician, one (1) Training Manager and fifty-two (52) community volunteers who assist the organization by participating in several programs such as Citizens Assisting Police, the South County Police Volunteers, Police Chaplain, Citizen Academy, Explorer Post and the Community Advisory Council.

The organizational structure consists of two (2) major divisions; Patrol Services and Support Services, each led by a Commander. The remainder of the full-time team includes five (5) Sergeants, sixteen (16) Police Officers, one (1) Executive Secretary, one (1) Support Services Supervisor and six (6) Support Services Technicians.

Resources are allocated to the Police Department through the City's 2-year budget and financial plan process. Requests for additional resources are weighed against other potential uses of the City's General Fund. The City expects that service demands and revenues both will increase slightly upon annexation.

Police Department personnel, support services, technical equipment and vehicle fleet enables an average response time of less than four (4) minutes for most of the City, including the proposed annexation area. Police patrols would add the extension of Castillo Del Mar and two Cul-de-sacs to their coverage and provide an emergency response time of less than four (4) minutes to calls from the proposed annexation area when developed.

The level of police service provided to the annexed territory will be the same as provided to the rest of the City.

7. Parks and Recreation Facilities

The Parks and Recreation Element of the General Plan establishes a standard of four (4) acres of parkland per 1,000 City residents. To accomplish this, development proposals are required either to dedicate land and/or pay in-lieu fees. Although there is not an active park facility approved for the project, it does contain a 14.87-acre parcel for perpetual open space and oak woodland preservation that could be used for passive recreation purposes. Currently there are no formal plans to establish a trail system within the open space easement. However, this can be accomplished at a later date if the City and/or project residents determine it desirable and feasible.

There are several community parks and recreation facilities and programs located within the City, including Rancho Grande Park, Elm Street Park and the Soto Sports Complex. These facilities are available to South County residents regardless of whether they live within the City limits. The City utilizes the Quimby Act for new residential developments, which requires the developer to pay park, recreation and community facilities in-lieu and impact fees for the twenty-two (22) lots. Some recreation programs also require user fees which cover a portion of the actual costs, and allow City residents a reduced rate compared to non-City residents.

8. Community Development Services

The Community Development Department of the City of Arroyo Grande provides planning, building and engineering services, including environmental impact, design and development review for public and private projects within the City's jurisdiction. VTTM 3048 was processed through the County and approved by the County Planning Commission. The conditions of approval were generated with the City's input. There are ninety-nine (99) City conditions that apply should the project be annexed within the City. Once annexed, the City would review the improvement plans and other documents per the conditions of approval. A special condition was added that requires the applicant to submit design guidelines for review and approval by the Architectural Review Committee, allowing for the City to have general design control over the development.

9. Public Works Maintenance Services

As noted above, the annexation area would be developed pursuant to VTTM 3048 with new public works constructed by the private developer subject to subsequent conditions of approval and subdivision agreement. Required water distribution, sewer collection, curbs, gutters, sidewalk and street improvements will be inspected during construction and accepted by the City for future public works maintenance.

10. General Municipal Administration

The City of Arroyo Grande will provide for municipal services within the annexed territory such as elections, public notices, development review, building permits and

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inspections, subdivision review, permitting and inspecting public improvements, and code enforcement. Arroyo Grande City government will provide for development review of the project in accordance with the conditions of approval. Code enforcement activities in the annexed territory will be provided by two (2) part-time staff members in the Police Department, in coordination with the Community Development Department and the City Attorney's Office.

The proposed annexation and development of twenty-two (22) new Residential Hillside homesites does not significantly alter the City of Arroyo Grande's general municipal administrative service needs. No new personnel will be required to provide municipal services to the future new Residential Hillside development due to its relatively limited size, location adjoining existing Residential Hillside (City) and Residential Suburban (County) subdivisions, and proposed efficient extension of public infrastructure.

11. Circulation

The primary objective of the City has been to provide an additional access route behind the high school to relieve existing traffic congestion on Orchard Street caused by the high school and to provide safe, alternative access routes for students and the general public. The intent of the MOU was to allow vehicle access from the project site through the City in exchange for significantly improved circulation provided by the extension of Castillo Del Mar. Additionally, in exchange for rezoning of Lucia Mar Unified School District (the "District") land, the City received from the District an irrevocable offer of dedication of the roadway behind the high school. Funding from the developer to widen and realign the roadway and extend it to Valley Road was necessary to complete the road project. The City subsequently approved the General Plan amendment and rezoning for the 10 acres owned by the District; the District has transferred the road easement to the City; and the City has constructed a portion of the bike lane improvements associated with the roadway extension.

12. Public Transit

Although low density Residential Hillside development is not conducive to public transportation services, the proximity of this annexation and subdivision is convenient to the existing South County bus route and stop at the high school on Fair Oaks Avenue. Transit services are provided by The Regional Transit Authority (RTA) of San Luis Obispo Council of Governments, SLOCOG.

13. Solid Waste and Recycling

Garbage, greenwaste and recycling services are provided to both City of Arroyo Grande and unincorporated area residential customers by the South County Sanitary Service. Integrated Waste Management and municipal franchise agreements monitor and regulate service requirements and rates. The potential impacts of twenty-two (22) Residential Hillside homes are less than significant to Cold Canyon landfill disposal and recycling capacities.

14. Affordable Housing

The City's General Plan Housing Element provides for affordable housing developments, including inclusionary housing policies for new residential subdivisions within the City. VTTM 3048 will contribute in-lieu fees for off-site development of very low and low income rental housing on an appropriate Multi Family or Mixed Use zoned infill property within the City to be determined after annexation and subdivision approvals.

15. Hospital/Health Care Dignity Health owns and operates the Arroyo Grande Community Hospital located at Halcyon Road and Fair Oaks Avenue in the City. Other private health care services are also available regardless of City or unincorporated County residence. The City Fire Department emergency response includes paramedic services and private ambulance company services are also available. The impacts of twenty-two (22) Residential Hillside homesites is less than significant whether within the City or unincorporated Arroyo Grande fringe area of the County.

16. Schools

Lucia Mar Unified School District and Cuesta Community College District provide public education facilities and services to the South San Luis Obispo County area regardless of City or County residence. The nearest elementary school is Harloe School, which is located about a half mile away from the project site on the southwest corner of Fair Oaks Avenue and Halcyon Road. Paulding Middle School is located on Crown Hill less than a mile away, and Arroyo Grande High School is located close to the project site on Fair Oaks Avenue and Valley Road. Cuesta College currently provides evening classes and other student services from Arroyo Grande High School as well as the San Luis Obispo main campus. The impacts of twenty-two (22) proposed Residential Hillside homesites within the annexation are less than significant with standard mitigation of development impact fees associated with new subdivisions in both City and County jurisdictions.

17. Summary of Conclusions

The proposed annexation and future development of VTTM 3048 are feasible with implementation of the conditions and mitigation measures considered as part of VTTM 3048 approval. City water distribution and sanitary sewer collection mains would be extended to serve the twenty-two (22) Residential Hillside homesites and the drainage improvements would provide for adequate storage and conveyance of 100-year storm events. City fire and police services, parks and recreation facilities and services are also adequate to serve the proposed annexation and subdivision. Community Development, Public Works Maintenance and General Municipal Administration are also capable of serving the proposed annexation with less than significant impact to existing personnel and facilities. In summary, the proposed annexation will provide for more appropriate development than the County Residential Suburban alternative. Providing water supply to the project by means of water retrofit offsets at a 2:1 ratio is a more appropriate source of water supply than groundwater from a private water

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purveyor under the County's jurisdiction. The water can be better managed and would avoid negatively impacting projected groundwater supply.

End Plan for Services

Technical Memorandum



Date: 12/6/2013

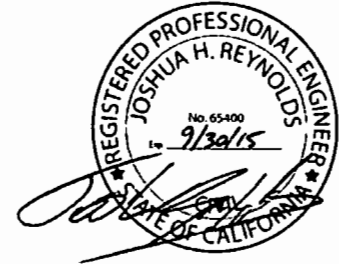
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SUBJECT: REVIEW OF THE PROPOSED BUSICK TRACT 3048 WATER
 SUPPLY OFFSET FROM CONSERVATION PROJECTS



This Technical Memorandum (TM) summarizes Water System Consulting's (WSC) preliminary review of the proposed Busick Tract 3048 Project (Development) water offset for the City of Arroyo Grande (City). The TM is comprised of three parts: Part 1 – Comparison of the proposed development water demand projections with typical City land use based demands; Part 2 – Analysis of the previously completed Strother Park irrigation retrofit project; Part 3 – Review of the Sprinkler King reports on the proposed irrigation retrofits. The TM evaluates and summarizes the City's potential to offset the Development's water demands through irrigation retrofits of existing large demand customers (i.e. Ocean View Elementary School, Paulding Middle School and Arroyo Grande Cemetery) in order to reliably deliver water to the proposed Development.

Background

The Development project is a 22 unit subdivision located outside but adjacent to the City Limits that has requested annexation into the City. The Developer proposes to connect with the City's water system and would be served by the Vista Del Mar Booster Station. According to the developer, 7.61 AFY will be required to meet the subdivision's water demands. The developer proposes to fund three water conservation irrigation retrofit projects to offset the Development's water demands at a minimum ratio of 2:1. The irrigation retrofits are proposed to occur at the Arroyo Grande Cemetery (AG Cemetery), Ocean View Elementary School (Ocean View), Paulding Middle School (Paulding), and Rancho Grande Park (Rancho Grande). The City's irrigation consultant, Sprinkler King, Inc. (Sprinkler King), has previously completed reports on estimated water savings calculations for the proposed irrigation retrofit projects.

Part 1 – Comparison of Proposed Development Water Demand Projections with City Demand Projections

Water demand estimates for the proposed development created by the developer were analyzed. The sources of the demand factors were other Environmental Impact Reports (EIRs) for nearby developments. WSC was unable to locate copies of these EIRs, so the real basis of these demand factors could not be assessed. Table 1

shows the Project's estimated water demand as presented in the *Heights at Vista Del Mar: VTTM 3048 Project Description*, dated 5/1/2013.

Table 1. Project Estimated Water Demand

	Unit Type	# of Units	Demand Factor (AFY/Unit)	Demand (AFY)
Drip Irrigated Shrubs and Ground Cover	Acres	0.61	1	0.61
Turf Areas	Acres	0.15	2.5	0.38
Drip Irrigated Common Entry Area	Acres	0.02	1	0.02
Indoor Demand	Dwelling Unit	22	0.3	6.60
Total Project Demand				7.61

The proposed City Zoning for the project is Residential Rural (RR), which is compatible with the City's Single family Low Density Residential Land Use category. WSC developed water demand estimates for the Project based on water demand factors from the City's Water Master Plan as shown in Table 2.

Table 2. Master Plan Based Demand Estimates

	Unit Type	# of Units	Demand Factor (AFY/Unit)	Project Demand (AFY)
Single Family Low Density Residential	Dwelling Unit	22	0.62	13.64

The Water Master Plan land use based water demand projection of 13.64 AFY does not include any of the proposed low impact and water conservation measures proposed by the Developer. As envisioned, the project will severely restrict the amount of irrigated landscape and turf area allowed on each parcel to 1,200 sf of irrigated area and 300 sf of turf (for comparison, each parcel is larger than 1 acre (43,560 sf) in size). To compare the proposed low water use development to a traditional development and assess the reasonableness of the demand factors used by the developer's engineer in the calculation of the restricted water usage (as shown in Table 1); the allowable irrigated acreage can be increased to a degree more representative of existing uses. To do this, the project was analyzed using a theoretical parcel with 12,000-sf of irrigated area and 1,500-sf of turf area with the Table 1 demand factors, resulting in a theoretical project demand of 14.58 AFY, which matches reasonably well with the 13.64 AFY demand derived using the Water Master Plan demand factors. Therefore the demand projected by the developer using the restricted landscape requirements seems reasonable.

WSC assumes the City will reach an agreement with the Developer on a method to enforce the irrigation restrictions; and considers the demand reduction to be aggressive, but achievable.

Part 2 – Analysis of Strother Park Irrigation Retrofit

Strother Park was surveyed by Sprinkler King on March 6, 2009 to assess the irrigation system and conditions affecting the water consumption for irrigation. The report for the survey contained irrigation retrofit recommendations and estimated that water consumption could be reduced by 33% for the park if the irrigation retrofit recommendations were implemented. The City implemented all of the recommendations and completed the retrofit in August 2009. Table 3 shows the estimated savings and actual savings achieved based on analysis of water consumption data before and after the retrofit.

Table 3. Strother Park Retrofit Estimated and Actual Savings

	Estimated Potential Savings (%)	2005-2008 Pre-Retrofit Average Consumption (AFY)	Assumed Savings (AFY)	2010-2012 Post-Retrofit Average Consumption (AFY)	Actual Savings (AFY)	Actual Savings (%)
Strother Park Retrofit	33%	9.1	3.0	5.5	3.6	39.6%

While the analysis of the average consumption data before and after the retrofit indicates that the actual savings exceed the estimated savings, consideration of hydrologic conditions during the periods analyzed should be taken into account. Monthly and annual rainfall data was analyzed from 2005 through 2011 and annual average rainfall was analyzed from 1966-2011. The driest year from 2005 through 2011 was 2007, during which the monthly and annual consumption remained approximately close to the years surrounding it prior to the retrofit. The wettest year from 2005 through 2011 was 2011, during which the monthly and annual consumption remained approximately the same as the years surrounding it after the retrofit. The amount of monthly and annual rainfall did not appear to be correlated with reduced water consumption before or after the retrofit. Furthermore, average annual rainfall from 2005-2011 was only slightly higher than the long-term historical average rainfall. As shown in Figure 1, monthly average consumption decreased after the retrofit.

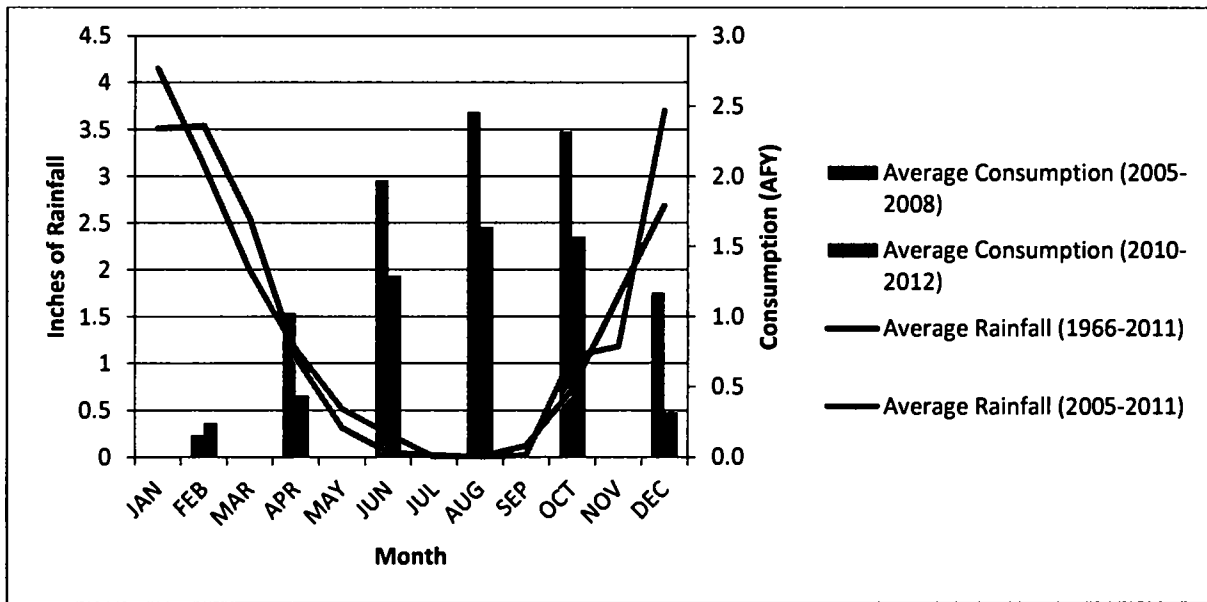


Figure 1. Pre and Post Retrofit Consumption and Rainfall

Review of Sprinkler King’s Strother Park survey as well as historical rainfall and consumption data indicates that the estimated water savings presented in the Sprinkler King survey are accurate. Based on the observed results of Strother Park’s irrigation retrofit, it is assumed that the water savings estimates in Sprinkler King’s surveys are reasonable, and adequate for determining potential water savings that can be achieved through retrofitting other irrigation customers within the City’s service area, including AG Cemetery, Ocean View, Paulding, and Rancho Grande.

Part 3 – Review of Sprinkler King Surveys

Arroyo Grande Cemetery District

The landscape irrigation survey for the AG Cemetery submitted on April 30, 2009 identified the landscape retrofit recommendations and estimated water savings as shown in Table 4.

Table 4. AG Cemetery Estimated Potential Water Savings

Recommended Retrofit	Estimated Potential Savings (%)
1. Update the Sprinkler Heads	5%
2. Update the Control System	Not Estimated
3. Valve Maintenance Service	Not Estimated
4. Handheld Remote Control Unit	Not Estimated
5. ET Based Weather Stations	15%
Total	20%
2004-2012 Average Consumption (AFY)	35.11
Assumed Savings (AFY)	7.02

Ocean View Elementary School

The landscape irrigation survey for Ocean View submitted on January 10, 2011 identified the landscape retrofit recommendations and estimated water savings as shown in Table 5.

Table 5. Ocean View Estimated Potential Water Savings

Recommended Retrofit	Estimated Potential Savings (%)
1. Update Nozzles	25%
2. Soil Improvements	Not Estimated
Total	25%
2004-2012 Average Consumption (AFY)	17.04
Assumed Savings (AFY)	4.26

Paulding Middle School

The landscape irrigation survey for the Paulding Middle School (Paulding) submitted on January 10, 2011 identified the landscape retrofit recommendations and estimated water savings as shown in Table 6.

Table 6. Paulding Estimated Potential Water Savings

Recommended Retrofit	Estimated Potential Savings (%)
1. Update Irrigation Controllers	25%
2. Lawn Aeration	Not Estimated
Total	25%
2004-2012 Average Consumption (AFY)	11.02
Assumed Savings (AFY)	2.75

Rancho Grande Park

The landscape irrigation survey for the Rancho Grande Park (Rancho Grande) submitted on September 27, 2013 identified the landscape retrofit recommendations and estimated water savings as shown in Table 7.

Table 7. Rancho Grande Potential Water Savings

Recommended Retrofit	Estimated Potential Savings (AFY)
1. Adjust Spray Head and Bubbler Run Times	1.95
2. Convert to Low Precipitation Nozzle	0.56
Assumed Savings Total (AFY)	2.51

Total Potential Water Savings

The total estimated potential water savings for the three proposed irrigation retrofits is shown in Table 8.

Table 8. Total Estimated Potential Water Savings

Potential Irrigation Retrofit Customer	Assumed Savings (AFY)
AG Cemetery	7.02
Ocean View Elementary	4.26
Paulding Middle School	2.75
Rancho Grande Park	2.51
Total	16.55

Conclusion

Table 9 shows potential retrofit savings, development demand estimates and potential water demand offset ratio for the project.

Table 9. Comparison of Water Demand Estimates and Potential Water Demand Offsets

	Potential Retrofit Savings (AFY)	Estimated Project Demand (AFY)	Potential Demand Offset	Exceeds 2:1 Offset
Developer's Project Demand Estimate	16.55	7.61	2.18:1	Yes

The Project demands and retrofit savings seem reasonable and the Project is offset by more than the desired 2:1 ratio.

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