



## Council Agenda Report

From: Warren Frace, Community Development Director

Subject: Status Briefing and General Direction – LAFCO’s decennial Sphere of Influence and Municipal Service Review Update process

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State CEQA Guidelines, Sections §§ 15060, subd. (c)(2)-(3), 15378, subd. (b)(5).

Date: June 4, 2024

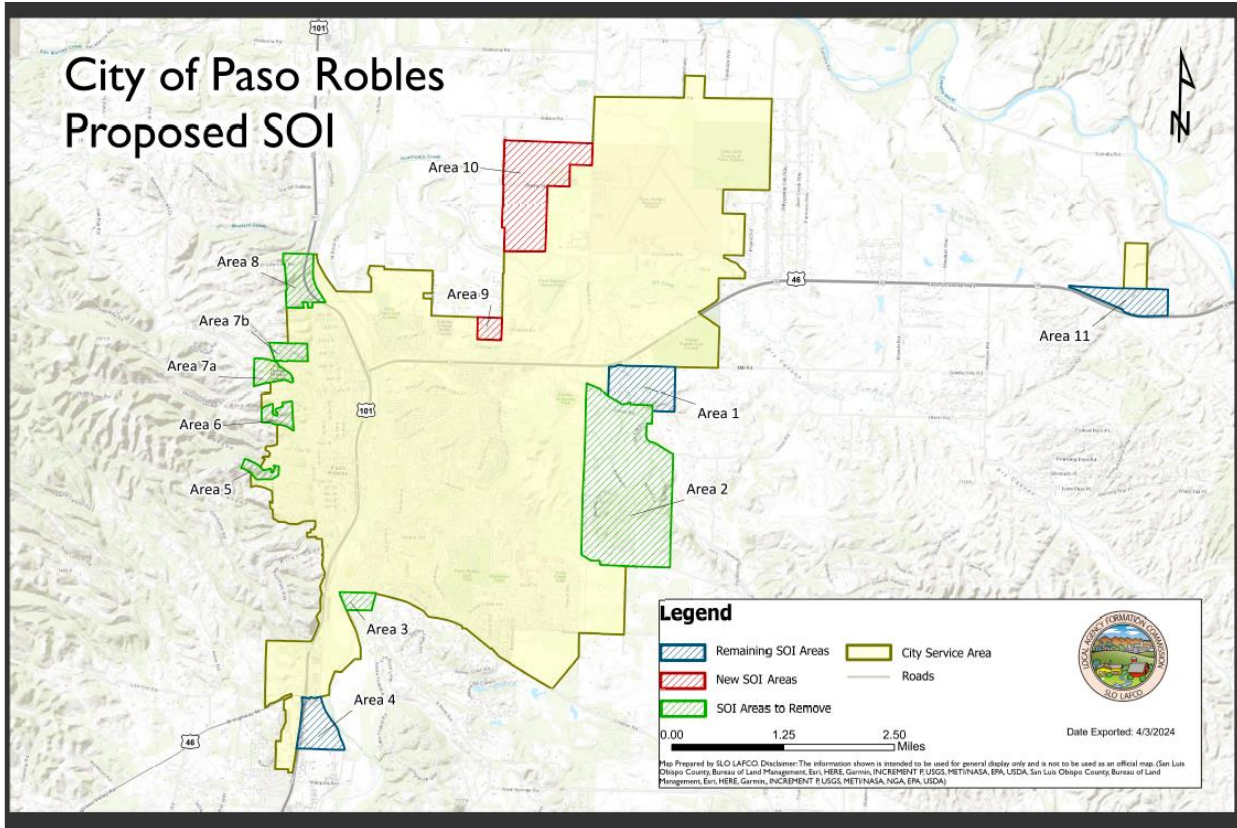
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### Facts

1. The San Luis Obispo Local Agency Formation Commission (“SLO LAFCO”) is initiating the decennial update of the Sphere of Influence and Municipal Service Review document for the City of Paso Robles.
2. A Sphere of Influence is a boundary for the expected future City limits and service areas of a local agency or jurisdiction. As such, it does not give property inside the Sphere boundary any more development rights than what already exist. The Sphere of Influence Boundary is a long-range planning tool that assists LAFCO in making decisions about a jurisdiction’s future boundary. The Sphere indicates areas that might be served by the City in the future and is generally considered a 20-year, long range planning tool.
3. A Municipal Service Review evaluates the capability of a jurisdiction to serve their existing residents and future development in their Sphere of Influence.
4. Because the two go hand in hand, a Municipal Service Review and Sphere of Influence update are conducted in conjunction.
5. Prior to updating the Sphere of Influence/Municipal Service Review, the City needs to inform SLO LAFCO if any Sphere areas changes need to be studied.
6. City staff has created a map and scorecard for the SOI areas that analyzes the City’s ability to serve these areas and the potential public benefit potential (Attachments 2 and 3).
7. The SOI Map has been analyzed by all City departments, and, as a result, several areas within the Sphere are suggested to be removed, while other areas outside the Sphere are suggested to be added (Attachment 3).
8. The City Council is requested to provide direction on which areas to include in the updated Sphere of Influence which will be passed on to SLO LAFCO as they prepare their update to the City’s Sphere of Influence/Municipal Service Review.

### Options

1. Direct staff to forward the Proposed Sphere of Influence map to SLO LAFCO (Attachment 3); or
2. Direct staff to forward a revised Sphere of Influence map to SLO LAFCO based on specific changes provided by the City Council; or
3. Refer the item back to staff or additional analysis; or
4. Provide alternative direction to staff.



**Analysis and Conclusions**

The San Luis Obispo Local Agency Formation Commission (“SLO LAFCO”) is working to prepare an update of the City’s Sphere of Influence (“SOI”) and the Municipal Service Review (“MSR”) and has asked City staff to relay any changes to the Sphere that should be considered by their agency.

City staff has identified a total of 11 study areas, which includes both existing and new SOI areas, to be considered for potential changes. All City Departments “ranked” each of the study areas based on the following factors (Attachment 2):

- Fire Hazard
- Emergency Access
- Water service
- Sewer service
- Roads and transportation
- Environmental sensitivity
- Economic Development potential
- Affordable housing potential
- Financial impact to City of Paso Robles

SOI Area	Description/ Location	Evaluation Criteria (Green = Positive, Yellow = Neutral, Red = Negative)		Pros	Cons
Area 1	Mill Road	Fire Hazard	Green	Wastewater - New Union Road Lift Station to serve this area is already in design phase. Would enable Vina Robles to connect directly to City sewer and get off septic. Water - Annexation will allow expansion of recycled water system, decrease GW use in the Basin. Roads - expensive infrastructure will be required and City is not in a position to fund an expansion of roads in this area. Outside of the initial infrastructure investment-which the City is not 100% responsible for--there is positive impacts to the city fiscally if development were to be constructed.	Wastewater - Mill Road area can be served by gravity sewer to new Union Road lift station, not sure if the southern area will have topographic constraints for gravity sewer. Water - Some areas will require booster station (BPS). Current water system needs to be supplemented with additional capacity and infrastructure(flow, volume, pressure). Roads - this connection to Union Road will decrease safety concerns and increase circulation in this area, especially State Route 46 East.
		Emergency Access	Green		
		Water service	Yellow		
		Sewer service	Red		
		Roads and transportation	Yellow		
		Environmental sensitivity	Yellow		
		Economic Development potential	Green		
		Affordable housing potential (in Airport zone - no housing permitted)	X		
Financial impact to City of Paso Robles	Green				
Area 2	East Chandler Ranch area	Fire Hazard	Yellow	Wastewater - Wastewater plant design capacity could likely handle additional flows from this area. Water - Annexation will allow expansion of recycled water system, decrease GW use in the Basin. Roads - This will require expensive roads and long term maintenance will be a burden on the City.	Wastewater - No master planned sewer for this area and topography could result in the need for additional sewage lift stations. May need to upsized backbone sewers. Sewer modeling required. Water - Hyd. modeling req'd. Some areas will require a BPS. Current water system needs to be supplemented with additional capacity (flow, volume, pressure). Existing infrastructure will need to be to City standard/ replaced. Roads - None. Financial Impact - Residential developments are not fiscally net neutral on services which requires these properties to enter into the CFD, an additional tax burden to the homeowner.
		Emergency Access	Yellow		
		Water service	Red		
		Sewer service	Red		
		Roads and transportation	Red		
		Environmental sensitivity	Red		
		Economic Development potential	Red		
		Affordable housing potential	Red		
Financial impact to City of Paso Robles	Red				
Area 3	SW corner of Charlols / S River Road (Oak Lane)	Fire Hazard	Green	Water - No benefit to existing water system. May require installation of Project C4, redundant water supply line.	Wastewater - This area slopes towards Salinas River and would likely need sewage lift station. Water - Hydraulic modeling required. Likely requires extension of looped main through private parcels. Roads - Current system has capacity. Financial Impact - Residential developments are not fiscally net neutral on services which requires these properties to enter into the CFD, an additional tax burden to the homeowner.
		Emergency Access	Green		
		Water service	Red		
		Sewer service	Red		
		Roads and transportation	Green		
		Environmental sensitivity	Yellow		
		Economic Development potential	Red		
		Affordable housing potential	Red		
Financial impact to City of Paso Robles	Red				
Area 4	South Ramada Drive	Fire Hazard	Green	Water - No benefit to existing water system. Wastewater - Backbone sewer is already installed on eastern boundary and has ample capacity.	Water - Hydraulic modeling required. Likely requires extension of looped main through private parcels, possible HWY/RR crossing. Roads - Planned upgrades will have adequate capacity when built. Existing vineyard will trigger a significant agricultural lands impact. 46W interchange will require significant improvements.
		Emergency Access	Green		
		Water service	Red		
		Sewer service	Red		
		Roads and transportation	Yellow		
		Environmental sensitivity	Yellow		
		Economic Development potential	Green		
		Affordable housing potential	Yellow		
Financial impact to City of Paso Robles	Green				
Area 5	Bailey Drive	Fire Hazard	Green	Water - No benefit to existing water system. Roads, would need to be installed or upgraded. Additional maintenance burden would have negative impact on City.	Water - Hyd. modeling req'd. Likely require BPS and/or expansion of existing BPS. Would require installation of new mains. Any existing infrastructure in the County would not likely meet City Standards. Wastewater - May require upsizing connector sewers. Roads - None. Fire - Existing deficiencies in access/egress and waterflow
		Emergency Access	Green		
		Water service	Red		
		Sewer service	Red		
		Roads and transportation	Red		
		Environmental sensitivity	Red		
		Economic Development potential	Red		
		Affordable housing potential	Red		
Financial impact to City of Paso Robles	Red				
Area 6	W 19th Street	Fire Hazard	Red	Water - No benefit to existing water system. Roads, would need to be installed or upgraded. Additional maintenance burden would have negative impact on City.	Water - Hyd. modeling req'd. Likely require BPS and/or expansion of existing BPS. Existing infrastructure needs to be upgraded to serve. Any existing infrastructure in the County would not likely meet City Standards. Wastewater - May require upsizing connector sewers. Roads - None. Fire - Existing deficiencies in access/egress and waterflow
		Emergency Access	Red		
		Water service	Red		
		Sewer service	Yellow		
		Roads and transportation	Red		
		Environmental sensitivity	Red		
		Economic Development potential	Red		
		Affordable housing potential	Red		
Financial impact to City of Paso Robles	Red				
Area 7	Naclemiento Lake Drive / Mustang Springs Road	Fire Hazard	Red	Water - No benefit to existing water system. Roads, would need to be installed or upgraded. Additional maintenance burden would have negative impact on City.	Water - Hyd. modeling req'd. Likely require BPS and/or expansion of existing BPS. Existing infrastructure needs to be upgraded to serve. Any existing infrastructure in the County would not likely meet City Standards. Wastewater - May require upsizing connector sewers. Roads - None. Fire - Existing deficiencies in access/egress and waterflow
		Emergency Access	Red		
		Water service	Red		
		Sewer service	Yellow		
		Roads and transportation	Red		
		Environmental sensitivity	Red		
		Economic Development potential	Red		
		Affordable housing potential	Red		
Financial impact to City of Paso Robles	Red				
Area 8	North Vine Street	Fire Hazard	Red	Water - No benefit to existing water system. Roads, would need to be installed or upgraded. Additional maintenance burden would have negative impact on City.	Water - Hyd. modeling req'd. Likely require BPS and/or expansion of existing BPS. Existing infrastructure needs to be upgraded to serve. Any existing infrastructure in the County would not likely meet City Standards. Wastewater - May require new sewage lift station and upsizing connector sewers. Roads - None. Fire - Existing deficiencies in access/egress and waterflow
		Emergency Access	Red		
		Water service	Red		
		Sewer service	Yellow		
		Roads and transportation	Red		
		Environmental sensitivity	Red		
		Economic Development potential	Red		
		Affordable housing potential	Red		
Financial impact to City of Paso Robles	Red				
Area 9	Wisteria Lane west of Golden Hill Road	Fire Hazard	Green	Water - No benefit to existing water system. Wastewater - Backbone sewer with available capacity already in place. Roads, Golden Hill Road Intersection is currently impacted. Conversion of Vineyards to urban uses will create a significant impact to Ag Lands.	Water - Depending on Development, additional water modeling and infrastructure upgrades may be needed. Roads - Plans for the Union Road overpass will increase capacity for traffic in this area.
		Emergency Access	Green		
		Water service	Yellow		
		Sewer service	Red		
		Roads and transportation	Yellow		
		Environmental sensitivity	Green		
		Economic Development potential	Green		
		Affordable housing potential (in Airport zone - no housing permitted)	X		
Financial impact to City of Paso Robles	Green				
Area 10	Buena Vista Drive west of Airport Road	Fire Hazard	Green	Water - No benefit to existing water system. Roads - roads currently exist in this area.	Wastewater - Would need to perform sewer modeling for this area. Would likely require upgrades to liftstation 12 or installation on new lift station. Water - Hyd. modeling req'd., infrastructure upgrades will likely be needed. Roads - Union Road interchange will be required for any expanded development in this area. Existing
		Emergency Access	Green		
		Water service	Red		
		Sewer service	Yellow		
		Roads and transportation	Yellow		
		Environmental sensitivity	Red		
		Economic Development potential	Green		
		Affordable housing potential (in Airport zone - no housing permitted)	X		
Financial impact to City of Paso Robles	Green				

Area 11	Union Rd near the Landfill	Fire Hazard	Yellow	Wastewater - sewer service to this area is not available. Water- No benefit to existing water system. No water service. Roads - Caltrans is responsible for roads in this area and could be a impediment to development. Annexation would save the City money on property taxes	Water: Area is too remote from City water system to extend service, so likely would remain on wells. Roads- SR46 East has plenty of capacity in this area.
		Emergency Access	Yellow		
		Water service	Red		
		Sewer service	Red		
		Roads and transportation	Yellow		
		Environmental sensitivity	Yellow		
		Economic Development potential	Green		
		Affordable housing potential	Red		
Financial impact to City of Paso Robles	Green				

Based on input from the various departments and the results of the scoring exercise, six (6) areas within the Sphere are suggested to be removed, two (2) areas outside the Sphere are suggested to be included, and three (3) already in the Sphere are recommended to remain. The City Council is requested to provide final direction on which areas to include in the updated Sphere of Influence which will be passed on to SLO LAFCO as they prepare their update to the City’s Sphere of Influence / Municipal Service Review.

SOI Study Area	Description/ Location	Status	SOI Recommendation
Area 1	Mill Road	Existing	Remain
Area 2	East Chandler Ranch area	Existing	Remove
Area 3	SW corner of Charlois / S River Road (Oak Lane)	Existing	Remove
Area 4	South Ramada Drive	Existing	Remain
Area 5	Bailey Drive	Existing	Remove
Area 6	W 19th Street	Existing	Remove
Area 7	Nacimiento Lake Drive / Mustang Springs Road	Existing	Remove
Area 8	North Vine Street	Existing	Remove
Area 9	Wisteria Lane west of Golden Hill Road	New	Include
Area 10	Buena Vista Drive west of Airport Road	New	Include
Area 11	Union Rd near the Landfill	Existing	Remain

### Fiscal Impact

There could be future fiscal impacts from changing the Sphere of Influence. For instance, removing areas from the Sphere that have low economic potential and greater financial impacts could result in incurred costs. Including areas in the Sphere that have high economic potential and low financial impacts could result in cost savings. The scorecard process included a potential fiscal impact assessment.

### CEQA

The City finds that the proposed actions are not subject to the California Environmental Quality Act (“CEQA”) because they do not qualify as a “project” under CEQA. The proposed actions include directing City staff to forward a revised Sphere of Influence map to SLO LAFCO or referring the item back to staff for further action. Such actions are considered administrative activities that will not result in a physical change in the environment, and therefore are not subject to CEQA pursuant to State CEQA Guidelines, Section 15378(b)(5).

Moreover, the proposed actions are not subject to CEQA pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment), and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the State CEQA Guidelines because they have no potential for resulting in physical change to the environment, directly or indirectly, as they

merely require the Council to direct staff to forward a revised Sphere of Influence map to SLO LAFCO or refer the item back to staff for further action.

**Recommendation (Option 1)**

Staff recommends that the City Council direct staff to provide the Proposed Sphere of Influence map to SLO LAFCO (Attachment 3) and adopt Resolution 24-XXX directing staff to forward the recommended changes to the Sphere of Influence study areas to SLO LAFCO (Attachment 1).

**Attachments**

1. Resolution 24-XXX - Municipal Service Review
  - a. Exhibit A - Sphere of Influence Scorecard
  - b. Exhibit B - Sphere of Influence Proposed Map
  - c. Exhibit C - Recommended Sphere Study Areas