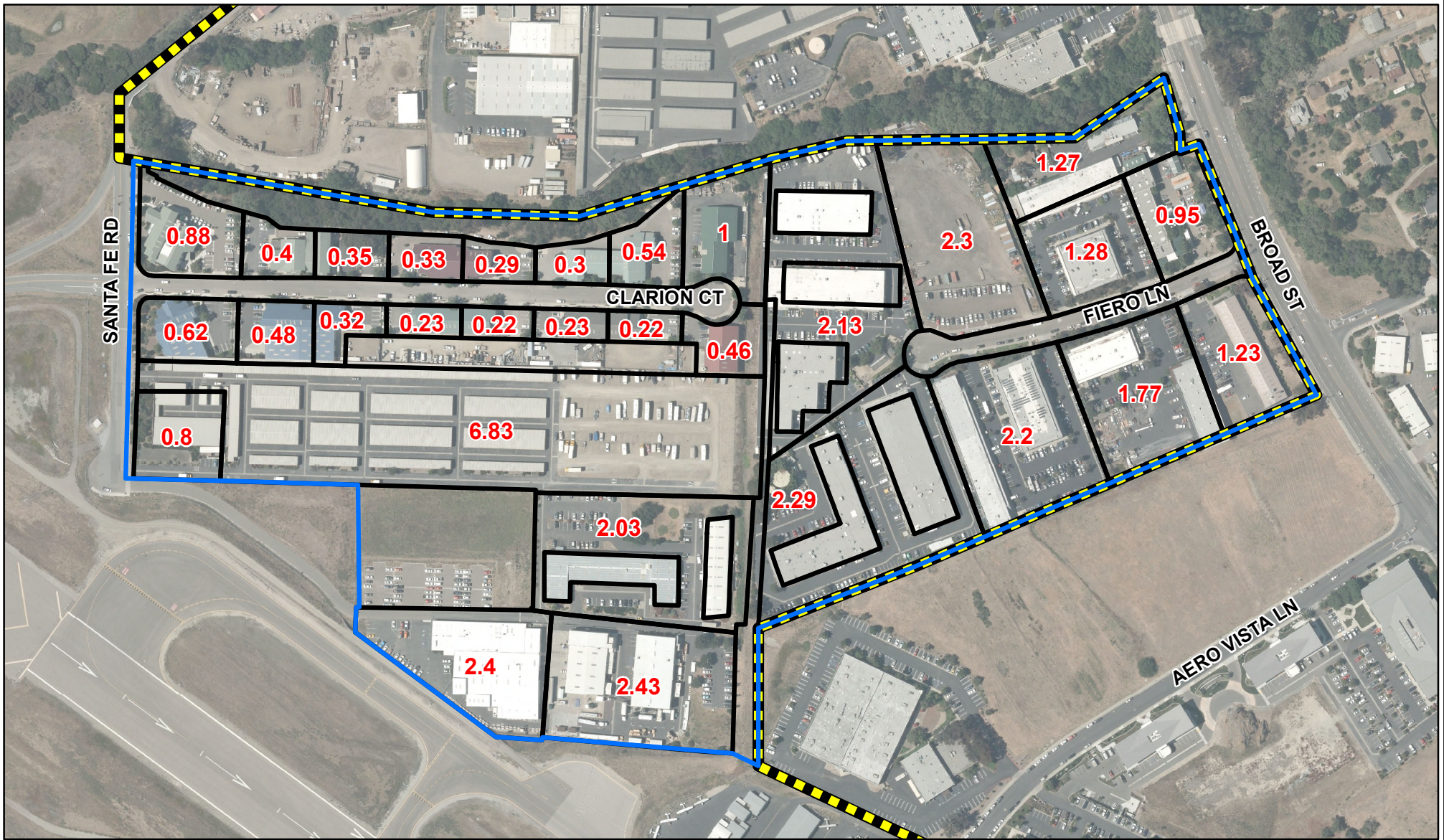




WALLACE GROUP

CIVIL ENGINEERING
CONSTRUCTION MANAGEMENT
LANDSCAPE ARCHITECTURE
MECHANICAL ENGINEERING
PLANNING
PUBLIC WORKS ADMINISTRATION
SURVEYING/GIS SOLUTIONS
WATER RESOURCES
WALLACE SWANSON INTERNATIONAL

612 CLARION COURT
SAN LUIS OBISPO, CA 93401
805 544-4011 www.wallacegroup.us

Fiero Lane Proposed Annexation



Proposed Annexation
Boundary



San Luis Obispo
City Limits



1.50

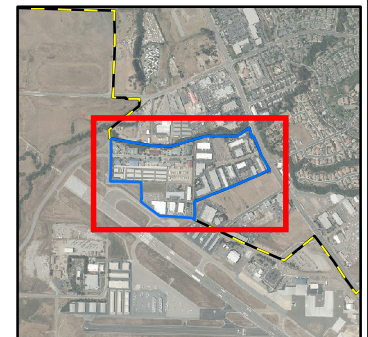
Parcel Boundary
(Acreage)



1 inch = 3,000 feet

0 2,000 4,000 Feet

0 0.25 0.5 1 Miles



RESOLUTION NO. 10678 (2015 Series)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE A MEMORANDUM OF AGREEMENT REGARDING THE PROPOSED ANNEXATION AND PROPERTY ALONG FIERO LANE AND CLARION COURT AND THE PROVISION OF INTERIM WATER AND SEWER SERVICE (850 FIERO LANE)

WHEREAS, on December 1, 2015, the City Council of the City of San Luis Obispo conducted a public hearing in the Council Chamber of City Hall, 990 Palm Street, San Luis Obispo, California, for the purpose of considering a Memorandum of Agreement regarding the proposed annexation of property along Fiero Lane and Clarion Court and the provision of interim water and sewer service; and

WHEREAS, an Addendum to the Environmental Impact Report for the Airport Area and Margarita Area Specific Plans was prepared to review any new impacts/conditions associated with the proposed project; and

WHEREAS, the City Council has duly considered all evidence, including testimony of the applicant, interested parties, and the evaluation and recommendations by staff, presented at said hearing; and

WHEREAS, notices of said public hearings were made at the time and in the manner required by law; and

NOW, THEREFORE, BE IT RESOLVED, by the Council of the City of San Luis Obispo as follows:

SECTION 1. Findings. Based upon all the evidence, the City Council makes the following findings:

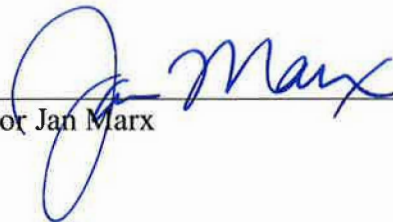
1. That the Memorandum of Agreement between the City and the Fiero Lane Water Company is consistent with the Airport Area Specific Plan and General Plan policies.
2. That the Memorandum of Agreement between the City and the Fiero Lane Water Company adequately addresses the parameters of interim service and establishes sufficient penalties/timeframes to ensure future annexation or disconnection from City services.
3. That the Addendum to the Airport Area and Margarita Area Environmental Impact Report (adopted August 23, 2005 and amended September 2, 2014) properly characterizes the current drought conditions and provides substantial evidence that new conditions have not occurred that would require preparation of a subsequent Environmental Impact Report per CEQA Guidelines Sections 15162, 15164, and 15183.5.

SECTION 3. Action. The City Council hereby approves and authorizes the Mayor to execute the Memorandum of Agreement between the City and the Fiero Lane Water Company attached hereto as Exhibit "A" and incorporated herein by this reference.

Upon motion of Vice Mayor Carpenter, seconded by Council Member Christianson, and on the following vote:

AYES:	Council Members Ashbaugh, Christianson, and Rivoire, Vice Mayor Carpenter and Mayor Marx
NOES:	None
ABSENT:	None

The foregoing resolution was adopted this 1st day of December 2015.



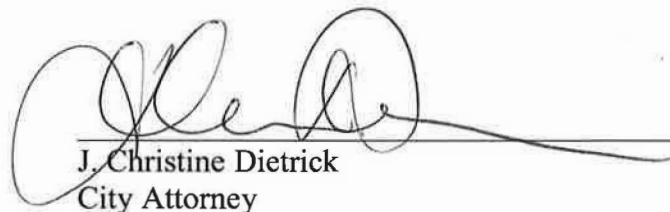
Mayor Jan Marx

ATTEST:



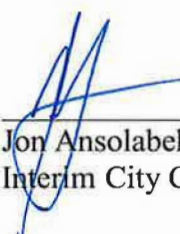
Jon Ansolabehere
Interim City Clerk

APPROVED AS TO FORM:



J. Christine Dietrick
City Attorney

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, this 18th day of December, 2015.



Jon Ansolabehere
Interim City Clerk

MEMORANDUM OF AGREEMENT BY AND BETWEEN THE CITY OF SAN LUIS OBISPO AND THE FIERO LANE WATER COMPANY

This Memorandum of Agreement (MOA) is made and entered into this 1 day of December, 2015 (the "Effective Date") by and between the City of San Luis Obispo, a municipal corporation and charter city, (hereinafter referred to as "CITY") and, Fiero Lane Water Company, a California corporation (hereinafter referred to as "COMPANY"). CITY, and COMPANY shall hereinafter be referred to collectively as "PARTIES".

RECITALS

WHEREAS, COMPANY is a mutual water company which provides water and sewer service to property owners and their tenants within its service boundaries. A map depicting COMPANY's service area and a listing of all properties served by COMPANY is attached hereto as Exhibit 1, and incorporated herein by this reference; and

WHEREAS, COMPANY's service area is immediately adjacent to CITY's municipal boundaries, but within CITY's urban reserve line and CITY's Airport Area Specific Plan annexation area; and

WHEREAS, CITY's General Plan Water and Wastewater Element Policy No. 1.19.1A of the Water and Wastewater Element and CITY's Municipal Code section 13.04.030 state that the CITY shall be the only purveyor of water and wastewater services in the CITY's limits; and

WHEREAS, COMPANY and CITY have been negotiating the possible annexation of a portion of COMPANY's service area into CITY's boundaries. A map depicting this area to be possibly annexed is attached hereto as Exhibit 2 (the "Area") and incorporated herein by this reference;

WHEREAS, by this MOA, COMPANY and CITY wish to set forth certain terms and conditions regarding the anticipated annexation of the Area into the CITY, including, but not limited to, the provision for interim water and sewer service and the upgrade and transfer of certain portions of COMPANY's water and sewer infrastructure to CITY.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements stated herein, the PARTIES agree as follows:

1. **Payment of Costs and Expenses** – COMPANY agrees to pay for any and all costs and expenses related to the annexation of the Area into CITY's municipal boundaries, including, but not limited to, all of CITY's administrative fees, consultant fees, filing fees, planning fees, engineering fees, attorney's fees, surveying fees, inspection fees, construction

costs, conditions of approval and mitigation measures related to the preparation and review of this MOA, and all actions contemplated herein. COMPANY and CITY acknowledge and agree that the list of permit fees attached hereto as Exhibit 3 and incorporated herein by this reference is a fair and reasonable estimate of the anticipated permit fees associated with the Annexation. COMPANY acknowledges and agrees that such estimate is subject to change. Within fifteen (15) days of the Effective Date of this MOA, COMPANY shall deposit the sum of twenty five thousand dollars (\$25,000) (the "Deposit") with CITY. Such amount may be commingled with CITY's other funds. CITY may deduct its expenses from such deposit and shall provide COMPANY with regular invoices. COMPANY shall have thirty (30) days from the date of such invoice to contest the expenses and charges so described. Whenever the Deposit declines to \$5,000 or less, or is insufficient to cover any anticipated costs or expenses, CITY may request an additional deposit in an amount determined by CITY in its sole and absolute discretion. COMPANY's failure to timely deposit such funds shall be considered a material breach of this MOA, in which case CITY may cease any further action without any liability whatsoever.

2. **Annexation of Area** – Subject to the terms and conditions herein, after receiving a written request from the COMPANY, the CITY shall hold a public hearing for the consideration of the annexation request, and if authorized by the City Council, City shall file an application with the San Luis Obispo Local Agency Formation Commission ("LAFCO") to annex the Area into the CITY's municipal boundaries (the "Annexation"). COMPANY shall provide any and all information, plans (including a plan for services), documents or signatures needed for such application. COMPANY acknowledges and agrees that such annexation proceedings are subject to the discretion of LAFCO, other affected agencies and protest proceedings, and that CITY makes no guaranties, representations or warranties whatsoever regarding any outcome of the Annexation or related process. COMPANY further acknowledges that the Annexation is subject to environmental review pursuant to the California Environmental Quality Act and potentially subject to certain conditions of approval and mitigation measures. Upon annexation of the Area into the CITY's municipal boundaries (i.e. effective date of the certificate of completion) and CITY's acceptance of the water and sewer infrastructure as set forth in Section 3.d below, COMPANY shall forever cease operating within the Area so annexed.

3. **COMPANY Infrastructure -**

- a. *Existing Conditions of COMPANY Infrastructure* – COMPANY acknowledges and agrees that much of the existing water and wastewater infrastructure owned by COMPANY being used to provide water and wastewater service to the Area does not currently meet CITY standards for acceptance by the CITY following Annexation. COMPANY acknowledges that the existing stormdrain infrastructure is currently owned and maintained by the County and appears to be acceptable, subject to the completion of specific stormdrain improvements by the County, including cleaning and final inspection of the infrastructure prior to Annexation.
- b. *Required Improvements* – Prior to Annexation of the Area into CITY and CITY's provision of water and sewer to the Area, COMPANY shall upgrade the COMPANY's water and sewer infrastructure to City standards as identified in

Exhibit 4 attached hereto and incorporated herein by this reference. In addition, COMPANY shall coordinate with the County to arrange for the inspection and cleaning of the existing stormdrain by the County. COMPANY acknowledges and agrees that additional improvements to COMPANY's water and sewer infrastructure may be needed as later determined by CITY in its sole and absolute discretion. COMPANY further acknowledges and agrees that upon completion of the required improvements to the water and sewer infrastructure, COMPANY shall repair the affected right of way in its entirety to a state of good repair as determined by the CITY's Director of Public Works. COMPANY hereby expressly waives Labor Code section 1781 and hereby releases, indemnifies and holds harmless CITY from and against any claim that the infrastructure improvements required herein are subject to the payment of prevailing wages.

- c. *Responsibilities of COMPANY for Upgrades* – COMPANY shall be solely responsible for all aspects of completing the required infrastructure upgrades including, but not limited to, financing, design, permitting, bidding and construction and inspection. CITY will consider the necessary actions to establish land based funding opportunities or other related funding mechanisms in order to finance those public improvements that the COMPANY elects not to self-fund, subject to property owner approval and public hearing requirements as required by law.
- d. *Transfer of Infrastructure and Facilities* – Upon completion of all infrastructure upgrades, COMPANY shall provide CITY with:
 - i. A complete set of record drawings prepared by a registered engineer depicting the actual conditions and the locations of the water and sewer facilities proposed to be transferred to CITY;
 - ii. All documents showing all of COMPANY's easements and real property located within the Area; and
 - iii. Executed instruments, which shall be in a form or forms to the satisfaction of the City Attorney, transferring all water and sewer infrastructure, and related easements and real property within the Area to the CITY. COMPANY acknowledges that such transfer is subject to CITY accepting such infrastructure, easement and real property. COMPANY agrees to furnish CITY with a title insurance policy showing title to any easement or real property to be transferred in the name of CITY with coverage in the amount of the fair market value the property or its replacement value, as applicable.

COMPANY acknowledges and agrees that unless and until its water and sewer infrastructure are accepted by CITY, COMPANY shall be solely responsible for the operation and maintenance of such infrastructure. The CITY reserves the right to determine which infrastructure it will accept as CITY responsibility and which will remain the responsibility of COMPANY.

4. **Responsibilities of CITY** – Upon final acceptance of said infrastructure and improvements, CITY shall be responsible for operation and maintenance of the accepted water and sewer infrastructure and the provision of water and wastewater service to the Area duly annexed and served by such infrastructure.

5. **Interim Water and Sewer Service Provision –**

- a. *Interim Hook-Up* - COMPANY represents that it has received written confirmation of support for annexation from property owners within its service area that represent more than 50% of the assessed value of the land within the proposed annexation boundary. As such, COMPANY anticipates the successful completion of Annexation. CITY and COMPANY agree that due to the time required to complete the Annexation process, including the design and construction of needed improvements to the infrastructure for final acceptance by CITY, it is necessary to connect infrastructure owned and operated by COMPANY to City's system for interim water and sewer service to properties served by COMPANY while the annexation process and infrastructure improvements are being completed (the "Interim Service Period"). Prior to providing interim sewer service, the COMPANY must demonstrate to the satisfaction of the City's Utilities Director, separation of the east and west side wastewater flow. Prior to providing such interim water and sewer service however, CITY shall, at COMPANY's sole expense, submit an application with LAFCO pursuant to Government Code Section 56133 to provide new services outside its jurisdictional boundaries. CITY and COMPANY understand and agree that approval for such extraterritorial service is within the discretion of LAFCO. COMPANY further acknowledges and agrees that CITY's obligation to provide interim water or sewer service is subject to amendment of Chapter 13.16 of the CITY's Municipal Code in order to allow water and sewer service outside of the City's limits. Should LAFCO deny such application or should CITY's Municipal Code not be so amended, CITY shall have no obligation whatsoever to provide COMPANY with water or sewer service prior to Annexation. COMPANY further acknowledges and agrees that CITY shall have no obligation whatsoever to provide interim water and/or sewer service under this Section 5 unless and until COMPANY provides CITY with all necessary documents for the City's Annexation application to initiate proceedings for the annexation of the Area into the City's boundaries. During the Interim Service Period, COMPANY shall continue to provide its customers with water and sewer service and shall retain full and absolute responsibility for operations, maintenance and repair of all facilities up to the point of connection of COMPANY facilities to CITY's system. Connection to the CITY's water and sewer systems will require approval of final connection plans by the CITY's Utilities and Public Works Directors. All discharges into the City's sewer system shall comply with all CITY regulations; the CITY reserves the right to prohibit any discharge into the CITY's sewer system from COMPANY's service area during the Interim Service Period.
- b. Prior to interim hook-up, COMPANY shall provide CITY with written confirmation from the Central Coast Regional Water Quality Control Board ("RWQCB") that East Airport, also known as the Morabito-Burke and Senn-Glick commercial developments, can either relocate the existing wastewater

treatment facility operated by the COMPANY or install a new wastewater treatment facility on their premises. At a minimum, the written confirmation must specifically reference the Fiero Lane Water Company, Wastewater Discharge and Water Recycling Requirements Order NO. R3-2004-0154, Morabito-Burke and Senn-Glick commercial developments or East Airport, permission to relocate and site the Fiero Lane Water Company treatment facility or site a new wastewater treatment facility at Morabito-Burke and Senn-Glick commercial developments, and be signed by the RWQCB's Executive Officer or his designee. In addition, if the facility is not relocated prior to Annexation, the COMPANY shall also provide to City written confirmation and documentation as required by CITY that COMPANY is technically and financially capable of the relocation of the facility to the location and in accordance with the RWQB's requirements. Financial documentation can include a bond, letter or guarantee or other documentation acceptable to CITY.

- c. During the Interim Service Period, the CITY will be designing and constructing a replacement for the existing sewer gravity main in Fiero Lane and the Airport sewer pump station that will serve the Area. The CITY will work with COMPANY to identify locations for these replacement facilities and COMPANY agrees to grant easements to the CITY for both the pump station and gravity main in the location to be determined later as otherwise reasonably required by CITY.
- d. *Payment for Service* - COMPANY shall be responsible for paying any and all rates and fees associated with the provision of water or sewer service during the Interim Service Period as described in this Section until transfer of COMPANY sewer and water infrastructure to CITY is complete and CITY service to individual properties served by COMPANY is established.
 - i. Upon connection of COMPANY to CITY water service and cessation of COMPANY (well) water service to the properties listed in Exhibit 1, COMPANY shall be billed for wastewater service based upon metered water use consistent with CITY practices for billing non-residential customers in the City.
 - ii. During the Interim Service Period, water service rates shall be at normal rates in effect at the time of service unless the COMPANY is not in compliance with the Schedule (defined below) or is otherwise in default of any term or condition of this MOA, in which case such rates shall be two times the normal rate in effect at the time of service or as determined by the CITY's Director of Utilities.
 - iii. During the Interim Service Period, sewer service rates shall be at normal rates in effect at the time of service unless the COMPANY is not in compliance with the Schedule or is otherwise in default of any term or condition of this MOA, in which case such rates shall be two times the

normal rate in effect at the time of service or as determined by the CITY's Director of Utilities.

6. **Improvement and Performance Bond** – Prior to COMPANY connecting to CITY for interim water and sewer service as set forth in Section 5.a above, COMPANY shall, at COMPANY's sole expense, obtain improvement bonds or other similar assurances in favor of CITY guaranteeing the costs and expenses for the following:

- a. The processing of the Annexation application; and
- b. The removal of the water and sewer improvements for interim water and sewer service and restoration of the affected area.

The amount of each of the bonds shall be determined by the CITY's Director of Utilities, in his or her sole and absolute discretion. The CITY reserves the right to increase the amount of such bonds in the event the anticipated costs and expenses to perform the work guaranteed by such bond are greater than the amount so bonded.

7. **Water, Wastewater, and Recycled Water Development Impact Fees** –

- a. *Water and Wastewater Development Impact Fees.* Subject to the terms and conditions herein, COMPANY shall pay the water and sewer development impact fees in place as of the Effective Date and the fees identified for the City's replacement of the Airport sewer pump station to serve the Area, which are more particularly described in Exhibit "3 & 4" attached hereto and incorporated herein. These fees may be financed by CITY through land based financing or other equivalent means under terms outlined and negotiated during the financing of said impact fees. The impact fee payment(s) shall be paid at time of Annexation.
- b. *Recycled Water Development Impact Fee.* Subject to the terms and conditions herein, at the time of Annexation, COMPANY shall pay CITY a recycled water development impact fee, the amount of which shall be the lesser of:
 - i. The recycled water portion of the water impact fee at the time of Annexation based on an analysis of the equitable portion of the recycled water improvements assigned to the proposed Annexation Area, but not to exceed \$80,000; or
 - ii. The cost of installation, as determined by CITY's Engineer, at the time of Annexation for a 10 inch ductile iron recycled water line fronting 4211 Broad, 850 Fiero Lane, and 845 Fiero, in Broad Street (approximately 830 feet).

8. **Existing and Future Development.** Upon annexation, the PROPERTY may be further developed consistent with CITY policies, rules and regulations including, but not limited

to, the General Plan, the Airport Area Specific Plan (AASP), and other provisions of the Municipal Code and state law.

- a. *Non-Conforming Uses.* COMPANY recognizes that certain existing uses within the Area are not permitted or may be conditionally permitted under CITY's zoning regulations and land use policies and that such non-conforming uses are entitled to remain and continue pursuant to CITY's non-conforming land use regulations. Non-conforming uses existing as of the date of Annexation shall be allowed to relocate within the same parcel as of the date of Annexation CITY will endeavor to integrate such non-conforming uses into, and to provide for such uses within the Area in the next revision of the CITY's zoning regulations and Airport Area Specific Plan ("AASP").
- b. *Expansion of Existing Uses.* Nothing herein is intended to limit the addition or expansion of otherwise conditionally allowable uses, consistent with existing City procedures for review and approval of such additions and/or expansions.
- c. *Non-Conforming Structures.* CITY recognizes that certain structures within the Area lawfully existing as of the date of Annexation are legal non-conforming structures and may remain pursuant to CITY's non-conforming structure regulations. CITY acknowledges that such regulations allow the right to maintain and make reasonable repairs to such structures and to replace the structures consistent with CITY regulations. Changes to structural elements (with the proper CITY permit), interior partitions or other nonstructural improvements and repair may be made to any of the structure.

9. **Term and Termination of Agreement** - This MOA shall become effective as of the Effective Date and shall remain in effect until the Area is annexed and the water and sewer infrastructure are accepted by CITY pursuant to Section 3 above, unless sooner terminated as provided herein. CITY and COMPANY acknowledge and agree that the Annexation Task List and Schedule (the "Schedule") attached hereto as Exhibit "5" and incorporated herein by this reference, represents a fair and reasonable schedule for performance of the Annexation and other tasks and obligations as contemplated herein. This MOA may be terminated by either party upon the other party's failure to substantially comply with the benchmarks set forth in the Schedule provided that, prior to such termination, the party seeking to terminate provides written notice of such failure to comply and a reasonable opportunity to cure such failure. CITY and COMPANY acknowledge and agree that the Schedule shall be adjusted to account for delays which are out of the reasonable control of either CITY or COMPANY. CITY and COMPANY agree that time is of the essence in completing the work identified in Exhibit 5 of this MOA. COMPANY and CITY agree that all upgrades to the water and sewer infrastructure and right of way as described in Section 3 above shall be completed to CITY's satisfaction prior to Annexation of the Area into CITY's municipal boundaries. This MOA may be terminated by CITY without prior notice in the event of bankruptcy or insolvency of COMPANY. This MOA may also be terminated by CITY upon successful protest of the Annexation.

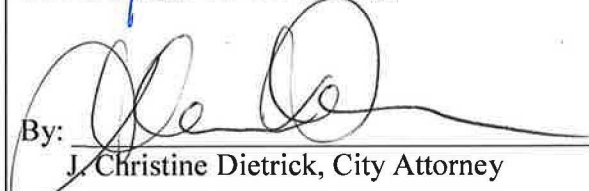
15. **Implied Obligations** – COMPANY and CITY shall reasonably cooperate to achieve the purposes of this MOA, and shall execute or provide as requested such other documents and information as are reasonably necessary to achieve those purposes.

16. **Construction** – When the context of any provision requires it, the singular shall be held to include the plural, and the masculine shall be held to include the feminine gender. Should any provisions of this MOA require judicial interpretation, it is understood by the PARTIES and agreed that a court interpreting or construing same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that the document is to be constructed more strictly against the party who prepared it sine the parties agree that both have participated in the preparation of this document with the assistance of counsel.

17. **Authority to Sign and Binding Effect** - The parties executing this MOA personally warrant that they have the full authority to enter into this MOA on behalf of the agency or entity for which they are signing, and that said agency or entity will be legally bound to the MOA by their signature hereto.

18. **Counterparts** – This MOA may be executed in counterparts.

IN WITNESS WHEREOF, this Memorandum of Agreement is executed on the date above stated, at San Luis Obispo, California.

CITY OF SAN LUIS OBISPO	FIERO LANE WATER COMPANY
By:  Jan Marx, Mayor	By:  (Matt Quagliano)
ATTEST	Its: President
By:  Jon Ansofabehere, Interim City Clerk	
APPROVED AS TO FORM	
By:  J. Christine Dietrick, City Attorney	

Legend

 FLWC Boundary

 Parcel Base Map

WALLACE GROUP

Properties Served by FLWC (West Side of Broad Street)

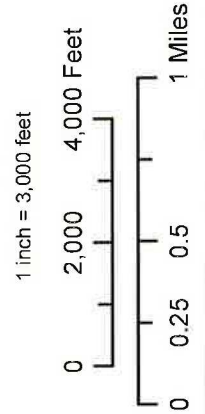
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076-415-012	076-413-002	076-414-039	076-414-030
076-415-013	076-413-016	076-400-010	076-414-049
076-415-015	076-413-037	076-413-023	076-414-029
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Properties Served by FLWC (West Side of Broad Street)

APN

076-511-040
076-512-008
076-512-030
076-511-025
076-512-024
076-512-033
076-512-023
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076-512-029
076-512-032
076-512-031
076-511-038
076-512-034
076-511-039
076-511-041
076-512-035
076-512-036

Resolution No. 10678 (2015 Series)
EXHIBIT A



Fiero Lane Proposed Annexation

Proposed Annexation Boundary



San Luis Obispo City Limits



Parcel Boundary (Acreage)



Resolution No. 10678 (2015 Series)
EXHIBIT A

Department	Description	Amount	Comments
Administration	Economic Impact of Annexation Study	\$ 7,500	
CDD	Annexation - City process	\$ 21,447	
CDD	S-Overlay	\$ -	included in annexation
CDD	master use permit	\$ 3,250	
CDD	CEQA	\$ 2,556	Assumes MND
Applicant	Fish & Game Fees	\$ 2,260	
Applicant	Lafo Annexation Fees	\$ 10,000	
Util	Lafo Outside services agreement	\$ 3,500	
Applicant	State Board of Equalization fees - record annexation	\$ 1,200	based on assumption of less than 51 acres
PW	Encroachment Permit	TBD	
PW	ROW improvements	TBD	
PW	Upgrades required for Fire	TBD	
Util	Water (Citywide; 64.6 EDUs @ \$10,775/EDU):	\$ 696,065	Estimate
Util	Landscape meters		Waiting on details from applicant
Util	Sewer (Citywide; 64.6 EDUs @ \$3,729/EDU):	\$ 234,498	Estimate
Util	Sewer (Tank Farm 64.6 EDUs @ \$3,630/EDU):	\$ 240,893	Estimate
Util	Sewer (Airport 64.6 EDUs @ \$2,710.54/EDU):	\$ 176,101	Estimate (not approved by Council yet)
Util	Required upgrade costs for interim connection		WIP target is December 23rd
Util	Required upgrade costs for annexation		WIP target is December 23rd
Util	Recycled Water Line		
City Attorney's Office	Legal Review Fees	\$ 200,000	Rough estimate for guidance, will likely change
Finance	CFD/Landbased financing fees	\$ 45,000	Rough estimate for guidance
Total		\$ 1,769,270	Rough estimate for guidance

* 3/4" meter - 1 EDU = \$10,775

* 1" meter = 1.7 EDU = \$18,317

* 1 1/2" meter = 3.4 EDU= \$36,633

** 3/4" meter = 1.0 EDU = \$7,359 + Airport Lift Station add on fee of approximately \$2,500/EDU

** 1" meter = 1.7 EDU = \$12,510 + Airport Lift Station add on fee of approximately \$2,500/EDU

** 1 1/2" meter = 3.4 EDU= \$24,655+ Airport Lift Station add on fee of approximately \$2,500/EDU

****Included in annexation cost as part of pre-zoning

Required Infrastructure Improvements

Fiero Lane Water Company (FLWC) will perform a water and wastewater systems engineering analysis and design to bring their facilities to CITY standards prior to CITY acceptance of those facilities for CITY maintenance and operation. FLWC intends to complete the analysis prior to annexation, so that costs can be established. Required, documents, submittals and improvements identified to date are shown below. Additional documents, submittals, improvements or modifications to the list of improvements may be required following completion of the analysis and design and concurrence of the CITY and FLWC. The CITY reserves the right to determine which infrastructure it will accept as CITY responsibility and which will remain the responsibility of others. FLWC will be responsible for funding, design and construction of the required improvements.

1. General Water and Wastewater: Map of the entire FLWC service area including parcels and owners and size of buildings. Map shall include all infrastructure servicing the Morabito Burke service area.
2. Annual and monthly records of water pumping, distribution and consumption and wastewater generation, treatment and disposal.
3. All permits, records, agreements and reports required by regulatory agencies for water and wastewater such as but not limited to; Regional Water Quality Control Board, State Water Resources Control Board, EPA, County of San Luis Obispo, California Department of Health.
4. All letters, reports and correspondence to regulatory agencies including but not limited to; Notice of Violation(s), violation(s), fines and penalties, settlement agreements, inspections, Notice of Intent, application for waste discharge.
5. All records of water and wastewater infrastructure installation.
6. All records of water and wastewater maintenance and capital replacement.
7. All water meter reads for the last 3 years.
8. Monthly water and wastewater service rates.
9. Map of all infrastructure, included but not limited to water mains, valves, water meters, water boxes, fire hydrants, air vacs, service laterals, gravity sewers, manholes, laterals.
10. List and map of record easements.
11. Draft schedule for all submittals and construction improvements prior to annexation.

Potable Water:

1. Record easements for CITY facilities on private property.
2. Pressure and leak test existing water mains that will become CITY facilities (Fiero Lane only).
3. Public and private water mains shall be sized to meet fire flow requirements.
4. Decommission and dismantle of groundwater collection, treatment, and pumping facilities.
5. Replace fire hydrants with CITY standard hydrants.

6. Replace all water meters. Meters shall be properly sized, accurate and meet City standards.
7. Water Services shall be upgraded to current City standard.
8. Backflow preventers shall be installed where recommended by County Cross Connection Inspector.
9. Isolation valves shall be installed.

Wastewater:

1. Work with the CITY and County Airport to facilitate the CITY takeover of that portion of the Airport gravity sewer line in Fiero Lane.
2. Replace or rehabilitate failing portion of the Airport gravity sewer line – Manhole M17-15 to M17-8.
3. Fiero Lane System – Manhole M17-18 – cut open pipe to expose invert and access flow. Manhole M17-18 to M17-19 – correct grade defects.
4. Tie over eight (8) sewer laterals on Fiero Lane to the Airport gravity sewer line or new City gravity main in Fiero Lane, if available. Any necessary repairs to private laterals shall be made by FLWC prior to tie over.
5. Abandon existing FLWC gravity main once laterals are tied over to deeper airport gravity line.
6. The wastewater treatment system will be decommissioned, removed and left for COMPANY to salvage or dispose in accordance with state standards.
7. Temporary and permanent easements shall be granted to the City for replacement of the existing gravity main in Fiero Lane and the existing Airport sewer pump station. This may include the site of the existing FLWC wastewater treatment system site, or another suitable site.
8. The leach fields behind Clarion Court will be abandoned in accordance with applicable code after all Clarion properties are connected to the City wastewater collection system via private gravity or private force main connections.

Storm Drainage Infrastructure:

The existing stormdrain within the existing County right-of-way is owned and maintained by the County. The Company shall coordinate with the County to arrange for the inspection and cleaning of the stormdrain system. In the event the County is unwilling to perform the work prior to annexation, the City and Company shall work cooperatively to arrange for an alternative means of cleaning with concurrence and permission from the County.

Street Infrastructure:

1. The COMPANY will construct improvements and upgrades to Fiero Lane so as to bring the street infrastructure into a “state of good repair”. For purposes of this requirement, the definition of state of good repair includes:
 - a. Upgrading traffic control signs and markings to meet current federal, State and City standards; and

- b. Upgrade street crossings to meet Federal and City ADA ramp and crossing standards
 - c. Perform pavement maintenance as needed to meet City minimum pavement condition index requirements.
 - d. Remove and replace any damaged sections of sidewalk.
- 2. It is the intent of the agreement that Old Santa Fe Road south of the City/County boundary line, located immediately south of the Santa Fe Bridge, will remain under County jurisdiction after annexation of properties on Clarion Court. If as part of the LAFCO process, the City is required to take all, or part, of Old Santa Fe Road under City jurisdiction, the following requirements shall be required. The COMPANY will construct improvements and upgrades to Old Santa Fe Road, that is to be annexed to the City, so as to bring the street infrastructure into a "state of good repair". For purposes of this requirement, the definition of state of good repair includes:
 - a. Upgrading traffic control signs and markings to meet current federal, State and City standards; and
 - b. Upgrade street crossings at Clarion Court and the mini storage property to meet Federal and City ADA ramp and crossing standards
 - c. Perform pavement maintenance as needed to meet City minimum pavement condition index requirements.

The limits of required improvements begin at the south side of the existing bridge across the East Fork of San Luis Creek and terminate at the cul-de-sac fronting the mini storage property. No improvements to the bridge are proposed.

EXHIBIT A

Annexation Task List and Schedule

Fiero Lane Water Company

revised 12-1-2015

Task No.	Description	Completion Date	Comments
1	Finalize Draft MOA - staff level	10/16/2015	
2	FLWC to organize written majority support for annexation	Complete	Majority support to include greater than 50% of total assessed value of western service area
3	FLWC Board approves and executes MOA	TBD	
4	FLWC Submits Application for Annexation	Complete	
6	City Council Hearing #1 (council approves and executes MOA, starting annexation and ok's pursuing Land based financing)	12/1/2015	
7	LAFCO application submittal #1 Applicant (City) petitions LAFCO for approval of interim water and wastewater service	December	Take council reso to lafco. Lafco authorizes MOA (interim service agreement)
8	SLO County approves use of gravity sewer main in Fiero Lane	1/1/2016	
9	FLWC provides City written confirmation from RWQCB that East Airport can either relocate the existing wastewater treatment facility operated by the COMPANY or install a new wastewater treatment facility on their premises.	Complete	
10	FLWC prepares plans and bonding estimate for interim service connection	1/1/2016	
11	FLWC posts bond or cash equivalent for removal of interim service connection, and initiates construction	1/15/2016	
12	City approves interim service plans (assuming 1 round of comments)	1/15/2016	
13	LAFCO Review Hearing #1	February/March 2016	2 to 3 month timeline from application submittal to hearing
14	Applicant Annexation Submittal to City (applicant provides all materials needed by application checklist and reviewing departments including mapped infrastructure and a model showing performance of proposed system once hooked up to City service)	on or before 4/1/2016	Application submittal must be deemed complete prior to step 15
15	Interim water and sewer service begins	on or before 4/1/2016	
16	FLWC prepares Engineering Study for water and sewer infrastructure, which forms the basis of the Assessment Engineer's Report	7/1/2016	Study includes lot by lot analysis of meter size for impact fees. City will provide input on restoration of Fiero Lane pavement.
17	PC Review Hearing #2 (Annexation)	September 2016	Date dependent on applicant submittal of complete application materials
18	City approves Engineering Study (assuming 2 rounds of comments)	9/30/2016	
19	City Council #2 (Council approves and executes LAFCO Annexation, Service Authorization, Addendum)	November 2016	Date dependent on applicant submittal of complete application materials and PC recommendation
20	LAFCO application submittal #2 Applicant (City) formally petitions LAFCO for approval of annexation	12/1/2016	4 to 6 month timeline from application submittal to hearing
21	FLWC prepares Assessment Engineer's Report for impact fees and infrastructure upgrades	12/1/2016	
23	LAFCO Review Hearing #2	4/1/17	
24	If necessary, City prepares and approves master Use Permit or other method to address existing uses	4/1/2017	
25	City completes Proposition 218 process and creates assessment or financing district	4/1/2017	
26	Financing District funds become available	7/1/2017	
27	FLWC prepares construction plans and specifications for infrastructure improvements	10/1/2017	
28	City reviews and approves plans (assuming 2 rounds of comments)	1/15/2018	
29	Construction of water and sewer improvements is completed, along with items referenced in MOA Section 3d.	7/1/2019	
30	City accepts constructed improvements and sets new meters.	9/1/2019	
22	FLWC provides City parcel for construction of new lift station and easement for new gravity main in Fiero Lane.	9/1/2019	Replacement of the City's Airport Lift Station was identified in 2015-17 Financial Plan, Capital Improvement Plan.
31	If necessary, FLWC relocates wastewater treatment plant to East Airport area	12/1/2019	
32	Annexation completed and impact fees paid	1/1/2020	

RESOLUTION NO. 10994 (2019 Series)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, APPROVING FIRST AMENDMENT TO MEMORANDUM OF AGREEMENT REGARDING THE PROPOSED ANNEXATION AND PROPERTY ALONG FIERO LANE AND CLARION COURT AND THE PROVISION OF INTERIM WATER AND SEWER SERVICE (850 FIERO LANE)

WHEREAS, on December 1, 2015 the City Council of the City of San Luis Obispo conducted a public hearing in the Council Chamber of City Hall, 990 Palm Street, San Luis Obispo, California, for the purpose of considering a Memorandum of Agreement regarding the proposed annexation of property along Fiero Lane and Clarion Court and the provision of interim water and sewer service; and

WHEREAS, on December 1, 2015 the City Council adopted Resolution No. 10678 approving a Memorandum of Agreement (MOA) to pursue annexation of the subject properties and to provide interim water and wastewater services to said area pending completion of the annexation process; and

WHEREAS, it has become necessary to extend the deadlines of the MOA to reflect revisions to the work tasks identified therein and to allow sufficient additional time to complete the annexation process. In addition, minor clarifications are needed to address the payment of certain impact fees for new development which occurs after the effective date of the MOA and annexation of the subject property; and

WHEREAS, there have been no changed circumstances or evidence that any new impacts/conditions associated with the proposed project that were not otherwise previously analyzed would result from extension of said Memorandum of Agreement; and

WHEREAS, the City Council has duly considered all evidence, including testimony of the applicant, interested parties, and the evaluation and recommendations by staff, presented at said hearing; and

WHEREAS, notices of said public hearings were made at the time and in the manner required by law.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the City of San Luis Obispo as follows:

SECTION 1. Findings. Based upon all the evidence, the City Council makes the following findings:

1. That approval of the First Amendment to the Memorandum of Agreement between the City and the Fiero Lane Water Company is consistent with the Airport Area Specific Plan and General Plan policies.

2. That approval of the First Amendment to the Memorandum of Agreement between the City and the Fiero Lane Water Company adequately addresses the parameters of interim service and establishes sufficient penalties/timeframes to ensure future annexation or disconnection from City services.
3. During consideration of the 2015 MOA, the Council approved an Addendum to the certified Final Environmental Impact Report (FEIR) for the Airport Area and Margarita Area Specific Plan. The Council determined that approval of the 2015 MOA did not meet the criteria for preparing a subsequent or supplemental EIR pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15164. Following this 2015 approval, the City Council certified the Final Environmental Impact for the Land Use and Circulation Element Update, which analyzed the annexation of the Fiero Lane-Clarion Court area as it relates to potential environmental impacts associated with build-out of the General Plan. Based on these analyses, no significantly changed circumstances have occurred within the subject area since 2015 that would affect the analysis and conclusions of the approved 2015 Addendum, and approval of the extension would not result in any adverse physical environmental changes or effects that would warrant additional environmental analysis or preparation of a subsequent EIR pursuant to CEQA Guidelines Section 15164, because the project does not include any elements not already addressed the above-noted certified Environmental Impact Reports and Addendum. Based on these facts, no further environmental review is required.

SECTION 2. Action. The City Council hereby approves and authorizes the Mayor to execute First Amendment to the Memorandum of Agreement between the City and the Fiero Lane Water Company attached hereto as Exhibit "A" and incorporated herein by this reference.

SECTION 3. Further adjustment to Schedule. The City Council hereby authorizes the Community Development Director and Utilities Director to adjust the Schedule in coordination with the FLWC, if necessary, to accommodate the Statewide Community Infrastructure Program (SCIP) process, and review and approval of infrastructure improvements.

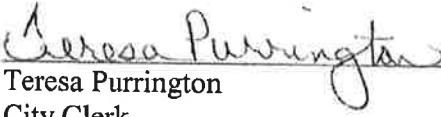
Upon motion of Vice Mayor Pease, seconded by Council Member Christianson, and on the following roll call vote:

AYES: Council Members Christianson, Gomez, and Stewart,
Vice Mayor Pease and Mayor Harmon
NOES: None
ABSENT: None

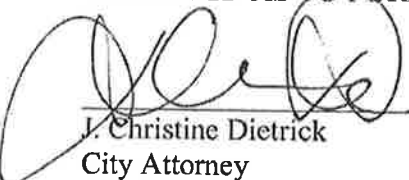
The foregoing resolution was adopted this 19th day of March 2019.


Mayor Heidi Harmon

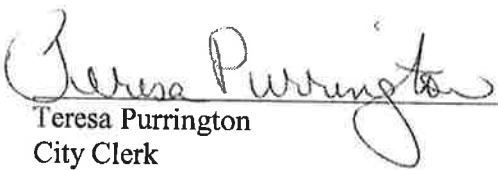
ATTEST:


Teresa Purrington
City Clerk

APPROVED AS TO FORM:


J. Christine Dietrick
City Attorney

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, this 1st day of April, 2019.


Teresa Purrington
City Clerk

**FIRST AMENDMENT TO
MEMORANDUM OF AGREEMENT BY AND BETWEEN THE CITY OF
SAN LUIS OBISPO AND THE
FIERO LANE WATER COMPANY**

This First Amendment to Memorandum of Agreement ("First Amendment") is made and entered into this 19th day of March, 2019 (the "Effective Date") by and between the City of San Luis Obispo, a municipal corporation and charter city, (hereinafter referred to as "CITY") and, Fiero Lane Water Company, a California corporation (hereinafter referred to as "COMPANY"). CITY, and COMPANY shall hereinafter be referred to collectively as "PARTIES".

RECITALS

WHEREAS, on March 19, 2019, CITY and COMPANY entered into a Memorandum of Agreement ("MOA") which set forth certain terms and conditions regarding the possible annexation of the COMPANY's service area into the CITY, including, but not limited to, the provision for interim water and sewer service and the upgrade and transfer of certain portions of COMPANY's water and sewer infrastructure to CITY. All capitalized terms not defined herein shall have the same meaning as set forth in the MOA;

WHEREAS, by this First Amendment, the PARTIES wish to: (i) clarify what impacts fees COMPANY owes for any further development within the Area after the Effective Date of the MOA and Annexation of the Area into City; and (ii) adjust the Schedule in the MOA, as more particularly described in Section 9 of the MOA.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements stated herein, the PARTIES agree as follows:

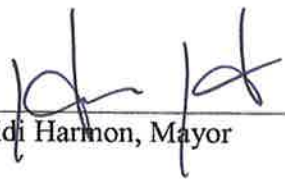
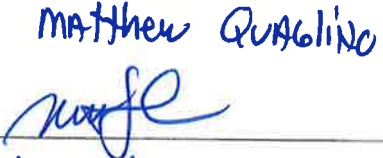
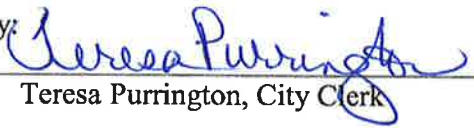
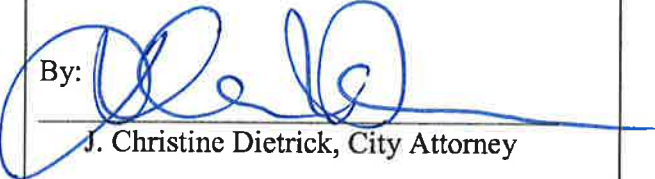
1. **Water, Wastewater, and Recycled Water Development Impact Fees** – COMPANY agrees to pay any water and sewer development impact fees in place as of the Effective Date of the MOA and the fees identified for the City's replacement of the Airport sewer pump station to serve the Area for any existing development and any future development within the Area which receives a building permit from the County of San Luis Obispo prior to the date of Annexation, in the amounts described in Exhibit "3 & 4" of the MOA. These fees, including any impact fees may be financed by CITY through land based financing or other equivalent means under terms outlined and negotiated during the financing of said impact fees. All impact fee payment(s) shall be paid at time of Annexation.

2. **Term and Termination of Agreement** – The Schedule described in Section 9 of the MOA is hereby amended as set forth in Exhibit "1" attached hereto and incorporated herein.

3. **Incorporation of MOA.** All provisions of the MOA, as amended hereby, shall remain in full force and effect and unchanged, except as provided herein. If any provision of this First Amendment conflicts with the MOA, the provisions of this First Amendment shall control.

4. **Counterparts** – This First Amendment may be executed in counterparts.

IN WITNESS WHEREOF, this First Am is executed on the date above stated, at San Luis Obispo, California.

CITY OF SAN LUIS OBISPO	FIERO LANE WATER COMPANY
By:  Heidi Harmon, Mayor	By:  Matthew Quaglino
ATTEST	Its:  President
By:  Teresa Purrington, City Clerk	
APPROVED AS TO FORM	
By:  J. Christine Dietrick, City Attorney	

Annexation Task List and Schedule (Section 9)
Fiero Lane Water Company

revised 3-6-19

Note: The schedule for uncompleted tasks requires timely action on the part of the FLWC, City, County, and CSDA (SCIP). As such, the dates are not within the sole control of FLWC and may need to be adjusted accordingly.

Task No.	Description	Original Completion Date per MOA	Actual Completion Date	Proposed Completion Date	Comments
1	Finalize Draft MOA - staff level	10/16/2015	10/16/2015		
2	FLWC to organize written majority support for annexation	Complete	11/15/2015		
3	FLWC Board approves and executes MOA	TBD	12/11/2015		
4	FLWC Submits Application for Annexation	Complete	3/31/2015		
5	PC Hearing #1	Complete	Not applicable		
6	City Council Hearing #1 (council approves and executes MOA, starting annexation and OK's pursuing land based financing)	12/1/2015	12/15/2015		
7	LAFCO application submittal #1 Applicant (City) petitions LAFCO for approval of interim water and wastewater service	December 2016	3/15/2016		
8	SLO County approves use of gravity sewer main in Fiero Lane	1/1/2016	7/1/2016		This task was originally contemplated as a City/County function. The Company assigned in the resolution via a jointly signed letter after Company-led negotiations.
9	FLWC provides City written confirmation from RWQCS that East Airport can either relocate to the existing wastewater treatment facility operated by the COMPANY or install a new wastewater treatment facility on their premises.	Complete	2/23/2016		
10	FLWC prepares plans and bonding estimate for interim service connection	1/1/2016	5/18/2016		Pre-modeling for permanent connection was performed first prior to City endorsement of interim connection.
11	FLWC posts bond or cash equivalent for removal of interim service connection, and initiates construction	1/1/2016	N/A - \$2500 so included in deposit		
12	City approves interim service plans (assuming 1. round of comments)	1/15/2016	8/10/2016		
13	LAFCO Review Hearing #1 Interim Connection	February/March 2016	4/21/2016		
14	Applicant Annexation Submittal to City (applicant provides all materials needed by application checklist and reviewing departments including mapped infrastructure and a model showing performance of proposed system once hooked up to City utilities.)	on or before 4/1/2016	Application and fee submitted on 3/31/2015. Additional materials provided per City request prior to interim service on 3/25/2016		
15	Interim water and sewer service begins	on or before 4/1/2016	8/26/2016		
16	FLWC completes Engineering Study for water and sewer infrastructure, which forms the basis of the SCIP Engineer's Report	7/1/2016	3/25/2016		Meter size analysis and water main configuration included, but confirmation needed on sewer connections from City gravity main / lift station project.
	At this point in the original schedule, annexation was to proceed to completion prior to securing funding, with the City taking the lead on the Proposition 218 process. The tasks below have been reoriented to accommodate the City's revised approach, and funding will be secured first, allowing annexation to occur following funding so the City can oversee the preparation of engineering plans and construction inspections for the infrastructure improvements.				

17	County to adopt SCIP/CSCDA Resolution, consenting use of the SCIP Program	Not in original MOA	9/11/2018		
18	City to adopt SCIP/CSCDA Resolution, consenting use of the SCIP Program	Not in original MOA	11/13/2018		
19	Formal application for SCIP funding for Fiero Lane annexation	Not in original MOA	11/26/2018		
20	City/Fiero Apply for LAFCO Extension	Not in original MOA		March 2019	
21	LAFCO conducts public hearing on Outside User's Agreement Extension	Not in original MOA		March 2019	Requesting a 1-year extension, to March 2020
22	City confirms scope of sewer improvements necessary (if any) prior to implementation of new gravity sewer and lift station	Not in original MOA		3/1/2019	For inclusion in SCIP Engineer's Report. Company is also in discussions with SLO Co on street rehabilitation costs, though property-owner funding will be assumed if necessary.
23	SCIP Staff prepares Engineer's Report for Proposition 218 Process	Not in original MOA		6/1/2019	Timing to be confirmed by SCIP staff
24	CSCDA/SCIP Resolution of Intention	Not in original MOA		August 2019	
25	SCIP Funding Confirmed and Available	Not in original MOA		October 2019	
26	City Council #2: Council approves and executes LAFCO Annexation, Service Authorization, Addendum			May 21, 2019	City elected to defer annexation until after funding becomes available (April 2017)
27	LAFCO application submittal #2 Applicant (City) formally petitions LAFCO for approval of annexation			June 2019	
28	LAFCO Review Hearing #2, Completing annexation			August-September 2019	Final action by LAFCO to coincide with 2019 Extension request
29	Preparation of detailed construction documents for permanent connections, street rehabilitation, and meter replacement (scope of sewer improvements to be confirmed)			February 2020	Includes City approval process
30	City files Boundary Map - Secure State Board of Equalization approval - Finalize annexation			April-May 2020	
31	Property Owners secure City Business Licenses			April-June 2020	
32	Construction of water and sewer improvements is completed, along with items referenced in MOA Section 3d, new meters set, impact fees are paid.			July 2020	Construction begins after annexation approved and funds become available
33	FLWC provides City parcel for construction of new lift station and easement for new gravity main in Fiero Lane.			July 2020	
34	If necessary, FLWC relocates wastewater treatment plant to East Airport area			TBD	Pending East Airport discussions, may not be necessary

Exhibit 4

Required Infrastructure Improvements

Fiero Lane Water Company (FLWC) will perform a water and wastewater systems engineering analysis and design to bring their facilities to CITY standards prior to CITY acceptance of those facilities for CITY maintenance and operation. FLWC intends to complete the analysis prior to annexation, so that costs can be established. Required, documents, submittals and improvements identified to date are shown below. Additional documents, submittals, improvements or modifications to the list of improvements may be required following completion of the analysis and design and concurrence of the CITY and FLWC. The CITY reserves the right to determine which infrastructure it will accept as CITY responsibility and which will remain the responsibility of others. FLWC will be responsible for funding, design and construction of the required improvements.

1. General Water and Wastewater: Map of the entire FLWC service area including parcels and owners and size of buildings. Map shall include all infrastructure servicing the Morabito Burke service area.
2. Annual and monthly records of water pumping, distribution and consumption and wastewater generation, treatment and disposal.
3. All permits, records, agreements and reports required by regulatory agencies for water and wastewater such as but not limited to; Regional Water Quality Control Board, State Water Resources Control Board, EPA, County of San Luis Obispo, California Department of Health.
4. All letters, reports and correspondence to regulatory agencies including but not limited to; Notice of Violation(s), violation(s), fines and penalties, settlement agreements, inspections, Notice of Intent, application for waste discharge.
5. All records of water and wastewater infrastructure installation.
6. All records of water and wastewater maintenance and capital replacement.
7. All water meter reads for the last 3 years.
8. Monthly water and wastewater service rates.
9. Map of all infrastructure, included but not limited to water mains, valves, water meters, water boxes, fire hydrants, air vacs, service laterals, gravity sewers, manholes, laterals.
10. List and map of record easements.
11. Draft schedule for all submittals and construction improvements prior to annexation.

Potable Water:

1. Record easements for CITY facilities on private property.
2. Pressure and leak test existing water mains that will become CITY facilities (Fiero Lane only).
3. Public and private water mains shall be sized to meet fire flow requirements.
4. Decommission and dismantle of groundwater collection, treatment, and pumping facilities.
5. Replace fire hydrants with CITY standard hydrants.
6. Replace all water meters. Meters shall be properly sized, accurate and meet City standards.

7. Water Services shall be upgraded to current City standard.
8. Backflow preventers shall be installed where recommended by County Cross Connection Inspector.
9. Isolation valves shall be installed.

Wastewater:

1. Work with the CITY and County Airport to facilitate the CITY takeover of that portion of the Airport gravity sewer line in Fiero Lane.
2. Replace or rehabilitate failing portion of the Airport gravity sewer line – Manhole M17-15 to M17-8.
3. Fiero Lane System – Manhole M17-18 – cut open pipe to expose invert and access flow. Manhole M17-18 to M17-19 – correct grade defects.
4. Tie over eight (8) sewer laterals on Fiero Lane to the Airport gravity sewer line or new City gravity main in Fiero Lane, if available. Any necessary repairs to private laterals shall be made by FLWC prior to tie over.
5. Abandon existing FLWC gravity main once laterals are tied over to deeper airport gravity line.
6. The wastewater treatment system will be decommissioned, removed and left for COMPANY to salvage or dispose in accordance with state standards.
7. Temporary and permanent easements shall be granted to the City for replacement of the existing gravity main in Fiero Lane and the existing Airport sewer pump station. This may include the site of the existing FLWC wastewater treatment system site, or another suitable site. FLWC will provide recorded permanent easement to the City of San Luis Obispo for the site of the existing FLWC wastewater treatment system for the construction of a City lift station to serve the area. The FLWC existing electrical service will be provided to the City. Clear access will be provided to the easement area from Fiero Lane.
8. The leach fields behind Clarion Court will be abandoned in accordance with applicable code after all Clarion properties are connected to the City wastewater collection system via private gravity or private force main connections.

Storm Drainage Infrastructure:

The existing stormdrain within the existing County right-of-way is owned and maintained by the County. The Company shall coordinate with the County to arrange for the inspection and cleaning of the stormdrain system. In the event the County is unwilling to perform the work prior to annexation, the City and Company shall work cooperatively to arrange for an alternative means of cleaning with concurrence and permission from the County.

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1. The COMPANY will construct improvements and upgrades to Fiero Lane so as to bring the street infrastructure into a “state of good repair”. For purposes of this requirement, the definition of state of good repair includes:

- a. Upgrading traffic control signs and markings to meet current federal, State and City standards; and
 - b. Upgrade street crossings to meet Federal and City ADA ramp and crossing standards
 - c. Perform pavement maintenance as needed to meet City minimum pavement condition index requirements.
 - d. Remove and replace any damaged sections of sidewalk.
2. It is the intent of the agreement that Old Santa Fe Road south of the City/County boundary line, located immediately south of the Santa Fe Bridge, will remain under County jurisdiction after annexation of properties on Clarion Court. If as part of the LAFCO process, the City is required to take all, or part, of Old Santa Fe Road under City jurisdiction, the following requirements shall be required. The COMPANY will construct improvements and upgrades to Old Santa Fe Road, that is to be annexed to the City, so as to bring the street infrastructure into a "state of good repair". For purposes of this requirement, the definition of state of good repair includes:
 - a. Upgrading traffic control signs and markings to meet current federal, State and City standards; and
 - b. Upgrade street crossings at Clarion Court and the mini storage property to meet Federal and City ADA ramp and crossing standards
 - c. Perform pavement maintenance as needed to meet City minimum pavement condition index requirements.

The limits of required improvements begin at the south side of the existing bridge across the East Fork of San Luis Creek and terminate at the cul-de-sac fronting the mini storage property. No improvements to the bridge are proposed.



Fiero Lane/Clarion Court Annexation

Plan for Services – March 2016

Contents:

1. Law Enforcement
 2. Fire Protection (Including Paramedic and Ambulance)
 3. Parks and Recreation
 4. Streets and Paths
 5. Public Transit
 6. Solid Waste and Recycling
 7. Government Services, Development Review and Code Enforcement
 8. Water and Wastewater
 9. Storm Drainage
 10. Affordable Housing
-

1. Law Enforcement

The San Luis Obispo Police Department provides a variety of law enforcement and community services. Police services are based at 1042 Walnut at the intersection of Santa Rosa (Highway 1) and Highway 101. The Department consists of 90 employees, 62 of which are sworn police officers. This results in a ratio of about 1.4 officers-per-1000 residents. However, the City of San Luis Obispo is an employment center, so the daytime population of the City's urban area increases by about 30,000 people per day over its resident population. Thus, the officers-per resident ratio can be a misleading descriptor of service level.

The Department is divided into two police bureaus, with a Police Captain commanding each. The Operations Bureau consists of a Patrol Services Division, a Traffic Safety Unit, and a Situation Oriented Response Team, and Neighborhood Services. The majority of the Operations Bureau resources are devoted to patrol services and traffic safety. The Administrative Services Bureau consists of Administrative Services Division, Investigative Division, Communications Division, Records Unit, and Information Services Unit. This bureau provides services essential to law enforcement in the City and the effective use of the Operations Bureau resources. According to the Safety Element of the City's General Plan, the Department has a 30% available-time objective for patrol officers. Available time is the portion of time that a patrol unit is not already on call or otherwise unavailable to respond to a new emergency call for service. The level of service in the annexed territory is the same as in the rest of the city.

The Airport Area Specific Plan indicates that the proposed annexation will drive the need for additional personnel and equipment to maintain the current level of service and meet the available-time objective for patrol response. The Specific Plan also indicates the potential need for a police substation/work area with urbanization of the area.

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 expected that service demands and revenues both would increase upon annexation of the Airport Area. Increased service demands will continue approximately in proportion to the amount of new development in the area at a gradual pace over several years.

The level of service provided to the Fiero Lane/Clarion Court Annexation Area will be the same as provided to the rest of the Specific Plan Area.

2. Fire Protection (Including Paramedic and Ambulance)

The City of San Luis Obispo Fire Department provides emergency and non-emergency fire protection services in the City. Emergency services include fire response, emergency medical response, hazardous materials response, and public assistance. Non-emergency services include fire and life safety inspections, building inspections, building plan checks, fire code investigations, arson investigations, and public education. Additionally, the SLOFD is a member of a countywide team that responds to hazardous materials incidents throughout the County.

The Fire Department operates 4 fire stations and has a firefighter/population ratio of approximately 1 firefighter per 1,000 residents. Headquarters (Fire Station #1) is located on the corner of Broad Street and South Street, Fire Station #3 is located at 1280 Laurel Lane, and Fire Station #4 is located at the corner of Madonna and Los Osos Valley Road. County Fire Station #21, which is located on the runway, provides for airport crash fire rescue services. This station also provides emergency response services for a rather large rural area. The City currently maintains a mutual aid agreement with Calfire to allow this station to respond to matters within the airport area.

The Airport Area Specific Plan indicates that upon annexation of the plan area, the Department's minimum staffing level may need to be increased. In addition, because of increased population and the increased potential hazards of the industrial area, the City may need to add additional inspectors to augment existing staff.

The proximity of these stations to the Airport Area provide for emergency response times of 4 minutes or less. The Fire Department's standard of coverage recommends that a three-person engine company, with paramedic, meet this standard 95 percent of the time. All SLOFD engine companies (first responders during an emergency call) include at least one paramedic.

In 2013, the Chevron EIR evaluated development and annexation of the Chevron property and therefore evaluated the potential for fire department operational needs. The EIR concluded that the majority of the Airport area is not within the City's desired 4-

minute response time. However, this response time may be enhanced by the completion of circulation improvements including the completion of Prado Road, Santa Fe Road, and the widening of Tank Farm Road. Even with these improvements planned for the future, the EIR concluded mitigation is necessary to achieve the City's policy objectives for response time (Safety Element Policy 10.3).

These mitigation measures are incorporated into the AASP as follows:

Policy 7.9.1: Adequate Fire Suppression Services and Facilities

The City shall provide adequate fire suppression services and facilities to the Airport Area, consistent with the Safety Element of the General Plan, by completing area transportation improvements, co-locating City fire services with existing CAL-Fire facilities located on Broad Street, and/or establishing a permanent facility within the Airport Area.

Policy 7.9.2: Fire Station Location and Site Dedication

During the first phase of development of the Chevron Tank Farm site, property that is suitable for the development of a new fire station shall be deeded to the City, to the approval of the Fire Chief.

Policy 7.9.3: Interim Safety Improvements

Until a permanent facility is developed that enables the City to achieve its response time objectives, new development in the Airport Area may be required to finance other improvements that will contribute to alleviating current deficiencies, as identified in the San Luis Obispo Fire Department Master Plan (2009). This policy will be implemented on a case by case basis through conditions of approval when project specific fire and life safety impacts are identified.

The proposed annexation was anticipated by the Airport Area Specific Plan. The Specific Plan indicates that development of the plan will drive the need for additional personnel, including firefighters and inspectors, to maintain the current level of service.

Resources are allocated to the Fire 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 upon annexation. Increased service demands will continue approximately in proportion to the amount of new development in the area at a gradual pace over several years.

The level of service provided to the Fiero Lane/Clarion Court Annexation Area will be the same as provided to the rest of the Specific Plan Area.

3. Parks and Recreation

The proposed annexation area is already developed and no additional development is proposed at this time. The area does not include parkland because no residential neighborhoods are proposed.

4. Streets Maintenance and Development

The proposed annexation boundaries have been created in consideration of the City's ability to maintain public infrastructure within the annexation area. The City's Pavement Management Plan was originally adopted in 1998 and provides the framework for the City's maintenance program. The heart of the program is computer software that analyzes the conditions of various street segments via special algorithms and then makes maintenance recommendations according to the available budget. The City has purchased MicroPaver, a program originally written by the Army Corps of Engineers to maintain military bases. This program is made available to the public via the American Public Works Department and the University of Illinois. It is continually updated and maintained by the Corps and is in use throughout the United States and worldwide.

Within the annexation area, existing public streets will be upgraded to City standards by the applicant and accepted by the City for maintenance upon completion of the upgrades. Maintenance of existing streets within the annexed territory will be accomplished by incorporating the streets into the pavement management program.

5. Public Transit

Currently the nearest bus route (Route 3) is located about 1,500 feet north of the annexation area and the City's Transportation Division is in the process of expanding said route. No development is proposed in the annexation area, however, as development occurs in the Airport Area, the potential for new or expanded bus routes will be evaluated in accordance with the potential routes identified in the specific plans. New development is responsible for providing transit facilities, such as turnouts, shelters and in some cases, smart signs that indicate how soon the next bus will arrive.

6. Solid Waste and Recycling

The City of San Luis Obispo contracts with San Luis Garbage Company for garbage, green waste and recycling services. San Luis Garbage disposes of solid waste at the Cold Canyon Landfill, which is a regional facility. San Luis Garbage also serves commercial and residential properties within the City's urban reserve and no change in service is expected for annexed properties.

The City also runs a construction and demolition debris recycling program (Municipal Code Chapter 8.05). The goal of the program is to divert the bulk of the materials generated from projects within the City of San Luis Obispo from the landfill and thus, extend the landfill's lifespan. Construction and demolition debris materials represent a significant percentage of the City's solid waste stream, with current estimates at 25 percent of the total tonnage. The program helps the City meet State-mandated requirements for solid waste reduction.

7. Municipal Services, Development Review and Code Enforcement

The City of San Luis Obispo will provide for municipal services within the annexed territory such as elections, public notices, development review, building permits and inspections, subdivision review, permitting and inspecting public improvements, and code enforcement. San Luis Obispo City government will provide for development

review of all new development projects in accordance with the Airport Area Specific Plan, and will coordinate with the County of San Luis Obispo with respect to on-going construction projects and active construction permits. Code enforcement activities are provided by full-time staff in the Community Development Department, in coordination with the Police Department and the City Attorney's Office. Government services are based at City Hall, 990 Palm Street, San Luis Obispo.

8. Water and Wastewater

According to water metering records from the Fiero Lane Water Company (FLWC), annual water demand for the Fiero Lane/Clarion Court annexation area is 8,293 units/year or 19 acre feet per year for both indoor and outdoor landscape use. The Airport Area Specific Plan and the City's General Plan anticipated the water demand to serve this annexation and adequate water supplies are available to serve the build out of the City's General Plan.

The City has existing 12-inch potable water mains on Broad Street and Aerovista. For interim service, a water meter is proposed to be located on Aerovista with a future permanent meter location at Broad Street and Fiero Lane. The annexation area is in the City's *Water Reuse Master Plan* area and will be served with recycled water for landscape irrigation in the future when the recycled water distribution system is extended south on Broad Street.

Wastewater generation for the annexation area, including the 500,123.5 square feet of developed area, is approximately 15,000 gallons per day. Connection to the City's gravity sewer is proposed to be located at the end of Fiero Lane (existing County-owned gravity main carrying flow from the Airport) to the City's Airport lift station. The Airport lift station pumps flow to a gravity main on Broad Street that extends west on Tank Farm Road to the Tank Farm lift station. Both facilities have capacity to serve the proposed annexation.

Some parcels within the proposed annexation area are served by existing septic tanks. Properties that receive access from Santa Fe Road will continue to use septic systems. Properties remaining on septic tanks will be allowed to remain on septic until the system fails or substantial additions or redevelopment of the property is proposed. At the time of failure or substantial increase in development, those properties will be required to connect to the sewer system.

In 2015, average flow to the City's Water Resource Recovery Facility was 3.5 million gallons per day (mgd). Design capacity of the WRRF is 5.1 mgd and the planned upgrade to the facility will increase its capacity to 5.4 mgd. Adequate capacity is available at the facility to serve the proposed annexation.

9. Storm Drainage

On-site flooding and the potential for increased downstream flooding have restricted development potential in the Airport area. When considering how to address storm

drainage in the area, a number of objectives are identified in the Airport Area Specific Plan. These include:

- Use the City's Drainage Design Manual and Waterways Management Plan as the basis for all detention requirements in the Specific Plan area.
- Provide a method for flood protection consistent with the City's Flood Damage Prevention Regulations.
- Maximize the opportunity for environmental enhancement of stream corridors and stormwater detention and conveyance facilities.
- Minimize capital expenditures.
- Provide opportunities for multiple-use of storm drainage facilities.

Initially, an area-wide drainage solution was envisioned for the Airport Area. This solution was referred to as the Storm Drain Master Plan and relied on significant creek channel modifications to keep storm flows within existing creek channels, modified natural channels, and in man-made by-pass channels. A regional detention basin south of Buckley Road was proposed to detain water and prevent downstream flooding. After this solution was developed, the City's Waterways Management Plan was approved, which includes a Drainage Design Manual with standards for on-site storm water detention. Once it became evident that the costs of the original Storm Drain Master Plan were prohibitive, the Storm Drain Master Plan was revised to allow for on-site detention of storm flows, consistent with the Drainage Design Manual.

The following proposed improvements and development requirements comprise the revised Storm Drain Master Plan for the Airport Area, and also improve the upstream situation in the Margarita Area:

1. Remove and replace existing Acacia Creek Bridge at Tank Farm Road with a standard Caltrans 2-span concrete slab bridge.
2. Remove and replace existing East Branch San Luis Obispo Creek Bridge at Santa Fe Road with a standard Caltrans 2-span concrete slab bridge.
3. Remove and replace the existing Tank Farm Creek culvert facilities at Tank Farm Road with a standard Caltrans 2-span concrete slab bridge.
4. Apply the requirements of the City's Floodplain Management Regulations to proposed development within the Airport Area.
5. Apply the requirements of the City's Waterways Management Plan, Drainage Design Manual to proposed development within the Airport Area.

These proposed improvements, along with implementation of existing City-wide ordinances and requirements are expected to provide 100-year flood protection and provide for environmental enhancement of stream corridors. The analytical methods outlined in the Waterway Management Plan, Drainage Design Manual will be used to assist in the future design of flood control improvements.

10. Affordable Housing

The proposed annexation area is currently developed with commercial structures/existing commercial uses and no new development is proposed as part of this application. Affordable housing would be required if new development is proposed in the future. Per the City's Inclusionary Housing Requirement (Zoning Regulations Chapter 17.91), any new commercial projects that include over 2,500 square feet of floor area must provide affordable housing or pay in-lieu fees. The requirement is two affordable dwelling units per acre of land, or payment of an in-lieu fee equal to 5% of building valuation. The City uses the fees collected for affordable housing projects that meet eligibility criteria as specified by Council resolution.