

Public Hearing – City of Gonzales

of public benefits and tradeoffs, and is consistent with locally adopted LAFCO policies. As such, great weight can be given to the MOA as the Commission considers this Sphere of Influence proposal.

Attachment 1 is a recommended Resolution to approve the *2014 Municipal Services Review and Sphere of Influence Study*, and to approve the City of Gonzales Sphere of Influence amendment. Exhibit A of the Resolution is a map of the proposed Sphere expansion area (approximately 2,038 acres). Attachment 2 is the environmental documentation for the proposed Sphere amendment. Attachment 3 is the LAFCO Draft *2014 Municipal Service Review and Sphere of Influence Study*. Attachment 4 is a farmland resources map. Attachment 5 is the full text of the City-County Memorandum of Agreement.

2010 General Plan, 2014 City-County Memorandum of Agreement, and 2014 Sphere of Influence of Amendment Proposal

In 2010, the City of Gonzales adopted a comprehensive General Plan update that focuses substantial future urban development to the east of Highway 101, thereby enabling preservation of the majority of the most productive agricultural soils near the City (see Attachment 4 of this report for a map of farmland resources in the Gonzales area). In addition to conserving and protecting agriculture and open space resources, the General Plan contains policy and implementation programs to guide land use development projects, maintain the safety and welfare of Gonzales citizens, guide the cost effective and efficient delivery of public infrastructure and services, and enhance community sustainability efforts.

In March and April 2014, in fulfillment of State law requirements for a City-County consultation process prior to a City's application for a Sphere of Influence amendment, the County of Monterey and the City executed a model Memorandum of Agreement in support of implementing the City's adopted 2010 General Plan. The MOA's fundamental objective is to balance the preservation of prime agricultural lands with the need for orderly City growth. It delineates a large portion of the General Planning area as the City's proposed Sphere of Influence. However, it also provides for permanent agricultural edges along the City's north, south and west edges, growing the City toward the foothills and protecting the highest-quality agricultural lands in lower-lying areas. As part of the Agreement, the City will amend its General Plan to remove previously planned urban land uses south at the City's southern edge. Gonzales will also establish a comprehensive mitigation program for the loss of agricultural lands. These measures will be implemented as part of Specific Plan processes, and detailed in future annexation applications to LAFCO. The MOA identifies compact, sustainable goals for future neighborhoods, and provides for truck routes, a Traffic Impact Fee Program, and requiring the accrual of property tax benefits to the County for any City annexations that are inconsistent with the MOA. Please see the full MOA text in Attachment 5.

State law requires that the Commission give great weight to a City-County MOA, to the extent that the Agreement is consistent with local LAFCO policies. A consistency analysis was done as part of the LAFCO study, as discussed below.

In July 2014, the City of Gonzales filed a proposal for a 2,038-acre expansion of its Sphere of Influence, consistent with the terms of the approved MOA. A map of the proposed Sphere expansion is shown in Exhibit A of Attachment 1. The proposal is analyzed in the LAFCO study, discussed below.

2014 Municipal Service Review and Sphere of Influence Study

LAFCO staff prepared the Draft *2014 Municipal Service Review and Sphere of Influence Study* for the City of Gonzales, as a priority task of the Commission's adopted annual work program. It was prepared as part of the Commission's statutory requirement to periodically review the services and boundaries of all cities and special districts in Monterey County. The study anticipated and is a companion to the City-County Memorandum of Agreement and the City's Sphere of Influence amendment application.

The MOA's provisions and commitments, and its consistency with applicable laws and LAFCO policies, are analyzed in the LAFCO study (see Attachment 3). As discussed below, the study concludes that this

consistency finding can be made due to a balance of important public tradeoffs and benefits that the MOA will accomplish over time. Accordingly, the MOA provides a strong basis for delineating a large portion of the Gonzales General Planning area as the City's Sphere of Influence.

The LAFCO study also discusses the City's growth plans, capability and capacity to provide the municipal services and infrastructure necessary to support current and future residential and non-residential areas of the City. In addition, it discusses the City's growth relative to official projections provided by the Association of Monterey Bay Area Governments (AMBAG).

On balance, the LAFCO study concludes that the City of Gonzales' Sphere of Influence proposal is reasonable in the comprehensive context of the City-County MOA, the adopted General Plan policies, and the certified EIR. It also concludes that the Sphere proposal is consistent with AMBAG growth projections, the Cortese-Knox-Hertzberg Act and the Commission's locally adopted policies.

Effects of the Sphere of Influence Amendment, if Approved by LAFCO

If the City's Sphere of Influence Amendment proposal is approved, areas within the approved Sphere will be eligible for annexation, extension of urban services, and urban development – subject to discretionary LAFCO action. No annexations are proposed at this time. It is expected that annexations will proceed in increments that approximate five-year market absorption rates. The approved Sphere area is expected to provide adequate capacity for the rapid residential and non-residential growth that AMBAG projects for Gonzales through 2035. This timeframe corresponds with the approximately 20-year outlook of a Sphere of Influence, as specified in local LAFCO policies.

Each annexation proposal will require procedural actions by the City. Some of these include preparation of Specific Plans (including detailed information about farmland protection, infrastructure financing, etc.); pre-zoning of the proposed annexation area; project-level, site-specific CEQA clearance; a City-County property tax exchange agreement, and submittal of annexation applications to LAFCO.

LAFCO will review and comment on some of the future City processes (for example, on the proposed scope of work of Specific Plans and CEQA documents). LAFCO will also receive and act upon each complete annexation application. LAFCO comments and actions will be based on applicable State laws and locally adopted LAFCO policies and requirements.

Limitations of the Commission's Authority

As noted above and discussed in the *2014 Municipal Service Review and Sphere of Influence Study*, the City of Gonzales and the County of Monterey have entered into an MOA regarding the City's Sphere of Influence proposal. The MOA identifies the proposed Sphere of Influence expansion area, and will ensure that development within the Sphere occurs in a manner that promotes logical and orderly development.

Pursuant to the Cortese-Knox-Hertzberg Act (specifically, Government Code section 56425[b]), when a city and a county have approved such an agreement, “The Commission shall give great weight to the agreement to the extent that it is consistent with Commission policies in its final determination of the city Sphere.” The Draft *Municipal Service Review and Sphere of Influence Study* analyzes the MOA for consistency with locally adopted LAFCO policies. The study concludes that the MOA is consistent with LAFCO policies and that, on balance, the City's Sphere of Influence proposal is reasonable in the overall context of the City-County MOA, the adopted General Plan policies and the certified EIR.

Accordingly, it is the Executive Officer's opinion that the Commission should give great weight to the City-County MOA in considering the proposed Sphere of Influence amendment.

Public Agency Referrals, Agency Comments and Public Notice

LAFCO has fully complied with all requirements and good practices for public agency referrals and public noticing of the proposed Sphere of Influence amendment. No comments have been received as of the date of writing this report.

Affected public agencies received the proposal for review and comment in August 2014. The proposal was legally noticed for the September 22, 2014 LAFCO meeting in the Salinas Californian on August 30. The published notice also referenced a public hearing for the Draft *2014 Municipal Service Review and Sphere of Influence Study*. Notice of the hearing was posted on the LAFCO website, at the County Government Center and the LAFCO office, and sent to affected agencies and all known interested agencies, organizations and individuals. The agenda was distributed to all interested parties. Copies of this report have been distributed to the City of Gonzales and affected agencies.

California Environmental Quality Act Compliance

The *2014 Municipal Service Review and Sphere of Influence Study* is exempt from the California Environmental Quality Act (CEQA) as information collection, under Sections 15306 and 15061(b)(3) of the CEQA Guidelines.

With regard to the Sphere of Influence Amendment proposal, the City of Gonzales is the CEQA Lead Agency, and LAFCO is a Responsible Agency. In 2011, the City of Gonzales certified a program-level Environmental Impact Report (EIR) for its General Plan. In 2014, in accordance with CEQA requirements, the City approved an EIR Addendum affirming that the proposed Sphere of Influence Amendment's environmental impacts and mitigation requirements are adequately addressed by the previously certified program-level EIR. The EIR Addendum is provided in Attachment 2. The LAFCO Executive Officer has reviewed the record and concurs with these findings.

As noted above, if the Commission approves the Sphere proposal, any future annexation applications will require project-level, site-specific CEQA clearance before the annexations can be approved.

Conclusion

Based on the information in this report and in the *2014 Municipal Service Review and Sphere of Influence Study* for the City of Gonzales, the Executive Officer recommends adoption of the draft Resolution approving the LAFCO study and approving the City's Sphere of Influence proposal (see Attachment 1 and Exhibit A of Attachment 1).

Alternative Actions

In lieu of the recommended actions, the Commission may act to deny the City's Sphere of Influence proposal, or adopt a modified version of the proposal. Substantial changes to the draft Resolution would require a continuation of the agenda item, with direction to the Executive Officer to prepare a new draft Resolution based on the Commission's findings.

Respectfully Submitted,



Kate McKenna, AICP
Executive Officer

Attachments:

1. Draft Resolution, including a Map of the City's Proposed Sphere of Influence (Exhibit A)
2. Environmental Impact Report – 2014 Addendum (City of Gonzales)
(Note: The provided Addendum is an update to the City's previously certified Final Environmental Impact Report, which—along with the draft version—is available on the City's web site: <http://www.ci.gonzales.ca.us/documents.php>)
3. Public Review Draft 2014 *Municipal Service Review and Sphere of Influence Study for the City of Gonzales*
4. Map: Gonzales Area Farmland & Agricultural Resources
5. 2014 City-County Memorandum of Agreement (“MOA”); Full Text

cc: Thomas Truskowski, City of Gonzales and Mike Novo, County of Monterey

ATTACHMENT 1

Draft Resolution

RESOLUTION NO. 14-XX

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION (LAFCO) OF MONTEREY COUNTY MAKING DETERMINATIONS ADOPTING THE 2014 MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE CITY OF GONZALES, AND AMENDING THE CITY'S SPHERE OF INFLUENCE

RESOLVED, by the Local Agency Formation Commission of Monterey County, State of California, that:

WHEREAS, State law requires that the Commission conduct periodic reviews and updates of the Sphere of Influence of each city and district in Monterey County (Government Code section 56425); and

WHEREAS, the law further requires the Commission to update information about municipal services before, or in conjunction with, adopting a Sphere update (Government Code section 56430); and

WHEREAS, LAFCO staff has met and consulted with City of Gonzales representatives and has received written information regarding current and expected growth boundaries, the location and characteristics of disadvantaged unincorporated communities, planned and present capacity of public facilities, adequacy of public services, financial ability to provide services, opportunities for shared facilities and services, government structure, and operational efficiencies; and

WHEREAS, the information gathered has provided the basis for preparation of a 2014 *Municipal Service Review and Sphere of Influence Study* for the City of Gonzales, and the Executive Officer has furnished a copy of this Study to each person entitled to a copy or interested in receiving a copy; and

WHEREAS, the City of Gonzales desires to expand its Sphere of Influence in order to implement the City's adopted 2010 General Plan; and

WHEREAS, in accordance with State law requirements for City-County consultation to occur prior to submittal of a city's Sphere of Influence Amendment proposal (Government Code Section 56425), the legislative bodies of the City of Gonzales and the County of Monterey have met, consulted, and entered into a Memorandum of Agreement (MOA) regarding orderly planning growth and development; and

WHEREAS, the City of Gonzales has submitted an application (LAFCO File 14-03), consistent with the terms of the approved MOA, requesting that the Commission add approximately 2,038 acres of territory to the City's existing Sphere of Influence; and

WHEREAS, LAFCO staff has reviewed the MOA and the City's Sphere of Influence Amendment proposal for consistency with State law and LAFCO of Monterey County's locally adopted policies for Spheres of Influence, and finds them consistent with said law and policies; and

WHEREAS, LAFCO staff has provided copies of the MOA, Sphere of Influence proposal and *2014 Municipal Service Review and Sphere of Influence Study* to the Commission; and

WHEREAS, State law provides that “The Commission shall give great weight to the agreement [City-County consultation MOA] to the extent that it is consistent with Commission policies” (Government Code section 56425); and

WHEREAS, the Commission set September 22, 2014 as the hearing date to consider the *2014 Municipal Service Review and Sphere of Influence Study* for the City of Gonzales and the City’s Sphere of Influence Amendment proposal, and gave the required notice of hearing; and

WHEREAS, the public hearing was held by the Commission upon the date and at the time and place specified in said notice of hearing and in any order or orders continuing such hearing, and

WHEREAS, the Commission has heard from interested parties, considered the *2014 Municipal Service Review and Sphere of Influence Study* for the City of Gonzales and the report of the Executive Officer, and considered the factors determined by the Commission to be relevant to this matter, including, but not limited to, factors specified in Government Code sections 56430(a), and the Commission’s locally adopted policies for Spheres of Influence; and

NOW, THEREFORE, the Local Agency Formation Commission of Monterey County does HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. The forgoing recitals are true and correct.

Section 2. Pursuant to California Environmental Quality Act (CEQA) Guidelines, the Commission finds that:

- The *2014 Municipal Service Review and Sphere of Influence Study* for the City of Gonzales is Categorically Exempt from the provisions of CEQA as information collection under Guidelines Section 15306. The Commission also finds that the Sphere of Influence update qualifies for the general rule exemption from environmental review, CEQA Guidelines section 15061(b)(3), based on the determination that this action does not have the potential for causing a significant effect on the environment.
- Acting as the CEQA Lead Agency with regard to the Sphere of Influence Amendment proposal, the City of Gonzales has certified a program-level Environmental Impact Report (EIR) for its General Plan, and has approved an EIR Addendum affirming that the proposed Sphere of Influence Amendment’s environmental impacts and mitigation requirements are adequately addressed by the previously certified program-level EIR. The Commission concurs with these findings. Future annexation applications will remain subject to requirements for project-level, site-specific CEQA clearance.

Section 3. In evaluating the City’s proposed Sphere of Influence Amendment, the Commission has conducted a review of the City’s services in accordance with Government Code section 56430. The analysis, conclusions and recommendations in this review were prepared with information provided by, and in consultation with, the City. Data sources are available for review in the Commission’s office.

Section 4. In preparing the Municipal Services Review, the Commission has considered a written statement of its determinations in accord with Government Code section

56430(a). These determinations, which are contained in the *Study*, are made with respect to each of the following seven areas:

- a. Growth and Population Projections for the Affected Area.
- b. The Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence.
- c. Present and Planned Capacity of Public Facilities, Adequacy of Public Services, and Infrastructure Needs or Deficiencies including Needs or Deficiencies Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection in any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence.
- d. Financial Ability of Agencies to Provide Services.
- e. Status of, and Opportunities for, Shared Facilities.
- f. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies.
- g. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy.

Section 5. In evaluating the City's Sphere of Influence proposal, the Commission has considered a written statement of its determinations, in accord with Section 56425(e) of the Government Code. These determinations, which are contained in the *Study*, are made with respect to each of the following four areas:

- a. The Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands.
- b. The Present and Probable Need for Public Facilities and Services in the Area.
- c. The Present Capacity of Public Facilities and Adequacy of Public Services That the Agency Provides or is Authorized to Provide.
- d. The Existence of any Social or Economic Communities of Interest in the Area if the Commission Determines That They Are Relevant to the Agency.

Section 6. The Commission has considered, as a part of its deliberations, all oral presentations and written communications received prior to the close of the public hearing.

Section 7. The Commission finds the City-County MOA consistent with the requirements of State Law and LAFCO's locally adopted policies for Spheres of Influence.

Section 8. In accordance with Government Code section 56430, the Commission hereby adopts the *2014 Municipal Service Review and Sphere of Influence Study* for the City of Gonzales, including the *Study's* determinations that support expanding the City's existing Sphere of Influence by approximately 2,038 acres. The Commission designates the City's amended Sphere of Influence accordingly, as shown in Exhibit A.

Section 9. In so designating the City's Sphere of Influence, it is the Commission's expressed intent and expectation that subsequent annexation proposals within the amended Sphere shall be fully consistent with the terms, policies, and commitments contained within the approved City-County Memorandum of Agreement (MOA) identified above.

UPON MOTION OF Commissioner _____, seconded by Commissioner _____, the foregoing resolution is adopted this 22nd day of September, 2014 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Sherwood Darington, Vice Chair
Local Agency Formation Commission of Monterey County

ATTEST: I certify that the within instrument is a true and complete copy of the original resolution of said Commission on file within this office.

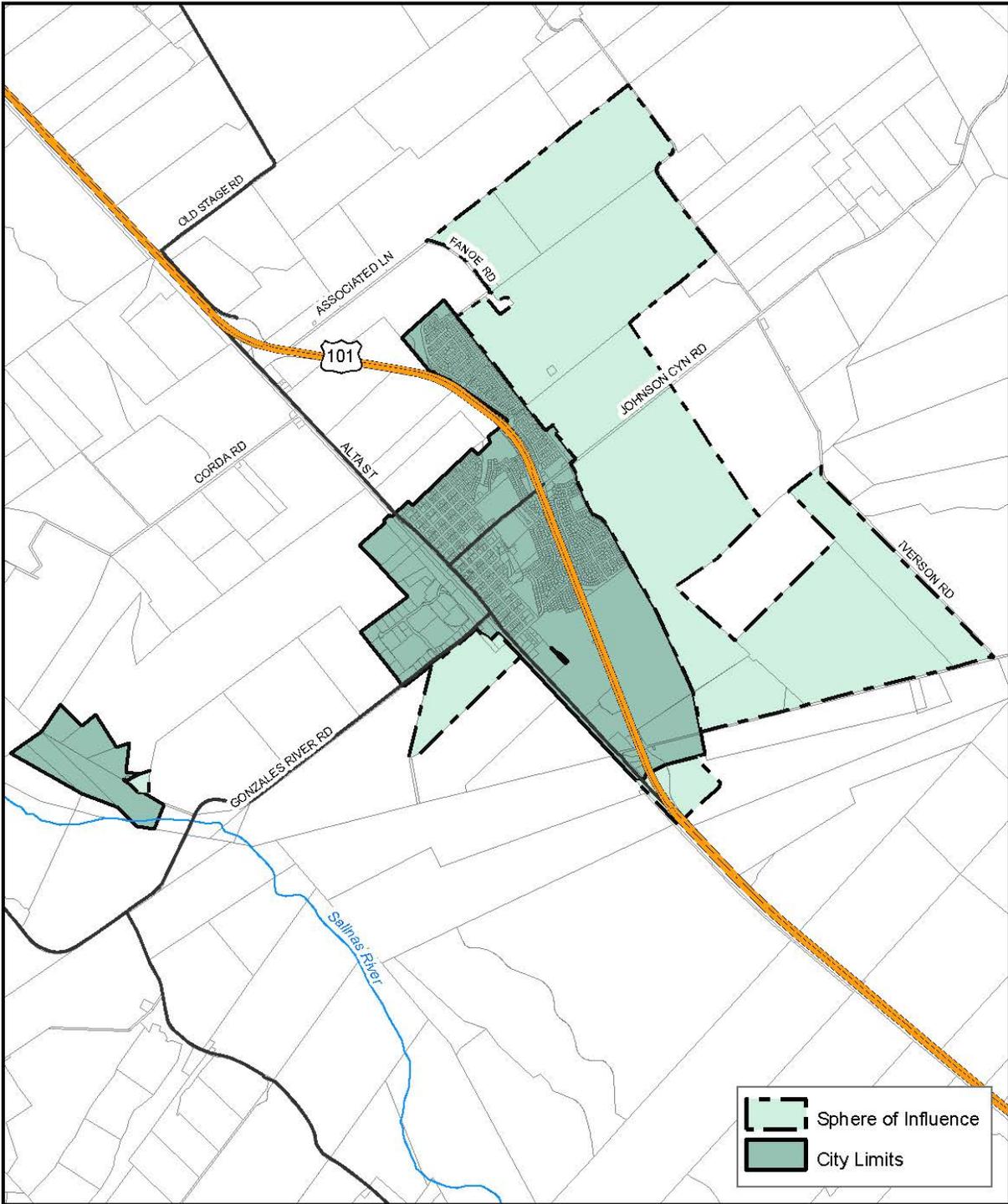
Witness my hand this ___ day of September, 2014

By: _____
Kate McKenna, AICP, Executive Officer

7.1 Exhibit “A”

RESOLUTION - EXHIBIT “A”

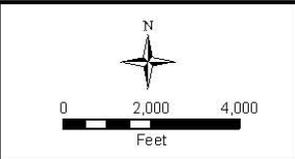
Map of Proposed Sphere of Influence Amendment



LAFCO of Monterey County
LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
Salinas, CA 95902
Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
Salinas, CA 95901
FAX (831) 754-5831



CITIES

CITY OF GONZALES

ATTACHMENT 2

2014 EIR Addendum

**ADDENDUM PURSUANT TO THE
CALIFORNIA ENVIRONMENTAL QUALITY ACT
ARTICLE 11, SECTION 15164**

**CITY OF GONZALES
EIR ADDENDUM TO THE
GONZALES 2010 GENERAL PLAN ENVIRONMENTAL
IMPACT REPORT (SCH #2009121017)
SPHERE OF INFLUENCE AMENDMENT/
GENERAL PLAN AMENDMENT**

Introduction

This technical addendum has been prepared pursuant to Article 11, Section 15164 of the California Environmental Quality Act (CEQA) guidelines to confirm the adequacy of prior environmental review for an amendment to the Sphere of Influence (SOI) and minor changes associated with land use designations identified in the *2010 Gonzales General Plan* (2010 General Plan). The specific proposed land use changes are identified in a draft memorandum of agreement (MOA) between the City of Gonzales (City) and Monterey County (County), dated April 7, 2014, and would be implemented following the Monterey County Local Agency Formation Commissions (LAFCO) approval of the SOI amendment and subsequent adoption of the MOA by the City and the County.

The 2010 General Plan, which included the areas within the proposed SOI amendment and the areas proposed for re-designation, was analyzed in the *Gonzales 2010 General Plan Environmental Impact Report* (General Plan EIR) (Coast Plans 2010), certified January 18, 2011, by the City Council of the City of Gonzales, Resolution No. 2011-02.

The following year, a supplement to the General Plan EIR was prepared entitled *Gonzales Climate Action Plan Supplemental Environmental Impact Report - A Supplement to the 2010 General Plan Environmental Impact Report* (SEIR) (Coast Plans 2012). The SEIR evaluated potential impacts associated with implementation of the *City of Gonzales Climate Action Plan, a "Gonzales Grows Green" Sustainable Community Initiative* (Climate Action Plan). The SEIR was certified on February 19, 2013, by the City Council of the City of Gonzales, Resolution No. 2013-08 and thus became incorporated into the General Plan EIR.

This Addendum has been prepared to provide clarification of minor changes proposed to the 2010 General Plan and to provide explanation supported by substantial evidence as to why these proposed changes will not result in any new impacts or any increase in the severity of impacts addressed in the General Plan EIR.

Scope and Purpose of this Addendum

The types of environmental impacts associated with land use and future growth were evaluated at a policy level in the General Plan EIR. This Addendum to the General Plan EIR is based on the program-level evaluation of environmental impacts presented in the previously-certified EIR.

CEQA REQUIREMENTS

Section 15162 of the CEQA Guidelines provides:

- (a) When an EIR has been certified or a negative declaration adopted for a project, no subsequent EIR shall be prepared for that project unless the lead agency determines, on the basis of substantial evidence in the light of the whole record, one or more of the following:
 - (1) Substantial changes are proposed in the project which will require major revisions of the previous EIR or negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
 - (2) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR or Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or

- (3) New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete or the Negative Declaration was adopted, shows any of the following:
- (A) The project will have one or more significant effects not discussed in the previous EIR or negative declaration;
 - (B) Significant effects previously examined will be substantially more severe than shown in the previous EIR;
 - (C) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or
 - (D) Mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

In the alternative, where some changes or additions are necessary to the previously approved EIR, but none of the changes or additions meet the standards as provided for a subsequent EIR, then the lead agency is directed to prepare an Addendum to the EIR (CEQA Guidelines, section 15164). Further, the Addendum should include a "brief explanation of the decision not to prepare a subsequent EIR pursuant to Section 15162," and that "explanation must be supported by substantial evidence" (CEQA Guidelines, section 15164 (e)).

None of the conditions described in CEQA Guidelines Section 15162 calling for preparation of a subsequent environmental impact report (EIR) or negative declaration have occurred and therefore, the City of Gonzales has determined that preparation of this EIR Addendum is appropriate. The EIR Addendum allows the City to make "minor modifications" to its adopted General Plan and certified EIR if no new significant impacts will occur.

Background

The 2010 General Plan establishes a long-range development plan for the City that identifies the "ultimate" extent of City growth. The 2010 General Plan planning area includes the City's SOI, an Urban Growth Area (which identifies areas of future growth to approximately 2035) and an Urban Reserve Area (which identifies areas of future growth beyond the Urban Growth Area to approximately 2050). Refer to [Figure 1, 2010 General Plan Planning Boundaries](#).

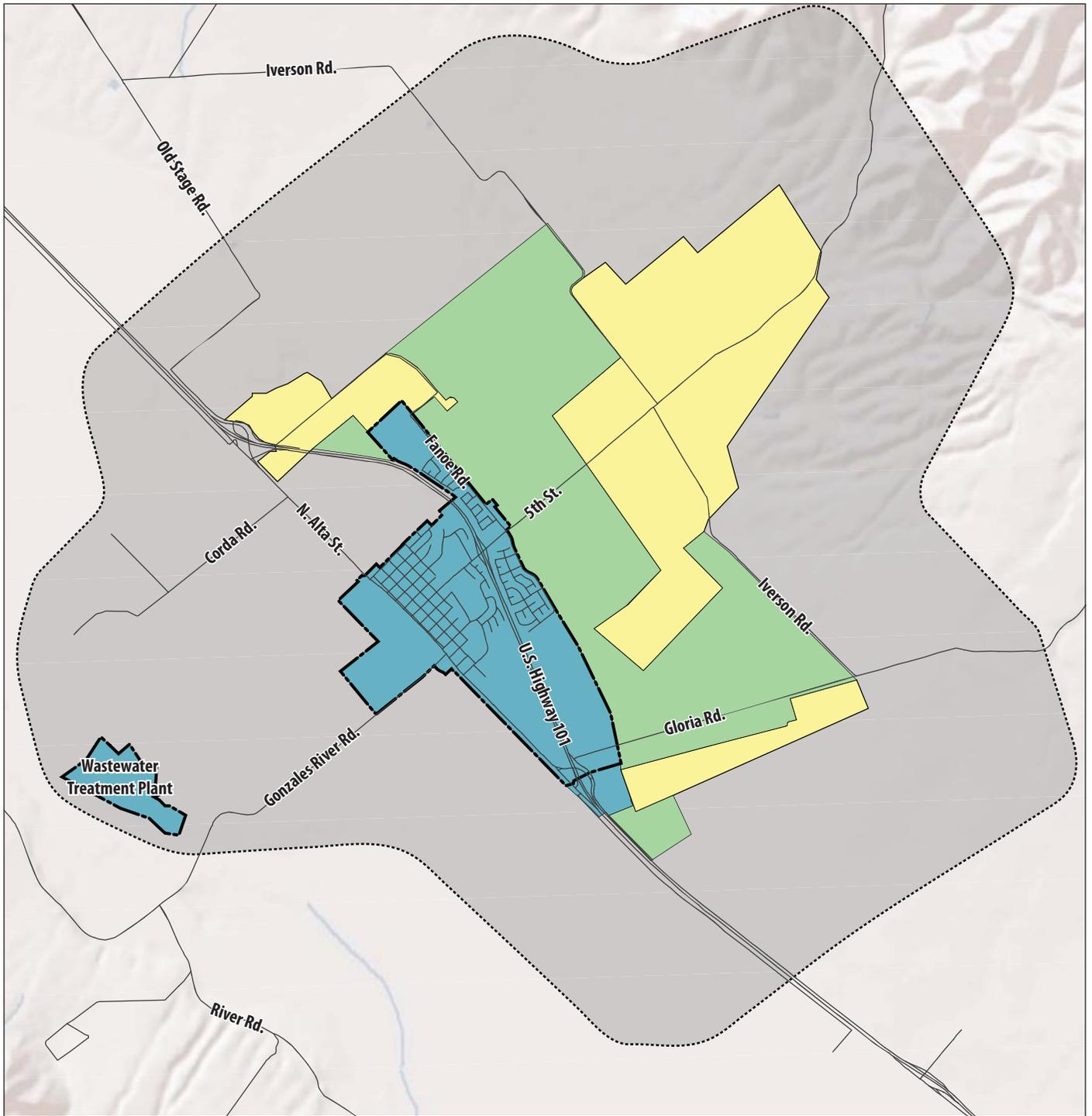
At the time of adoption of the 2010 General Plan, all areas of the Gonzales 1996 General Plan had been included within the City's SOI, and almost all territory in the SOI had been annexed to the City. The City recognized that in order to begin implementation of the 2010 General Plan, action would be needed by the City to request an amendment to the SOI from LAFCO so that additional territory could be added.

The 2010 General Plan's Urban Growth Area contains approximately 2,150 acres of land beyond the SOI, primarily extending east of the City with some smaller areas to north and south included. The City is proposing an amendment to its existing SOI such that the amended SOI would be generally consistent with the City's Urban Growth Boundary (UGB) as identified in the 2010 General Plan with some exceptions as detailed below. The proposed SOI would expand the existing SOI by a total of approximately 2,028 acres. Refer to [Figure 2, Proposed Sphere of Influence](#)).

The City and the County have recently completed negotiations with regard to an MOA that expresses their mutual interest to work together on issues of planning, growth, and development. The MOA acknowledges the interest of both parties to provide more certainty regarding future direction and to reduce unnecessary conflicts and to reduce costs for future development, and to be as effective as possible in the implementation of their respective General Plans. The MOA also acknowledges a mutual interest of both jurisdictions to provide for the long-term protection of valuable agricultural lands. The MOA is a required component of the application to be submitted to LAFCO proposing the amendment to the City's SOI.

During the negotiation of the MOA, the City and County identified three specific planning actions that would be implemented if the proposed SOI Amendment is approved by LAFCO and if the MOA is subsequently adopted. The first two actions would result in minor changes associated with land use designations identified in the 2010 General Plan as illustrated on [Figure 3, Future General Plan Land Use Amendments Consistent with City/County Memorandum of Agreement \(April 7, 2014\)](#). Each of the three planning actions are summarized below:

- **Extent of the City's Urban Growth Boundary/ Sphere of Influence at Gloria Road.**
The City agrees to amend the 2010 General Plan to remove all Commercial, Industrial, and Industrial (Urban Reserve) land use designations south of Gloria Road and outside of the proposed SOI and replace those designations with an Agricultural designation and the designation of Permanent Agricultural Edge. Areas designated Commercial and Industrial, which are located east of U.S. Highway 101 and south of Gloria Road and within the existing SOI shall remain designated for Commercial and Industrial use.



Legend

- City Limit
- Sphere of Influence
- Urban Growth Area
- Urban Reserve
- Balance of Planning Area



Source: Google Earth 2013, City of Gonzales 2010, Monterey County GIS 2010

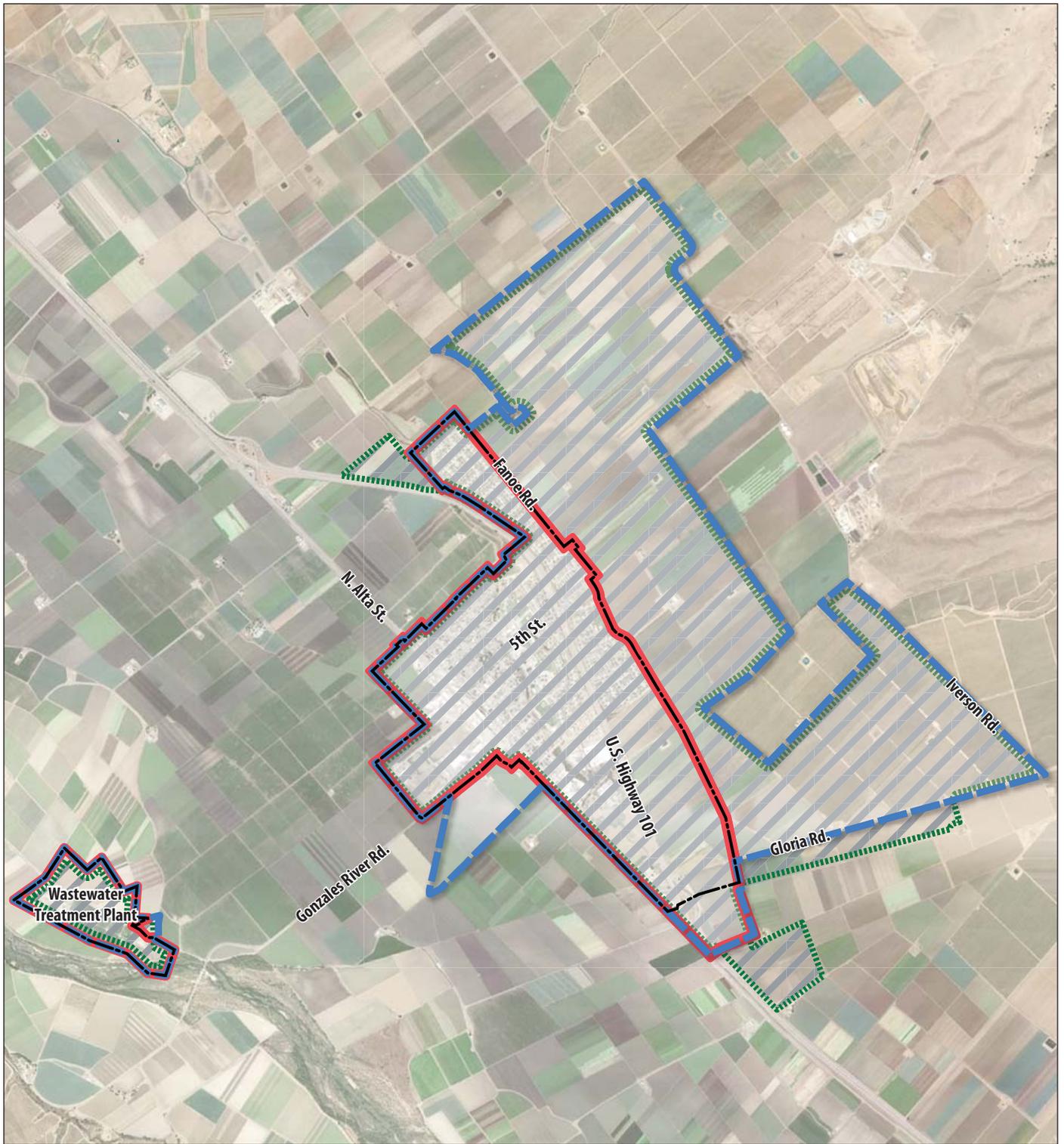
Figure 1

2010 General Plan Planning Boundaries

Gonzales General Plan EIR Addendum



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 City Limit (1,268.11 acres)

 Urban Growth Boundary (General Plan 2010) (3,478.54 acres)

 Sphere of Influence (Existing) (1,321.53 acres)

 Sphere of Influence (Proposed) (3,349.96 acres)



Source: Google Earth 2013, City of Gonzales 2010, Monterey County GIS 2010

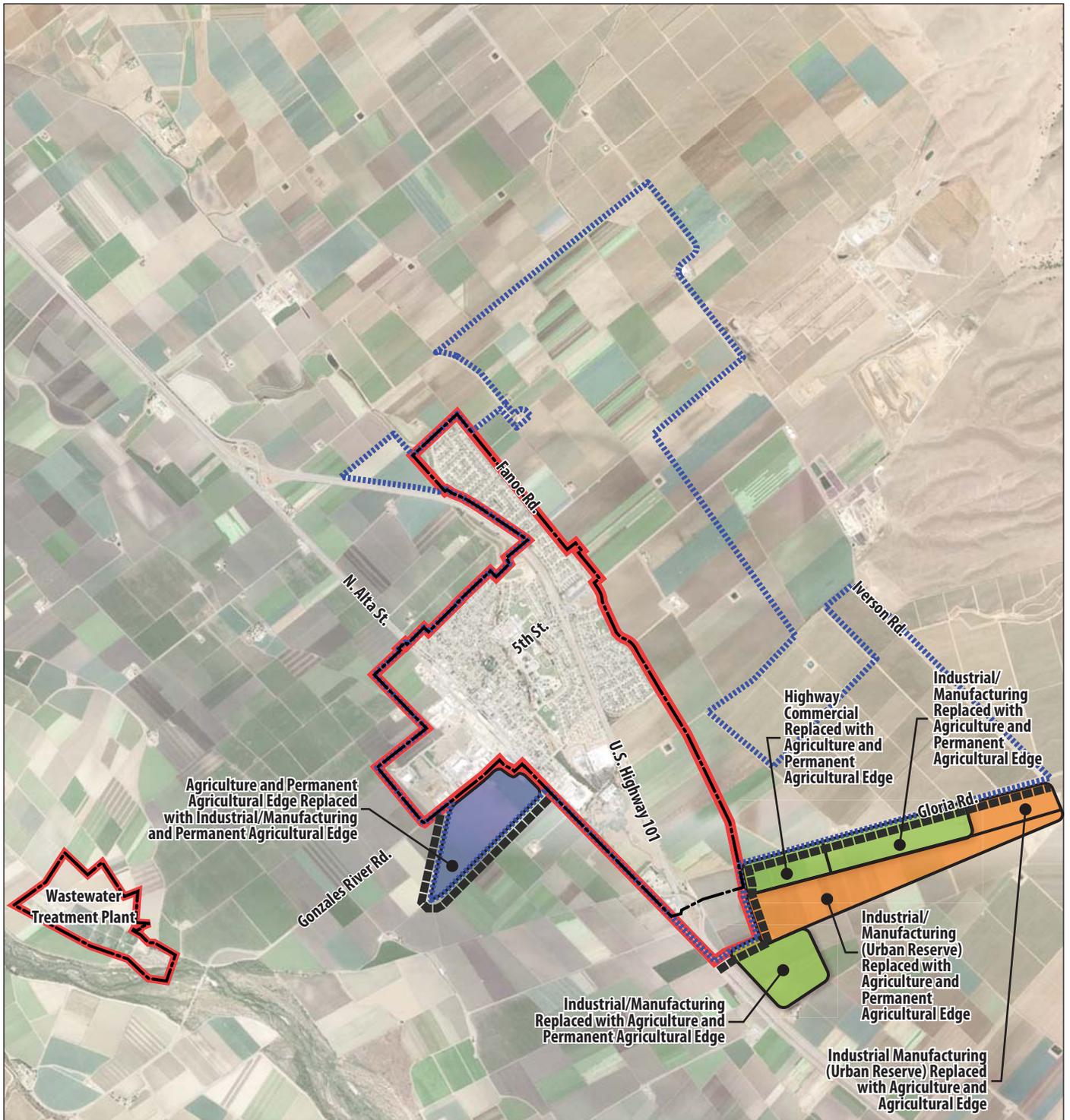
Figure 2

Proposed Sphere of Influence

Gonzales General Plan EIR Addendum



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 City Limit
 Sphere of Influence (Existing)
 Urban Growth Boundary (Future)
 Permanent Agricultural Edge (Added)

Removed from Urban Growth Boundary
 Added to Sphere of Influence and Urban Growth Boundary
 Removed from Urban Reserve



Source: Google Earth 2013, City of Gonzales 2010, Monterey County GIS 2010

Figure 3
 Future General Plan Land Use Amendments Consistent with
 City/County Memorandum of Agreement (April 7, 2014)

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- **Maintenance of a Positive Housing and Jobs Relationship.** The City and County agree that the removal of job-generating land uses south of Gloria Road weakens the housing and jobs relationship provided in the 2010 General Plan, and that the relationship that currently exists in the City's General Plan should be maintained. Therefore, in exchange for the removal of the job-generating land uses south of Gloria Road, the County agrees to allow the City to pursue the designation of Assessor Parcel numbers 223-021-001, 020-031-003, 020-031-004 (located south of Gonzales River Road) as Industrial with the designation of Permanent Agricultural Edge along the outside of the southern and western boundary to prevent future extension of urban land uses.

- **Access Limitations to Gloria and Iverson Road and Associated Lane.** The City agrees to coordinate with the County and plan the arterial roadways along Associated Lane, Iverson Road, and Gloria Road in a manner that supports the free flow of both automobile and truck traffic, utilizing method(s) determined by a traffic engineer to be practical, including but not limited to: utilizing the existing County road as a frontage road/by-pass road, roundabouts, directional barriers or medians, trap lanes, and right-turn-in and right-turn-out intersections.

The planning action described above is to be interpreted in a manner that most facilitates the movement of agricultural vehicles from agricultural fields to the highway, agricultural plants, or rail yards with little to no interference from City traffic.

Project Description

The City is proposing an amendment to its existing SOI. The proposed SOI would generally be consistent with the City's 2010 General Plan's Urban Growth Area with these exceptions: 1) the proposed SOI would not include 182.51 acres of land located south of Gloria Road that is currently within the City's UGB and 2) the proposed SOI would include 97.60 acres of land located south of Gonzales River Road that is currently outside City's UGB. It is noted that the proposed SOI would also include a 5.54 acre parcel east of the City's wastewater treatment plant that was shown to be within the UGB but, incorrectly identified as being within the existing SOI in the 2010 General Plan and General Plan EIR.

Assuming LAFCO approval of the proposed SOI amendment, and subsequent adoption of the City County MOA (April 7, 2014), the City would proceed with land use amendments to the City's 2010 General Plan (GPA) as identified in the MOA. The GPA would remove approximately 394 acres of commercial and industrial land south and east of the City, south of Gloria Road, from the urban growth boundary and urban reserve area and redesignate the land as agriculture. The GPA would also redesignate approximately 98 acres of agricultural

land west of the City, south of Gonzales River Road as Industrial/Manufacturing. The approximate five acre parcel east of the City’s wastewater treatment plant would be redesignated as Public/Quasi Public consistent with the assumptions made in the 2010 General Plan and 2010 General plan EIR. These amendments are detailed below in [Table 1](#) and [Table 2](#) and illustrated on [Figure 4, Parcel Map](#).

Table 1 Areas to be Removed from Existing Urban Growth Boundary and Urban Reserve

APN	Existing General Plan Designation	Proposed General Plan Designation	Acres to Be Redesignated
Areas Within the Existing Urban Growth Boundary			
257-021-021	Highway Commercial	Agriculture	30.01 ¹
257-031-021	Industrial/Manufacturing	Agriculture	76.44 ¹
257-021-004	Industrial/Manufacturing	Agriculture	69.66 ¹
257-021-022	Industrial/Manufacturing	Agriculture	6.40
Subtotal			182.51
Areas Within The Existing Urban Reserve			
257-021-038	Industrial/Manufacturing	Agriculture	11.31
257-021-037	Industrial/Manufacturing	Agriculture	200.47 ¹
Subtotal			211.78
TOTAL			394.29

Source: Google Earth 2013, City of Gonzales 2010, Monterey County GIS 2010

Notes: ¹ Portion of the parcel

As identified in [Table 1](#), approximately 394 acres (approximately 182 acres within the existing UGB and 212 acres within the existing Urban Reserve) are proposed to be removed from future urban development. In addition, the designation of Permanent Agricultural Edge would be applied to the parcels along the border of the proposed SOI to prevent future extension of urban land uses.



Source: Monterey County GIS 2010, City of Gonzales 2010

Figure 4
Parcel Map



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Table 2 Areas to be Added to the Proposed SOI and UGB

APN	Existing General Plan Designation	Proposed General Plan Designation	Acres
223-021-001	Agriculture	Industrial/Manufacturing	93.24
020-031-002	Agriculture	Industrial/Manufacturing	2.26
020-031-003	Agriculture	Industrial/Manufacturing	1.90
020-031-004	Agriculture	Industrial/Manufacturing	0.20
223-061-014	Agriculture	Public/Quasi Public	5.54
TOTAL			103.14

Source: Google Earth 2013, City of Gonzales 2010, Monterey County GIS 2010

As identified in [Table 2](#), approximately 103 acres are proposed to be added to the SOI and designated for future Industrial/Manufacturing use. In addition, the designation of Permanent Agricultural Edge would be applied along the outside of the southern and western boundary of parcel 223-021-001 to prevent future extension of urban land uses.

It is noted that 2.26 acres (APN 020-031-002) of the approximate 103 acres, is included in the proposed SOI to ensure that an island is not created, which would be inconsistent with LAFCO policy. The parcel is currently developed with agricultural farmworker housing.

As identified earlier, 5.54 acres (223-061-014) of the area to be added proposed SOI is included to provide consistency with the assumptions of the 2010 General Plan and 2010 General Plan EIR regarding the land area designated for the City’s wastewater treatment plant.

Nearly all the areas proposed to be removed from future urban development and the areas proposed to be added to the proposed SOI are identified as Prime Farmland in the 2010 General Plan (Figure 4.2.1). The planning actions described above would generally result in a locational exchange of approximately 103 acres of development-oriented land uses with Agricultural and Permanent Agricultural Edge land uses.

For the purposes of CEQA, the term “project” refers to the whole of an action which has the potential for resulting in a direct physical change or a reasonably foreseeable indirect physical change in the environment (CEQA Guidelines Section 15378[a]). Therefore, in compliance with CEQA, this EIR Addendum considers the project to be the whole of the planning actions described above: SOI amendment, MOA adoption, and General Plan Amendment. The project will require the following actions and/or approvals:

- EIR Addendum to the General Plan EIR preparation and certification (City of Gonzales);
- SOI Amendment application and approval (LAFCO);
- MOA adoption (City of Gonzales and the County of Monterey); and
- General Plan Amendment (City of Gonzales).

Evaluation of Environmental Effects

The following environmental analysis supports a determination that approval and implementation of the proposed SOI amendment and land use changes to the 2010 General Plan identified in the project description above, would not result in any previously-undisclosed significant environmental impacts or a substantial increase in the severity of previously disclosed impacts or additional significant environmental impacts beyond those previously covered under the General Plan EIR.

The following is a section-by-section analysis of the General Plan EIR evaluating the potential environmental implications of the SOI amendment and GPA proposed by the City of Gonzales. The analysis includes each of the eighteen environmental concern areas evaluated in the General Plan EIR.

Aesthetics

The General Plan EIR determined that build out associated with the 2010 General Plan would result in the conversion of the rural/open space landscape that currently characterizes the planning area, to a built landscape associated with urban uses. This would substantially degrade the visual character and quality of the existing landscape and was identified as a significant and unavoidable impact. The General Plan EIR also determined that urbanization would have the potential to increase light trespass, light pollution, and glare in the planning area which was also identified as significant and unavoidable.

The proposed project would result in reduced rural/open space (agricultural) conversion and reduced urban development overall. The proposed SOI amendment and GPA would therefore not increase the severity of previously identified aesthetic impacts, nor would it result in any new significant effects related to aesthetics that were not previously identified in the EIR. In fact, impacts may be lessened. There are no substantial changes to the circumstances under which implementation of the 2010 General Plan will be undertaken, and no new information of substantial importance which was not known and could not have been known when the EIR was certified has since been identified. Therefore, the proposed amendments regarding aesthetics do not meet the standards for a subsequent or supplemental EIR as provided pursuant to State CEQA Guidelines, section 15162.

Agricultural Resources

The General Plan EIR found that implementation of the 2010 General Plan would provide the basis for development activity that could result in the conversion of Prime Farmland and Farmland of Statewide Importance (Impact AG-1). This was determined to be a significant and unavoidable impact. The proposed SOI amendment and GPA will result in a net reduction of 296 acres of mostly prime agricultural land that could be converted to urban use by the 2010 General Plan. The project will therefore result in a beneficial impact with regard to agricultural resources.

In addition to the lessened impact to agricultural lands, the City's General Plan and MOA with the County have several measures to ensure compliance with provisions related to LAFCO's legislative mandate to protect open space and agricultural lands within planned, well-ordered, and efficient development patterns.

The City's General Plan enacts long-standing policies of open space and prime agricultural land preservation, specifically implementing action COS-4.1.1 that directs the focus of future urban growth to the east of Highway 101 in order to keep the highest quality agricultural lands located west of the highway in production. Additional General Plan actions support agricultural preservation by encouraging agricultural as an interim land use for undeveloped properties (COS-4.1.2), providing interim mitigation for agricultural lands impacted by the development of a Specific Plan area (COS-4.1.3), and mitigation for protection of agricultural operations from urban uses (COS-4.1.4)

The City has agreed that by signing the MOA, the City expresses its intent to direct growth to the east of Highway 101, away from the highest quality farmland, and to establish a permanent agricultural edge for the purpose of maintaining a clearly defined north and south boundary between the urbanized incorporated areas of City and the agricultural areas within the unincorporated County. Additionally by signing the MOA, the City has agreed to promote long-term conservation of commercial agriculture outside of the sphere boundary for the purposes of regional economic stability and to maintain physical separation from other communities in the area, including Soledad, the state prisons, and Chualar. For development of land within the proposed SOI, excepting lands already within the existing SOI, the MOA also includes the City's intent to implement an Agricultural Land Mitigation Program with mitigation ratio at 1:1 for any impacts to Prime Farmland, or Farmland of Statewide Importance.

Open space land uses are proposed to be maintained as open space by the City implementing the designations currently reflected on the 2010 land use map. Future annexations and development proposals that may request a general plan amendment, would be required to thoroughly analyze such an amendment and would be required to prepare the appropriate level of CEQA documentation to ensure that impacts to the change in land use designation is less than significant.

The intent of the City to manage development of land within the City's SOI utilizing the best available "sustainable" practices is supported by City's General Plan Policy SUS-1.2 and Implementation Action SUS-1.2.1 as cited in the MOA.

Therefore, for reasons discussed above, the proposed SOI amendment and GPA results in lessened impacts to agricultural lands and ensures compliance with the LAFCO mandate for open space and agricultural preservation within a well-ordered development plan.

Air Quality

The General Plan EIR determined that all air quality impacts were either less than significant or less than significant with mitigation. The proposed SOI and General Plan amendments would result in a reduction of land anticipated for commercial and industrial development; as such, traffic trips, stationary emissions, and operational pollutant emissions associated with these types of uses would be proportionately decreased. The conclusions of the General Plan EIR would remain essentially the same.

Biological Resources

The General Plan EIR identifies three habitat types within the City's planning area that are recognized as sensitive habitats and protected under CEQA. These include freshwater marsh, aquatic, and Pacific willow riparian woodland. All three habitat types are located along the Gonzales Slough which flows northwest through the City limits. In addition, aquatic habitat is also found in Johnson Canyon Creek, in the eastern extents of the planning area; McCoy Creek, located in the southeast extents of the planning area; and another unnamed drainage in the planning area.

Southeast of the City, the land area planned for development would be decreased, reducing the possibility of affecting any significant biological resources. On the northwest side, an additional 98 acres of agricultural land would be subject to future conversion to industrial use and approximately five acres would be added to the City's wastewater treatment area. The General Plan EIR recognizes that cultivated agricultural land in the City's planning area has marginal habitat value and does not support naturalized vegetation or sensitive plant communities. With no new or significant habitat involved with the proposed SOI and General Plan amendments, all conclusions and mitigation of the General Plan EIR remain the same.

Cultural Resources

The proposed SOI amendment and land use changes associated with the proposed GPA would have a negligible effect on cultural resources. The project will remove approximately

394 acres of future Highway Commercial and Industrial/Manufacturing development from existing Urban Growth Boundary and Urban Reserve areas of the 2010 General Plan. The 103 acres added to the proposed SOI is agricultural land located in an area of low archaeological sensitivity with no known historic or archaeological resources on site (General Plan EIR Figure 4.14.1). There will be no additional or increased level of impacts than were previously identified in the General Plan EIR. In addition, all previously identified mitigation measures from the General Plan EIR will remain in place, including the requirement for project-level analysis of cultural resources for all areas planned for development and appropriate controls in the event of accidental discovery during construction.

Energy Conservation

The General Plan EIR determined that buildout of the 2010 General Plan would result in increased demand for electricity and natural gas that could potentially result in wasteful energy consumption. The impact was determined to be less than significant. In evaluating the 2010 General Plan, the General Plan EIR identified residential, commercial, and manufacturing as energy consumptive land uses. Agriculture was not considered an energy consumptive use.

The proposed SOI amendment and GPA would result in a reduction of land anticipated for commercial and manufacturing development therefore; the energy demands associated with these types of uses would be proportionately decreased. The conclusions of the General Plan EIR would remain essentially the same.

Geology and Geologic Constraints

All of the subject parcels are farmland with no known unique geological features or characteristics. The proposed SOI amendment and land use changes of the GPA will not affect any geologic landform or result in any new or significant issues beyond those analyzed in the General Plan EIR.

Greenhouse Gas Emissions

In 2012, a year following certification of the General Plan EIR and adoption of the 2010 General Plan, a supplement to the General Plan EIR (SEIR) was prepared by Coast Plans (*Gonzales Climate Action Plan Supplemental Environmental Impact Report - A Supplement to the 2010 General Plan Environmental Impact Report*). The SEIR evaluated potential impacts associated with implementation of the City's Climate Action Plan. The City Council certified the SEIR in 2013 thus incorporating, by reference, the document into the General Plan EIR. The Climate Action Plan was adopted on February 19, 2013.

The SEIR determined that the Climate Action Plan set forth a credible plan to reduce greenhouse gas (GHG) emissions consistent with the statewide goals established in AB 32. For existing development, the Climate Action Plan establishes targets to reduce GHG emissions by 15 percent from 2005 baseline emissions, which when combined with expected reductions from statewide programs would result in a total reduction of 28 percent by the year 2020. For new development, the Climate Action Plan would establish targets to reduce growth in GHG emissions by 15 percent from 2020 “business-as-usual” emissions, which when combined with expected reductions from statewide programs would result in a total reduction of 29.5 percent by the year 2020.

Having established GHG emission reduction targets in line with AB 32 goals, the Climate Action Plan then identifies local GHG emission reduction measures with the potential to meet the established targets to 2020 and for the long-term out to 2050. The Climate Action Plan also contains an implementation program that establishes a metric against which to measure new development projects and a monitoring and updating plan to ensure regular reporting and adjustments to keep the program on track.

The State of California added Section 15183.5 (Tiering and Streamlining the Analysis of Greenhouse Gas Emissions) to the CEQA Guidelines in 2010 which allows local jurisdictions to use climate action plans as a basis for mitigating the effects of a project’s GHG emission impacts. According to Section 15183.5, a lead agency may determine that a project’s incremental contribution to a cumulative effect is not cumulatively considerable if the project complies with the requirements in a previously adopted plan or mitigation program under specified circumstances. The City requires development approvals to contain a plan to implement GHG Best Management Practices that would result in achieving the limits on GHG emissions adopted as part of the citywide climate action plan. As such, any future development under the proposed amendments would be required to comply with the City’s climate action plan and in doing so would have less than significant GHG emissions.

The SEIR determined that combined growth in the residential and commercial/industrial sectors represents about 67 percent of total future emissions in Gonzales. The commercial/industrial sector would represent approximately 31 percent of future emissions. The proposed amendments would reduce the amount of land anticipated for commercial and manufacturing development; therefore, GHG emissions associated with these types of uses would be proportionately decreased. Continued agricultural use will also emit GHG emissions but at a lesser rate than they would if converted to commercial or industrial use as both mobile emission and stationary emissions are less with agricultural use compared to urban use. Therefore, overall the net increase in GHG emissions anticipated for 2020 would be slightly less than what was projected in the SEIR.

With the proposed SOI amendment and GPA, there will be no additional or increased level of impacts than were previously identified in the SEIR. In addition, all previously identified mitigation measures from the SEIR will remain in place, including the requirement for project-level compliance with the City's adopted Climate Action Plan.

Hazards and Hazardous Materials

The proposed amendments will remove approximately 394 acres of Industrial/Manufacturing use in the southeastern portion of the planning area, which will reduce the likelihood that hazardous conditions associated with this type of use would occur. The 103 acres of agricultural land to be added to the SOI and re-designated for future industrial development is not located within a high or moderate fire potential area and is not located within a ¼ mile of a school (General plan EIR Figure 4.17.1). As identified in the General Plan EIR, the City of Gonzales requires site-specific investigations and reports on potential soil contamination as part of Specific Plan or other major development plan review and approval. Such an investigation and report shall include measures necessary to mitigate any environmental hazards to a less than significant level. No additional potential impacts beyond what was identified in the General Plan EIR would occur.

Hydrology and Water Quality

The overall development potential of the General Plan will be reduced by the proposed SOI amendment and GPA. Consequently, drainage and water quality impacts resulting from new development would decrease proportionally.

Land Use and Planning

The proposed amendments will provide a logical SOI boundary for land intended for development within the time horizon of the 2010 General Plan, while removing a large area of important and prime farmland from potential Commercial or Industrial/Manufacturing development. To preserve the housing and jobs relationship provided in the 2010 General Plan, approximately 98 acres south of Gonzales River Road will be added to the SOI in exchange for the removal of the job generating land uses south of Gloria Road. The land use impacts of the project are considered beneficial.

Mineral Resources

The Initial Study prepared for the 2010 General Plan EIR concluded that buildout of the 2010 General Plan had no potential to result in adverse effects in impacts to mineral resources. Therefore, as identified in the 2010 General Plan EIR, the topic was excluded

from further consideration in the EIR. The proposed SOI amendment and land use changes of the GPA will not affect any land areas or mineral resources beyond what was identified in the 2010 General Plan Initial Study and EIR and the conclusion of “no impact” remains the same.

Noise

The General Plan EIR determined that the plans, policies, and actions of the Gonzales 2010 General Plan lessen the potential impact of exposure of persons to or generation of noise in excess of standards to a level of less than significant. As identified in the General Plan EIR, the primary source of noise within the City is roadway noise. With a decrease in total traffic volumes resulting from the SOI amendment and GPA, no significant change in the noise environment would be expected to occur. The future noise environment in the amendment areas and all areas of the City will be controlled by the regulations of the noise ordinance.

Parks and Recreation

The parks and recreation section of the General Plan EIR analyzed the environmental effects of the buildout of the 2010 General Plan on park and recreational resources in the City of Gonzales. The proposed SOI amendment and GPA would not result in residential development that would increase demand for services including parks. No amendments are proposed to recreational land.

Population and Housing

The General Plan EIR acknowledged that 2010 General Plan buildout will result in a significant increasing in population. The proposed removal of commercial and industrial/manufacturing land from the southeastern portion of the plan area, the addition of approximately 98 acres of industrial use along Gonzales River Road, and the addition of approximately five acres of public/quasi public land near the wastewater treatment plant to the SOI will not affect population or housing stock. The location of future industrial land in the northwestern portion of the City along Gonzales River Road will not disrupt neighborhoods or displace existing housing units.

Public Services

The public services section of the General Plan EIR analyzed police facilities, fire protection facilities, student generation and schools, and government services. The locational change of future industrial development associated with the proposed SOI amendment and GPA would not result in increased demand that would affect the provision of police, fire, school and other government services.

Transportation/Traffic

As part of the MOA between the City and County, the City agreed to “coordinate with the County and plan the arterial roadways along Associated Lane, Iverson Road and Gloria Road in a manner that supports the free-flow of both automobile and truck traffic, utilizing method(s) determined by a traffic engineer to be practical, including but not limited to: utilizing the existing County road as a frontage road/by-pass road, round-abouts, directional barriers or medians, trap lanes and right-turn-in and right-turn-out intersections.” This would ensure that the movement of agricultural vehicles from agricultural fields to the highway, agricultural plants, or rail yards would be facilitated with little to no interference from City traffic. The project will therefore result in a beneficial impact with regard to agricultural truck transportation and circulation.

The General Plan EIR evaluated potential transportation impacts associated with buildout of the City’s Urban Growth Area through year 2050 and buildout of the Urban Reserve beyond year 2050. The EIR determined that the addition of a significant amount of new industrial and manufacturing uses along Gloria Road would add a considerable number of semi-trailers and other large trucks to the roadway. This combined with Gloria Road being one of the official truck routes for hauling waste to the new Johnson Canyon Landfill east of the City and some additional traffic being shifted from the Fifth Street corridor onto Gloria Road would require that Gloria Road be developed as a four-lane divided arterial between Highway 101 and “Arterial A” and as a two-lane arterial between Street “A and Iverson Road. The removal of the 394 acres of Commercial and Industrial/Manufacturing from the area south and east of the City (more than 200 acres of which are along Gloria Road), as proposed by the GPA would serve to significantly reduce traffic along this roadway providing a local benefit to traffic and circulation.

The approximate 98 acres proposed for inclusion into the City’s SOI for future Industrial/Manufacturing uses would be located south of Gonzales River Road, adjacent to established Industrial/Manufacturing uses within the City. Development of this area would add additional trips to Gonzales River Road but the proposed amendments would result in a significant reduction in the amount of industrial and manufacturing development citywide that was anticipated in the 2010 General Plan.

The City requires that development approvals contain a project-level traffic analysis for all areas planned for urbanization. The analysis must evaluate the full range of operational, safety, emergency access, parking, and alternative-mode transportation issues and must recommend measures to mitigate any significant impact that a specific project may have on transportation/traffic. The EIR provides additional mitigation measure to ensure that future development within the City would not result in significant traffic/transportation impacts.

With the proposed SOI amendment and GPA, there will be no additional or increased level of impacts than were previously identified in the EIR. In addition, all previously identified mitigation measures from the EIR will remain in place, including the requirement for project-level traffic analysis.

Utilities and Service Systems

The utilities and service system section of the General Plan EIR analyzed impacts to wastewater collection and treatment, storm drainage facilities, water supply, and solid waste service. Each of these service systems is addressed below.

Wastewater. With regard to the violation of water quality standards, the General Plan EIR identified that the City's standard practice of evaluating wastewater from proposed new industrial uses as part of the use permit process reduces this impact to less than significant. With regard to issues related to wastewater treatment plant expansion, the General Plan EIR identified that policies and actions contained in the 2010 General Plan are sufficient to ensure that adequate treatment plant capacity is developed to accommodate growth in the planning area. The General Plan EIR did identify that the expansion of treatment plant capacities would result in a significant unavoidable impact to agricultural resources, because some of the available options for expanding treatment plant capacity would involve the conversion of Prime Farmland. The proposed SOI amendment and GPA would not result in an additional or increased demand for or level of impacts related to wastewater requirements, collection or services than were previously identified in the General Plan EIR.

Storm Drainage. The General Plan EIR determined that the policies and actions contained in the 2010 General Plan lessen the potential impacts related to the installation of drainage improvements in the planning area to a level of less than significant. The proposed SOI amendment and GPA would not affect these conclusions.

Water Supply. In regards to water supply, the analysis in the General Plan EIR Subsection 4.8.3.2 notes that the 2010 General Plan calls for no net increase in groundwater well capacity in the planning area (Policy FS-2.1). Implementing Action FS-2.1.1 calls for the protection of existing water service, requiring that the City allow new development only "when public water can be supplied and delivered without threatening water supply or water quality in the rest of Gonzales." Other actions call for water conservation and/or water recycling (Implementing Actions FS-2.1.5 and FS-2.1.6). The analysis contained in Subsection 4.8.3.2 concluded that the policies and implementing actions of the 2010 General Plan, plus the requirement for collaborative planning and documentation of water sources, required by Senate Bills 610 including preparation of water supply assessments, serve to protect groundwater supplies and to reduce the environmental effects associated with supplying water to the planning area to a level of less than significant.

It is acknowledged that agricultural use is generally more water intensive than urban uses such as commercial and industrial use, and continued agricultural use in areas that were anticipated for urban use by in the 2010 General Plan may result in a greater overall water demand in the future than forecasted. However, the agricultural areas identified for preservation by the project are currently being served by the agricultural water sources and constitute an existing condition, not an impact of the proposal. In the future, as individual subareas within the current study area are proposed to be annexed into the City and developed, the required project-level CEQA clearance will include a site-specific analysis of public services, including water availability. The City's requirement to allow new development only when public water can be supplied and delivered without threatening water supply or water quality in the rest of Gonzales would ensure impacts to water supply going into the future would be less than significant.

Solid Waste. The General Plan EIR determined that the policies and actions contained in the Gonzales 2010 General Plan lessen the potential impacts related to solid waste disposal capacity in the planning area to a level of less than significant. The proposed SOI amendment and GPA would not affect these conclusions.

Conclusion

An Addendum, pursuant to Section 15164 of the CEQA Guidelines, was utilized to evaluate the implications, if any, of the City-initiated General Plan amendments. The City has found that the Addendum is the appropriate level of CEQA review, because none of the triggers for a Subsequent EIR (pursuant to Section 15162 of the Guidelines) have been met.

The land use changes proposed by the SOI and General Plan amendments do not result in "substantial changes" to the General Plan, nor has the information resulted in "substantial changes" to the certified EIR. This information will not result in "major revisions" to the certified EIR, as evidenced by the information provided above.

The information and land use changes proposed by the City, although not known at the time of certification of the EIR, are not considered of "substantial importance." The information does not result in one or more significant effects, does not identify effects that are substantially more severe than previously reported, does not require additional mitigation measures or alternatives, and does not require additional mitigation or alternatives that are considerable different than previously suggested.

For these reasons, a subsequent EIR or recirculation of this material is not warranted. The City Council is required to consider this information with the certified Final EIR, however, prior to making a final decision on the proposed land use changes.

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ATTACHMENT 3

Draft 2014 Municipal Service Review
and Sphere of Influence Study
for the City of Gonzales

Public Review Draft

2014 Municipal Service Review and
Sphere of Influence Study:

City of Gonzales

September 2014

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**2014 MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY
FOR THE CITY OF GONZALES**

City of Gonzales – At A Glance	
Incorporation Date	January 1947
Legal Authority	Government Code Title 4 (General Law City)
City Council	Mayor and four City Council Members elected at-large; Mayor has a 2-year term and Council Members have staggered four-year terms
City Area	1,267 acres (1.98 square miles) within the City Limits and an additional 53 acres within the City's current Sphere of Influence. 2014 Sphere of Influence proposal: an additional 2,038 acres beyond existing City Limits
Population	8,383 (January 1, 2014 California Department of Finance estimate)
Budget (Fiscal Year 2014-2015)	\$ 13,946,908
Vision Statement	Gonzales will continue to be a safe, clean, family-friendly community, diverse in its heritage and committed to working collaboratively to preserve and retain its small town charm.
Mission Statement	<p>The City Council and Staff of the City of Gonzales will realize our vision by providing the leadership, commitment and resources necessary to provide excellent services that enhance the quality of life of our diverse community.</p> <p>City services will be delivered in a cost-effective, respectful and friendly manner to insure the safety and well-being of the residents and the promotion of business, recreational, housing and employment opportunities in an environmentally sustainable manner.</p> <p>Strong fiscal policies allow us to provide appropriate infrastructure for Public Safety, Housing, Recreation, Environment and Education.</p>
City Manager	René L. Mendez
Contact Information	P. O. Box 647 147 Fourth Street Gonzales, CA 93926
Website	http://www.ci.gonzales.ca.us

EXECUTIVE SUMMARY AND RECOMMENDATIONS

This Municipal Service Review and Sphere of Influence Study provides information about the services and boundaries of the City of Gonzales. The report is for use by the Local Agency Formation Commission in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of Spheres of Influence of all cities and special districts in Monterey County (Gov. Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting Sphere updates (Government Code section 56430). The last service review of the City was completed in September 2010, as part of a review of all Salinas Valley cities.

City Services

The City of Gonzales, located within the fertile Salinas Valley, provides a full range of municipal services to its approximately 8,400 residents. The City is efficiently managed, with adequate reserves and stable year-over-year and General Fund expenditures. In recent years, the City has successfully developed an ag-industrial economic base that provides opportunities for significant employment and investment in the City. The City administration has shown a serious commitment toward implementing sustainability practices through a comprehensive “Gonzales Grows Green Sustainable Community Initiative” (“G³”) that aims to promote economic viability, environmental responsibility, and social equity. The City’s General Plan includes policies intended to ensure adequate service provision for future residents and employment centers.

Current City Boundaries and Sphere of Influence

The City’s Sphere of Influence was last updated in April 1997 to implement the General Plan adopted in 1996. No Sphere amendments have been processed since then, but there have been several annexations, including two areas, totaling approximately 215 acres, approved in 2006. Except for vacant land in those two annexation areas, the existing City limits are largely built out. The current Sphere contains approximately 50 acres outside of the City limits and is not adequate for the City’s probable long-term expansion needs.

2010 General Plan and 2014 City-County Memorandum of Agreement

In 2010, the City of Gonzales adopted a comprehensive General Plan update that focuses substantial future urban development to the east of Highway 101, thereby enabling preservation of the majority of the most productive agricultural soils near the City. In addition to conserving and protecting agriculture and open space resources, the General Plan contains policy and implementation programs to guide land use development projects, maintain the safety and welfare of Gonzales citizens, guide the cost effective and efficient delivery of public infrastructure and services, and enhance community sustainability efforts. The General Plan’s certified Final Environmental Impact Report (EIR) includes numerous mitigation measures that will help ensure implementation of the City’s General Plan policies. The planning horizon of the General Plan is long term, extending beyond a 20-year time frame.

In March and April 2014, in fulfillment of State law requirements for a City-County consultation process prior to a City’s application for a Sphere of Influence amendment, the County of Monterey and the City each acted to enter into a Memorandum of Agreement in support of implementing the City’s adopted 2010 General Plan.

The City-County MOA is an exemplary model of interagency cooperation and good government. The MOA’s fundamental objective is to balance the preservation of open space and prime agricultural lands with the need for orderly City growth. It delineates a large portion of the General Planning area as the City’s proposed Sphere of Influence. However, it also provides for permanent agricultural edges to be provided along the City’s north, south, and west edges, growing the City toward the foothills and protecting the highest-quality agricultural lands in lower-lying areas. As part of the agreement, the City

will provide for a clear, logical urban boundary on the City's southern edge by amending its General Plan to remove previously planned urban land use designations south of Gloria Road. The MOA commits Gonzales to establish a comprehensive mitigation program for the loss of agricultural lands within the City's urban growth area. These agricultural measures will be implemented as part of Specific Plan processes, and will be detailed in future annexation applications to LAFCO. The MOA identifies compact, sustainable, "City-centered," Specific Plan-based development as the City's guiding vision for development of future neighborhoods. It also contains agreements designating truck routes, developing a Traffic Impact Fee Program, and requiring the accrual of property tax benefits to the County for any City annexations inconsistent with the MOA.

State law provides that "The Commission shall give great weight to the agreement [City-County consultation MOA] to the extent that it is consistent with Commission policies." LAFCO staff has reviewed the MOA for consistency with LAFCO of Monterey County's locally adopted policies for Spheres of Influence. This consistency finding can be made due to a balance of important public tradeoffs and benefits that the MOA will accomplish over time. Accordingly, the MOA provides a strong basis for delineating a large portion of the Gonzales General Planning area as the City's Sphere of Influence.

City's Sphere of Influence Proposal

In July 2014, the City submitted a proposal for a Sphere of Influence amendment consistent with the Gonzales 2010 General Plan and the 2014 City-County MOA. The City's proposal would add approximately 2,038 acres to its Sphere of Influence. The City's Sphere expansion proposal is divided into three areas¹:

1. 1,907 acres to the east of the existing City boundary and Sphere of Influence. This area is contained within the City's Urban Growth Boundary designated in the Gonzales 2010 General Plan. (Following discussions with the County, the City is removing the Urban Growth designation from 182.5 acres that had been designated in the General Plan.);
2. Approximately 97.6 acres of land on the City's west side, south of Gonzales River Road, that is planned for conversion from agricultural use to commercial and industrial use, and
3. A 5.5-acre parcel, adjacent to the City's wastewater treatment plant, planned for a future plant expansion.

On balance, the City of Gonzales' Sphere of Influence proposal is reasonable in the comprehensive context of the City-County MOA, the adopted General Plan policies and the certified EIR. It is also consistent with AMBAG growth projections, the Cortese-Knox-Hertzberg Act, LAFCO's legislative purposes and the Commission's locally adopted policies. These conclusions are discussed in more detail in this study.

Recommended Actions

The *2014 Municipal Service Review and Sphere of Influence Study* for the City of Gonzales evaluates the City's proposal in relation to likely future needs for urban services and boundaries. Based on the analysis and recommendations in the study, the Executive Officer recommends adoption of a resolution to:

- Find the Study exempt from provisions of the California Environmental Quality Act (CEQA) under Sections 15306 and 15061(b)(3) of the State CEQA Guidelines; and
- Approve the 2014 Municipal Service Review and Sphere of Influence Study for the City of Gonzales.

¹ The listed acreages of the three areas do not add up to the total Sphere of Influence expansion of 2,038 acres. The City's application lists an additional 28 acres that is attributed to rights of way.

Figure 1
 Map of Existing City Boundaries and Sphere of Influence

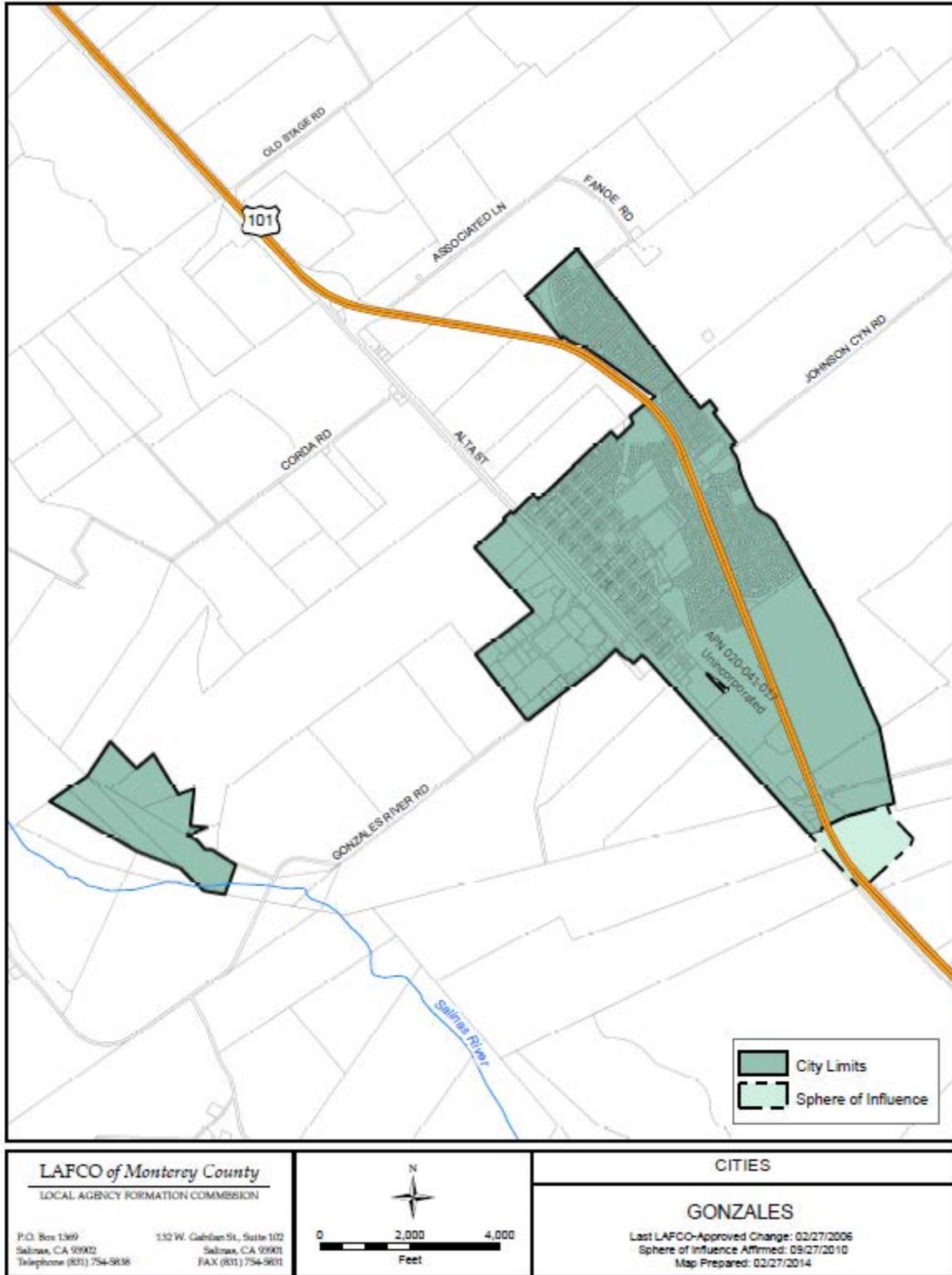


Figure 2
Map of Proposed Additions to the Sphere of Influence

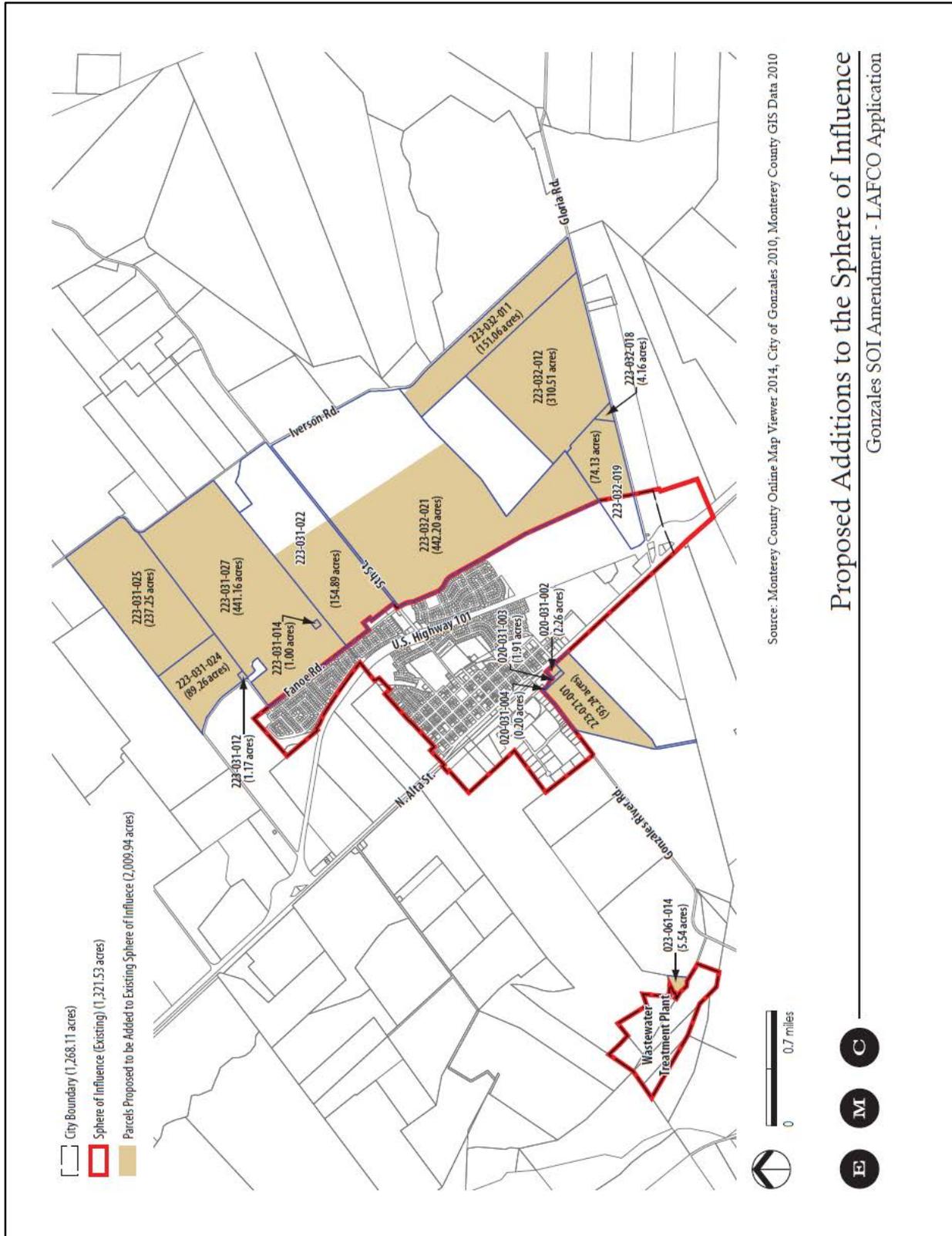
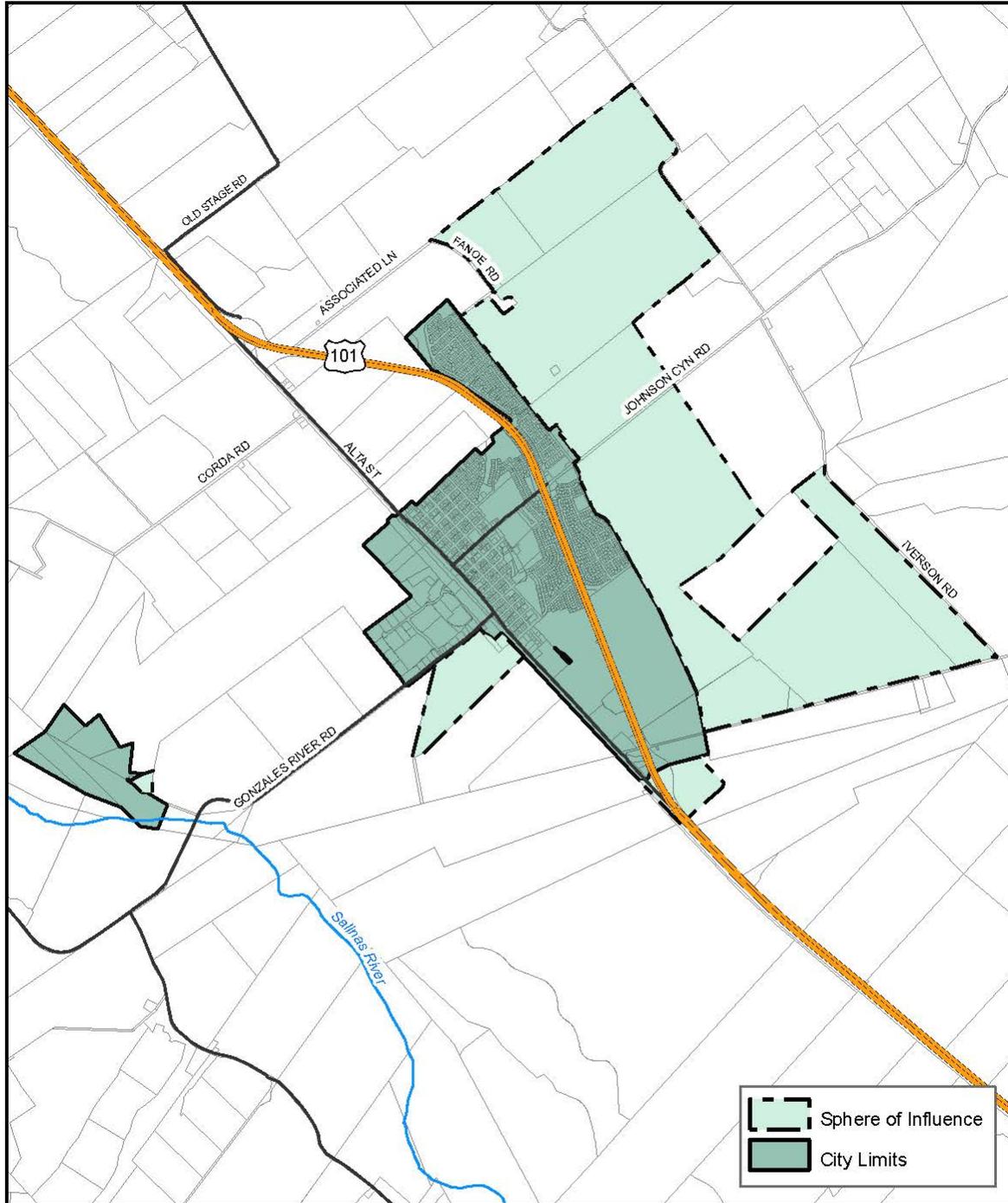


Figure 3
 Map of Proposed City Boundaries and Sphere of Influence



<p>LAFCO of Monterey County LOCAL AGENCY FORMATION COMMISSION</p> <p>P.O. Box 1369 Salinas, CA 99902 Telephone (831) 754-5838</p> <p>132 W. Gabilan St., Suite 102 Salinas, CA 99901 FAX (831) 754-5831</p>	<p style="text-align: center;">N</p> <p style="text-align: center;">0 2,000 4,000 Feet</p>	<p style="text-align: center;">CITIES</p> <hr/> <p style="text-align: center;">GONZALES</p> <p style="text-align: center;">Last LAFCO-Approved Change: 02/27/2006 Map Prepared: 09/05/2014</p>
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HOW THIS REPORT IS ORGANIZED

Information in this report complies with the Commission’s statutory requirements and is also intended to support the City’s mission. The report reviews the status of the City’s Sphere of Influence and boundaries. It presents a brief history of the City and describes the City’s facilities and operations, governance and finances. The report examines future challenges facing the City. It concludes with recommended determinations as required by law and with acknowledgements and source references.

POPULATION AND GROWTH

The City is located along Highway 101, 17 miles south of Salinas and nine miles north of Soledad. The Southern Pacific Railroad laid tracks through the area in 1872. Later, a depot was built to service freight and passenger trains. Cattle and grain raising dominated the area until the 1890s when Swiss immigrants founded dairies. In the 1920s, dairy farming gave way to vegetable crops which thrived because of rich soils and advancements in irrigation, machinery and transportation. In January 1947, Gonzales residents voted to incorporate the City.

In 1894, the community of Gonzales had an estimated population of 500 residents. By 1960, approximately 2,100 people lived in the City. In the last fifty years, the City’s population experienced the fastest growth in the 1980s and 1990s. Over each of those two decades, the population rose in excess of 60%. The rate of growth slowed to eight percent in the early 2000s. According to the California Department of Finance, the City’s rate of population increase has slowed further since 2010.

Year	Population	Decennial Percent Increase
1960	2,138	-----
1970	2,575	20%
1980	2,891	12%
1990	4,660	61%
2000	7,564	62%
2010	8,187	8%
2014	8,383	6%

Note: All population figures are from the U.S. Census Bureau, except for 2014 which is an estimate from the California Department of Finance. The percent increase from 2010 to 2014 has been multiplied by 2.5 to extrapolate the percent increase over a ten year period.

On June 11, 2014, the Association of Monterey Bay Area Governments (AMBAG) adopted a Regional Growth Forecast through 2035. This forecast was developed to inform AMBAG’s regional planning processes and to assist local cities and special districts for local and subregional planning. AMBAG has primarily based these projections on anticipated employment growth.

As shown in table 2, below, the Regional Growth Forecast projects significant population and jobs growth in Gonzales through the year 2035 and particularly within the current decade. By 2020, the City’s population is projected to grow by 63% to 13,340. By 2035, the City’s population is projected to increase by 136% to 19,333. This population growth compares to a 19% projected increase throughout all of Monterey County (to 495,086 by 2035). Gonzales’ projected growth is also significantly higher than the projected 38% growth for the other three southern Salinas Valley cities.

AMBAG bases its projections of Gonzales’ population growth on an anticipated expansion of employment opportunities within the City. As Table 2 shows, projected job growth in Gonzales is much higher than for other nearby cities and for the County as a whole. Gonzales job growth is projected to come from build-

out of its existing industrial park and the industrial lands proposed within the expanded Sphere of Influence.

Table 2 City of Gonzales: AMBAG Projected Population Growth and Jobs Growth							
		2010	2020	2025	2030	2035	Change over Forecast Period
Monterey County (all)	Population	415,057	447,516	463,884	479,487	495,086	19.3%
	Jobs	308,400	344,500	353,600	362,900	372,800	20.1%
Gonzales	Population	8,187	13,340	13,955	16,194	19,333	136.1%
	Jobs	2,922	4,084	4,416	4,802	5,234	79.1%
Greenfield, King City, & Soledad	Population	54,942	67,225	70,509	73,433	75,857	38.0%
	Jobs	13,779	15,279	15,780	16,264	16,674	20.1%

Source: "2014 Regional Growth Forecast," Association of Monterey Bay Area Governments, Adopted June 11, 2014.

BOUNDARIES AND SPHERE OF INFLUENCE

Existing Boundaries and Sphere of Influence

In 1997, the Gonzales Sphere of Influence was updated to implement the City's 1996 General Plan. No major updates to the City's Sphere amendments have been initiated since then, although LAFCO has approved several annexations and Sphere amendments related to those parcels.

Areas that were annexed to Gonzales in 2006² remain undeveloped. The largest area, approximately 180 acres on the east side of Highway 101, is residentially zoned. The other undeveloped portion of the 2006 annexation is approximately 32 acres of industrially zoned land on the City's northwestern side. The 2010 Service Review adopted by LAFCO for the City of Gonzales stated that "except for vacant land in those two [recent] annexation areas, the city is largely built out."

The 2010 Service Review also noted that the City's Sphere contains only around 50 acres beyond existing City limits, an inadequate area to meet the City's long-term expansion needs.

The Gonzales 2010 General Plan estimated that build-out of the City's existing, 1997-established Sphere of Influence could accommodate a total City population of 12,000. This scenario would represent a population increase of about 43% from its current level of 8,400.

The Gonzales 2010 General Plan

The City is currently proposing a 2,038-acre expansion of its Sphere of Influence. The current proposal is the product of a seven-year process for developing the City General Plan and a subsequent four-year consultation process between the City and the County of Monterey, with input from LAFCO. These processes culminated in the 2011 City adoption of the General Plan and approval of a City/County Memorandum of Agreement for Orderly Planning by the County and City in the spring of 2014.

² Annexation and Sphere of Influence Amendment, File No. 05-13, effective February 27, 2006.

The City's 2010 General Plan contains policy and implementation programs to guide land use development projects, maintain the safety and welfare of Gonzales citizens, conserve and protect open space resources, guide the cost effective and efficient delivery of public infrastructure and services and enhance community sustainability efforts.

The Gonzales 2010 General Plan establishes a long-term, but indeterminate, planning horizon for the City in order to:

- Create a long-term vision to guide new development so that ultimately the increments of growth form into a coherent whole, becoming something more than a patchwork of large subdivisions;
- Preserve key sites essential to the long-term economic health of the City;
- Ensure a competitive market for development and avoid the monopolization of the City's future development by any one of the large landowners within the General Plan area, and
- Establish the ultimate boundaries of the City in order to identify the adjoining agricultural areas that should be reserved for permanent agricultural use.

City/County Memorandum of Agreement (MOA)

City/County Consultation Process

Following City Council adoption of the General Plan, the City met with the County as required by Section 56425 of the Cortese-Knox-Hertzberg (CKH) Act. This portion of the State Government Code requires a City to meet with the County and “discuss the proposed new boundaries of the Sphere and explore methods to reach agreement on development standards and planning and zoning requirements . . . to ensure that development . . . promotes the logical and orderly development of the areas within the Sphere.”

After detailed discussions over a period of several years, the County Board of Supervisors and the City Council took separate actions to enter into a City/County Memorandum of Agreement Regarding Orderly Planning, Growth, and Development (“MOA”) in March and April 2014. The agreement is summarized in table form as Appendix 1 to this report. Its full text will be provided to the Commission under a separate cover.

MOA Contents

The approved City-County MOA is a significant milestone in City-County cooperation on planning-, growth-, and development-related issues resulting from the expansion of the boundaries of a City's Sphere of Influence. At its core, the MOA seeks to balance the preservation of open space and prime agricultural lands with the need for orderly City growth. Perhaps most noteworthy among its achievements, the City-County MOA for Gonzales provides for a permanent agricultural edge on three sides of the City, with long-term growth directed toward the eastern foothills, away from the highest quality farmland lower-lying areas in the Salinas Valley. Significantly, the MOA also removes the City's previously planned urban land uses south of Gloria Road, thereby clearly delineating an urban boundary between urbanized incorporated areas and open agricultural fields south of Gloria Road in the unincorporated County. The MOA commits the City to establish a comprehensive mitigation program for the loss of agricultural lands within the City's urban growth area.

The MOA also identifies compact, sustainable, “City-centered,” Specific Plan-based development as the City's guiding vision for development of future neighborhoods. It contains agreements designating truck routes, developing a Traffic Impact Fee Program, and requiring the accrual of property tax benefits to the County for any City annexations inconsistent with the MOA.

The MOA is structured in nine sections, reflecting the primary growth and development issues that the City and the County identified and discussed during their negotiations:

1. Logical and Orderly Development
2. Direction of Future development
3. Specific Planning Actions
4. Development Phasing and Annexations
5. Agricultural Land Compatibility
6. Agricultural Land Conservation Program
7. Traffic Mitigation Fees
8. Tax Sharing
9. Environmental Review, Public Hearing, and Decision-Making

The City-County MOA is an exemplary model of interagency cooperation and good government. As such, it was highlighted at the April 2014 California Association of Local Agency Formation Commissions (CALAFCO) staff workshop, in an educational session co-presented by the LAFCO Executive Officer and Gonzales Community development Director Thomas Truszkowski.

Land Swap Agreement

The MOA outlines two areas to be removed from the General Plan's "Urban Growth Area" in developing the City's Sphere of Influence proposal: an area of 182.5 acres south of Gloria Road and a 41-acre parcel on the City's northern edge, west of Highway 101. As a result of this agreement, Gloria Road will provide a clear, recognizable, and logical boundary between developed (City) and undeveloped (unincorporated) lands along the City's southern edge in the future.

To partially compensate for the removal of job-generating lands south of Gloria Road, the City and County agreed to add approximately 95 acres adjacent to existing industrial lands on the City's west side to the Urban Growth Area. The agreed-upon modifications have been incorporated into the current proposal. If LAFCO approves the Sphere of Influence amendment as proposed, the City will designate the land for future industrial and commercial uses and will make the other necessary adjustments to bring its General Plan into conformance with the MOA.

MOA's Conformance to Locally Adopted LAFCO Policies

The approved agreement provides a strong basis for delineating a logical and appropriate Sphere of Influence for the City of Gonzales. LAFCO staff has reviewed the City-County MOA and has determined it to be consistent with LAFCO of Monterey County's adopted Policy Guidelines for Sphere of Influence proposals. The MOA's conformance to the most applicable provisions of the Policy Guidelines is summarized below.

- "LAFCO intends that its Sphere of Influence determination will serve as a master plan for the future organization of local government within the County. The spheres shall be used to discourage urban sprawl; limit proliferation of local governmental agencies; encourage efficiency, economy and orderly changes in local government; promote compact, community centered urban development; and minimize adverse impacts on lands classified as prime agriculture." (LAFCO Policy Guideline #1 for Spheres of Influence)

The MOA identifies specific City-County goals, objectives, and commitments that are closely aligned with LAFCO's policy language in these areas, with particular emphasis on City-centered growth and preservation of agricultural lands. As annexations are proposed in the future, subject to LAFCO review and approval, the City's adopted General Plan policies and implementing actions will help ensure that the MOA's agreed-upon terms are carried out.

Like the Gonzales General Plan, the MOA contains important provisions for the protection of high-quality agricultural land. The MOA bases these provisions on agricultural preservation policies contained in Implementing Actions in the City's adopted General Plan. These actions include focusing urban growth to the east to protect the highest-quality agricultural lands, encouraging agriculture as an interim use on undeveloped parcels, establishing agricultural buffers, and requiring new development to contribute to the cost of purchasing additional agricultural conservation easements beyond the permanent edges identified in the MOA.

- “The adopted Sphere of Influence shall reflect City and County General Plans, plans of regional agencies, growth management policies, annexation policies, resource management policies, and any other policies related to ultimate boundary or service area of an affected agency unless those plans or policies conflict with the legislative intent of the Act.” (LAFCO Policy Guideline #7 for Spheres of Influence)

The MOA is the culmination of a multiyear effort to carefully identify those areas that are most appropriate for eventual annexation and development. Under the MOA, the City has committed to modify its existing General Plan designations on several parcels in order to implement the MOA's goals. There are no anticipated conflicts with any other agency's plans, policies, boundaries, or Spheres of Influence.

- “LAFCO will encourage those proposals where the affected jurisdiction has achieved water savings or new water sources elsewhere that will off-set increases in water use in the project site that would be caused by the proposal.” (LAFCO Policies and Procedures Part D.X: Groundwater Standards)

The certified, program-level Environmental Impact Report (EIR) for the City's 2010 General Plan determined that the policies and implementing actions of the 2010 General Plan, in tandem with the requirements for collaborative planning and documentation of water sources (required by Senate Bill 610, including the preparation of water supply assessments), serve to protect groundwater supplies and to reduce the environmental effects associated with supplying water to the planning area to a less-than-significant level. The 2014 EIR Addendum prepared for the currently proposed Sphere expansion confirmed the potential impact to be less-than-significant.

No annexations or development are proposed at this time. Future annexation and development of any areas within the current Sphere expansion proposal would require preparation of a specific plan, which would include plans for services and facilities that would be required to be in compliance with the City's planning policies on water management. Preparation and approval of a “project-level,” site-specific environmental clearance will also be required. Each annexation will also be subject to LAFCO approval, including review for conformance with LAFCO's adopted groundwater management policies applicable to City annexations.

- “Monterey County LAFCO shall consider as part of its decision whether the City in which the annexation or Sphere of Influence amendment is proposed has included certain goals, policies, and objectives into its General Plan that encourage mixed uses, mixed densities, and development patterns that will result in increased efficiency of land use, and that encourages and provides planned, well-ordered, efficient urban development patterns.” (LAFCO Policies and Procedures Part D.XIII: Efficient Urban Development Patterns)

The adopted City of Gonzales General Plan includes a detailed framework of goals, policies, and objectives in strong support of creating a diverse, self-sustaining, vibrant, community that focuses growth inward, maintains small-town characteristics, discourages urban sprawl, and preserves the most productive lands for agricultural uses.

- “LAFCO, in recognition of the mandated requirements for considering impacts on open space lands and agricultural lands, will develop and determine Spheres of Influence for Cities and urban

service districts in such a manner as to promote the long-term preservation and protection of this County's Resources.” (LAFCO Policy Guideline #9 for Spheres of Influence) and

“Applications... for the establishment or any change to a Sphere of Influence or urban service area shall provide for planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns.” (LAFCO Policies and Procedures Part E: Preservation of Open Space and Agricultural Lands)

Fundamentally, the City's Sphere expansion proposal is intended to grow the City eastward in order to preserve areas of the highest-quality soils for permanent agricultural uses. Sections 5 and 6 of the MOA contain the City's goal, objectives, and commitments regarding impacts of development on agricultural lands. The identified requirements include the use of agricultural buffers, phasing, and preparation of Specific Plans (geared to unique site conditions) to minimize the impacts of development on nearby agricultural operations. To mitigate the loss of agricultural lands to future, post-annexation development, the City commits to establish an Agricultural Land Conservation Program that will require the implementation of conservation easements or other specified forms of mitigation.

These provisions outlined above are consistent with LAFCO's adopted policies. No lands are currently proposed for annexation or development. A specific mitigation proposal for development areas within the proposed Sphere expansion will be part of LAFCO's purview, as part of future annexation proposals, before any development of areas within the Sphere proposal may occur.

- “Proposals must demonstrate through both quantitative and qualitative methods the relationship between the Proposal and the surplus or deficiency of local and county-wide housing supply and demand, and employment availability and creation. Additionally, the Proposal must demonstrate how its pattern of land use and transportation complements local and regional objectives and goals for the improvement of air quality and reduction of greenhouse gas (GHG) emissions and local vehicle miles traveled (VMT).” (LAFCO Policies and Procedures, Part F: Housing and Jobs)

According to the City of Gonzales General Plan, the City has approximately 1,060 jobs and 2,070 housing units (approximate jobs-housing balance of 1:2). The City's proposed Sphere expansion would facilitate implementation of the City's General Plan, which envisions the creation of 5,400 new jobs and 7,700 new housing units by 2035. At buildout of the General Plan, there would be 6,460 jobs and 9,770 housing units (approximate jobs-housing balance of 1:1.5). Therefore, with build-out of the General Plan, the City's jobs housing balance will improve.

The City has planned enough housing to satisfy its share of AMBAG's regional housing needs allocation. The City prepared its Housing Element as part of the 2010 General Plan, and the State Housing and Community Development Department completed its review in 2009, in advance of City adoption of the General Plan.

The Gonzales General Plan calls for most future residential growth within the City to be accomplished in new neighborhoods, which will contain neighborhood commercial, schools, parks, and a mix of residential densities. The neighborhoods are to be implemented through the creation of specific plans, and designed and built on a scale that is complementary to the City's small town character. The General Plan requires the neighborhoods to fall within a range of 125 to 400 acres each; the strategy is to promote new development that retains the pedestrian-oriented characteristics of the downtown area. The improved jobs-housing balance and the planned small-scale development pattern is expected to reduce vehicle trips and associated air and greenhouse gas emissions.

“Commission Shall Give Great Weight”

As outlined in the subsection above, the City/County MOA is consistent with LAFCO of Monterey County's adopted Policies and Procedures Relating to Spheres of Influence and Changes of Organization

and Reorganization. Pursuant to Section 56425 of the CKH Act, “the Commission shall give great weight to the agreement to the extent that it is consistent with Commission policies in its final determination of the City sphere.”

The Proposal for an Expanded Sphere of Influence

By proposing the “land swap” changes described above in the City/County MOA, the City has proposed to expand its Sphere of Influence by 2,038 acres. The proposed 2,038-acre Sphere of Influence expansion would increase the City’s total footprint (City limits + Sphere) from its current 1,320 acres to 3,358 acres. These figures translate to a **154%** net acreage increase over an approximately 20-year time horizon³. As described in the Population and Growth section, above, AMBAG is projecting a **136%** net population increase in the current (2010-2035) forecast period that has 21 years remaining.

A rough comparison of these two growth-related metrics suggests that the acreage of the City’s Sphere proposal appears somewhat higher than what might typically be warranted. However, based on the available data (AMBAG’s current employment and jobs projections) and the proportion of land the City’s General Plan designates for ag-industrial and other non-residential land uses, the City’s Sphere proposal appears roughly proportional with a traditional Sphere’s 20-year outlook. Future implementation of the current proposal will be guided by the 2014 City-County Memorandum of Agreement, described above. The MOA contains important commitments, especially with regard to permanent agricultural preservation, to ensure orderly and appropriate future growth in conformance with LAFCO’s adopted policies.

The City’s Sphere expansion is proposed in three geographic areas as shown in Figure 2 on page 9:

1. Approximately 95% of the proposed Sphere of Influence expansion is within the Urban Growth Boundary established in the Gonzales 2010 General Plan. This land, east of the City limits, is mostly designated as Prime Farmland and farmed for vegetables and row crops. Parcel sizes tend to be larger than those to the north, and there is a gentle upslope to the east. Trees are absent, save for the occasional clusters around farmhouses. The General Plan’s Environmental Impact Report identified the removal of Prime Farmland acreage in the proposed Urban Growth Area as a significant and unavoidable impact for purposes of the California Environmental Quality Act (CEQA). Measures in the General Plan and the City/County Memorandum of Agreement, outlined above, will lessen the loss of farmland.
2. Parcels containing approximately 97.6 acres on the City’s west side, south of Gonzales River Road, are proposed to provide some of the job-generation lost by removing the expansion south of Gloria Road. Similar to the south of Gloria Road area, this area is designated as Prime Farmland and is actively farmed. Subsequent to the Memorandum of Agreement, the City has modified its Sphere expansion proposal to include an additional 2.3-acre parcel (020-031-002, shown in Figure 2, above) adjacent to this subarea. The property is developed with a privately owned farmworker housing development in active use. Please refer to the Municipal Service Review Determinations section, below, for a more complete description of this site and its inclusion in the current proposal.
3. A City-owned 5.5-acre parcel adjacent to the City’s wastewater treatment facility is anticipated to be used for future expansion of the facility. In 2006, the City had proposed adding this parcel to the Sphere of Influence, and annexing it to the City. LAFCO was unable to act on this expansion

³ LAFCO of Monterey County’s locally adopted Policies and Procedures define a Sphere of Influence as “The area around a local agency eligible for annexation and extension of urban service within a twenty-year period.”

at that time because the City-prepared environmental review did not include it. Expansion of the treatment facility was subsequently included in the 2010 General Plan's Environmental Impact Report. Inclusion of this parcel in the Sphere expansion was not discussed as part of the Memorandum of Agreement.

SERVICES, FACILITIES, AND OPERATIONS

The City of Gonzales is a full service City. City employees provide many services including proactive community policing; parks, recreation facilities and programs, open space; street construction and maintenance; street lighting; street sweeping; landscaping and landscape maintenance; potable water; water treatment; water conservation; sanitary sewer collection and treatment; pump station maintenance; storm drain maintenance and flood control. Volunteers, with the support of City employees, provide fire protection and emergency medical response.

The following services are provided to City residents through the work of an independent agency or private organization: cemetery maintenance and burial services; health care; library services; trash collection; recycling, and landfill operation.

The City has created the "Gonzales Grows Green Sustainable Community Initiative" ("G³"). This initiative aims to promote economic viability, environmental responsibility and social equity. The initiative outlines the unifying philosophy behind City efforts to become a green hub of environmental stewardship. The City has adopted a Sustainability Element to its General Plan, and one of the first Climate Action Plans in the County. The City actively supports the development of biodiesel and wind energy, and works to create public-private partnerships to bring energy efficiency and other cost savings measures to local businesses to improve profitability. The City also participates in a public-private partnership which produces solar energy at the City's wastewater facility and a local winery.

In July 2014, the City announced that it had begun construction of a commercial-scale wind turbine on land adjacent to the City's Agricultural Industrial Business Park, as a component of the G³ program. The first of two wind turbines to be constructed by the City, the turbine is intended to provide a clean sustainable source of energy to businesses located in the Industrial Park.

The City of Gonzales currently provides adequate services to meet the needs of the population within its existing Sphere. LAFCO's 2010 Municipal Service Review for Gonzales identified no significant unmet service needs or deficiencies. Future development within the City and its Sphere will lead to population growth and the need for additional and/or expanded services. The City's General Plan includes policies intended to ensure adequate service provision for future residents. The existing tax base, and the expansion of that tax base resulting from new development, will provide funding for these services. Development impact fees will address the capital cost of new development. The extent, timing, and financing of improvements will be presented to LAFCO as part of the application process for future annexations of areas currently proposed for inclusion in the City's Sphere of Influence.

The extent of the required infrastructure expansion is outlined in the Gonzales 2010 General Plan and the General Plan's background studies. Among the areas that will require the most major investment are water, wastewater and transportation. The Environmental Impact Report for the 2010 General Plan included an analysis of the likely necessary infrastructure improvements, including expansion of the City's wastewater treatment facility.

GOVERNANCE / TRANSPARENCY AND ACCOUNTABILITY / SHARED SERVICES

Governance

The City of Gonzales is a General Law City with a Council/Manager form of government. The Mayor and four City Council Members govern the City. The Mayor is elected directly by voters every two years. Voters elect City Council Members at-large to staggered four-year terms. The City Council meets the first and third Monday of every month at 6:00 pm in the City Council Chambers in downtown Gonzales. The Council holds special meetings as necessary to provide policy direction and oversight.

Transparency and Accountability

Each City Council meeting has a time on the agenda reserved for public comments. The Council limits closed session discussions to issues allowed by State law. Public meetings and City operations are publicized through the media, through mailings and by use of the City website. Videos of City Council meetings are available online and archived on the City's website. City offices are open to the public during normal business hours, Monday through Friday. City revenues and expenses are audited annually by a private auditing firm experienced in municipal finance.

Shared Services

As outlined in a previous section of this Service Review, the City of Gonzales has a track record of working with local businesses through the Gonzales Grows Green program. The City also has a history of working with other local government agencies to serve residents of the South Salinas Valley. In recent years, the City and the Gonzales Unified School District have initiated joint programs and initiatives. One result of these cooperative efforts is a jointly-financed gymnasium which opened in 2010.

In July 2010, Gonzales also joined the Cities of Greenfield, King and Soledad in a cooperative agreement known as "Four Cities for Peace." This agreement strengthens existing partnerships and coordinated efforts to address the gang problem in the South Salinas Valley. Two regional California Gang Reduction, Intervention and Prevention (CalGRIP) grants from the State of California facilitate implementation of the program.

In January 2013, the Gonzales City Council approved an additional agreement with the other three South Salinas Valley cities: Soledad, Greenfield and King City. This agreement expands on previous intergovernmental efforts and commits the cities to explore shared government services. The agreement states that shared services can take different forms, such as the consolidation of existing services, sharing responsibilities for delivering services, jointly contracting for services, forming a new entity for performing common services, and sharing equipment and facilities. While this agreement does not commit the four cities to specific actions, it signifies a seriousness about exploring shared services as a way to improve public services and reduce costs. In July 2013, the City agreed to share an animal control officer with the City of King in the spirit of this agreement.

FINANCES

The City Council has adopted a Fiscal Year 2014-2015 budget with anticipated expenditures of \$13.9 million. While this budget constitutes a decrease from the previous fiscal year, City budgets often include similar levels of fluctuation. As with many other cities, budgeting for one-time infrastructure improvements and the 2012 statewide dissolution of redevelopment agencies have created wide year-to-year variations. Municipal reserves, primarily those in the Water and Sewer Enterprise and Street Funds, cover the difference between annual revenues and expenditures to fund major multi-year public works. This allows for long-range infrastructure planning.

Total Expenditures and Revenues

Table 3 outlines budgeted expenditures for the most recent three years for the City's major funds. The table illustrates the wide range of urban services provided by the City. Within the overall budget revenues generally match expenditures, although shortfalls in revenues within a fiscal year can be replaced from reserves as needed. Surpluses in revenues can be added to reserves.

While the budget illustrates the City's planned expenditures, revenue and project-scheduling constraints can limit actual expenditures. Of the three years listed in Table 3, audited expenditures are only available for Fiscal Year 2012-2013. Of that year's \$10.7 million budget, the City only expended \$9.3 million, or 87% of the budgeted amount.

Table 3 City of Gonzales: Total Budgeted Expenditures Fiscal Year 2012-13 through 2014-15				
	FY 2012-2013 Adopted Budget	FY 2013-2014 Adopted Budget	FY 2014-2015 Adopted Budget	Percent of Total (FY 2014-2015)
General Fund	\$ 3,462,937	\$ 3,615,255	\$ 3,569,828	25.6%
Water Fund	\$ 1,961,454	\$ 3,705,858	\$ 2,621,922	18.8%
Public Safety Fund	\$ 556,053	\$ 561,883	\$ 510,340	3.7%
Garbage	\$ 957,336	\$ 1,057,816	\$ 1,107,620	7.9%
Community Development & Recreation	\$ 524,903	\$ 630,183	\$ 643,246	4.6%
Impact Funds	\$ 582,578	\$ 1,318,561	\$ 885,894	6.4%
Special Assessment Districts	\$ 498,442	\$ 618,552	\$ 567,893	4.1%
Sewer Fund	\$ 864,683	\$ 1,442,259	\$ 1,508,403	10.8%
Streets & Transportation	\$ 410,220	\$ 657,520	\$ 884,267	6.3%
Successor Agency	\$ 902,727	\$ 1,293,293	\$ 1,315,184	9.4%
Solar Project & Infrastructure Fund	\$ 35,000	\$ 304,365	\$ 332,311	2.4%
TOTAL (budgeted)	\$ 10,756,333	\$ 15,205,545	\$ 13,946,908	100.0%

General Fund Revenues

Funding requirements strictly limit the uses of most City revenue. The General Fund budget contains funding for most routine municipal services and is the primary source of discretionary funds available to a City Council. Table 4 illustrates the General Fund's anticipated revenue sources for the most recent three years. In Fiscal Year 2014-2015, revenues are higher than normal due to the anticipated sale of surplus City real estate for \$1.4 million, which is almost 29% of all anticipated General Fund revenues. The next largest revenue sources are Other Taxes and Salinas Valley Solid Waste Authority Fee⁴ (14%), "Sales, Use Tax, and Triple Flip"⁴ (14%), Motor Vehicle In-Lieu / Vehicle License Fee Adjustment" (13%) and Property Taxes (10%). Revenues not needed to cover Fiscal Year 2014-2015 expenditures will expand the end-of-year fund balance and function as reserves.

	FY 2012-2013 Adopted Budget	FY 2013-2014 Adopted Budget	FY 2014-2015 Adopted Budget	Percent of Total (FY 2014-2015)
Transfers In	\$256,400	\$311,400	\$307,400	25.6%
Property Taxes	\$399,500	\$414,500	\$503,000	18.8%
Sales, Use Tax, Triple Flip	\$613,000	\$653,000	\$680,000	3.7%
Building Requirements	\$105,855	\$44,360	\$44,300	7.9%
Motor Vehicle In- Lieu/ VLF Adjustment	\$590,000	\$592,950	\$610,083	4.6%
Other Taxes and SVSWA Fee	\$481,900	\$477,000	\$692,400	6.4%
Use of Money & Property	\$97,000	\$97,000	\$1,397,000	4.1%
Police Department	\$89,850	\$179,850	\$156,550	10.8%
Fire Department	\$226,000	\$226,000	\$226,000	
Other Revenue	\$445,532	\$400,763	\$91,500	
Planning Department	\$14,200	\$27,970	\$22,200	6.3%
Recreation Services	\$130,500	\$177,262	\$130,000	9.4%
Intergovernmental, Public Works, Fines and Penalties	\$13,200	\$13,200	\$11,200	2.4%
TOTAL	\$3,462,937	\$3,615,255	\$4,871,633	100.0%

Source: City and Successor Agency Recommended Budgets, Fiscal Years 2012-2013 through 2014-2015

⁴ California voters and the legislature have approved measures which redirect a portion of the sales tax from cities to the State and have replaced this amount by redirecting an equal amount of property tax back to cities. This is referred to as the "triple flip."

General Fund Expenditures

Table 5 illustrates budgeted General Fund Expenditures over the most recent three years. The City has adopted a Fiscal Year 2014-2015 budget for General Fund expenditures of \$3,569,828. Consistent with the practice of many local jurisdictions, over 50% of these general funds were allocated for the City's Police Department. The next largest expense category, representing 10.3% of general fund expenditures is a \$367,819 debt payment for the 2011 Lease Revenue Bond loan to the Gonzales Redevelopment Agency to refinance the 2006 RDA Tax Anticipation Note. The City is working with the California Department of Finance to allow this cost as a valid obligation of the Redevelopment Agency's Successor Agency rather than the City's General Fund. If allowed, this shift would provide for potential allocation of this dollar amount to other General Fund expenditures or to reserves.

Table 5 City of Gonzales: Budgeted General Fund Expenditures by Department Fiscal Year 2012-13 through 2014-15				
	FY 2012-2013 Adopted Budget	FY 2013-2014 Adopted Budget	FY 2014-2015 Adopted Budget	Percent of Total (FY 2014-2015)
Police	\$1,715,275	\$1,809,356	\$ 1,824,292	51.1%
Public Works	\$54,570	\$65,945	\$66,764	1.9%
City Manager/Finance	\$267,530	\$289,930	\$285,691	8.0%
Fire	\$214,639	\$216,756	\$225,930	6.3%
General Gov. Bldgs. & Non- Departmental	\$168,264	\$169,081	\$163,600	4.6%
Planning	\$185,733	\$183,232	\$184,720	5.2%
City Attorney	\$15,000	\$35,000	\$45,000	1.3%
Parks, Recreation & Aquatics	\$285,723	\$299,762	\$331,109	9.3%
City Council	\$37,545	\$41,195	\$40,200	1.1%
Debt Service	\$385,819	\$385,819	\$367,819	10.3%
Building / Fire Marshall	\$132,839	\$99,179	\$34,703	1.0%
Contingency	-----	\$20,000	-----	-----
TOTAL	\$3,462,937	\$3,615,255	\$3,569,828	100.0%

Source: City and Successor Agency Recommended Budgets, Fiscal Years 2012-2013 through 2014-2015

City Assets

The Basic Financial Statements for the year ending June 30, 2013 list \$62.0 million as the City's total assets and \$10.5 million as its total liabilities. Gonzales, therefore, has a "total net position" of \$51.4 million. This total net position has increased by \$7.3 million since 2010. As mentioned in the City's audit, the long-term "increases and decreases in net position may serve as a useful indicator of any improvements or deteriorations in the City's financial position." The largest portion of the City's net assets in 2013, \$37 million, reflects the City's investment in capital assets: infrastructure, land, buildings and other improvements, vehicles, and equipment.

The City's most unrestricted and liquid asset is the fund balance of the General Fund. The City's audit

states that “from an administrative standpoint, it has been the goal to maintain the fund balance [of the General Fund] at a minimum of \$1 million.” While the audit states that the General Fund balance has averaged \$994,370 since fiscal year 2009, it also states that this fund balance has decreased each of these years. As of June 30, 2013, the audit listed the General Fund balance at \$252,411, which does not include an allowance for receivables owed the City by the Successor Agency of the City Redevelopment Agency. If this adjustment is allowed, the City’s accountant estimates that the fund balance of the General Fund is between \$800,000 and \$900,000. The City is in discussions with the State to approve the allowance as an enforceable obligation of the Successor Agency. The City’s accountant estimates little change in the fund balance from June 2013 to June 2014.

FUTURE OPPORTUNITIES AND CHALLENGES

The City has shown resourcefulness in providing services. The City has worked closely with neighboring cities to combat crime and is forging relationships with these cities to improve service and reduce costs. The City has also initiated the progressive “Gonzales Grows Green” program which aims to make the City a leader in green technology and reducing carbon emissions. The City’s resourcefulness will likely continue to be a resource in resolving future challenges.

The City’s location - in the heart of prime agricultural land and just 17 miles south of Salinas - positions it to take advantage of the regions strong agricultural economy. The City plans to use this advantage to attract business and to generate jobs for its growing population.

At the same time, like many California municipalities, the City struggles with a shortage of revenues to meet needs. The dissolution of the City’s Redevelopment Agency has left the City with fiscal obligations that were previously paid through redevelopment revenues. The City, and other cities throughout the State are seeking a legal and/or political solution to this problem.

The future growth and development of the City will require significant expenditures to plan, construct, and maintain the needed infrastructure. Among the major issues the City will face are:

- Water: Will There Be Enough Water to Support the Projected Urban Growth?

The Environmental Impact Report for the Gonzales General Plan found that anticipated development “could contribute to the further decline of the groundwater basin in coastal areas as a result of seawater intrusion.”⁵ This impact was found to be “less than significant” due to the corresponding decrease in agricultural water use and policies and implementing actions in the General Plan, which lessen the impact. Specifically, General Plan Policy FS 2.1 requires the City to meet the water supply needs of new development without increasing the net capacity of existing groundwater wells that exist in the planning area. General Plan Implementing Action FS-2.1.1 states that the City shall “permit new development only when public water can be supplied and delivered without threatening water supply or water quality in the rest of Gonzales.”

LAFCO will require documentation of compliance with the General plan policies and implementing actions, and with requirements of the CKH Act and LAFCO’s locally adopted policies, when areas within the proposed Sphere of Influence amendment are proposed for annexation in the future. Future annexation proposal will also be subject to site-specific, project-level environmental review and mitigation requirements.

- Wastewater: Will Adequate Investment be Available to Make Needed Improvements?

In 2001, the City adopted a Wastewater System Master Plan. Phase 1 of this plan will accommodate a population of 13,000. The cost of improving the City’s treatment plant to serve

⁵ General Plan EIR, page 4-211.

the expected 2010 General Plan build-out population is estimated at \$25 to \$30 million, not including the infrastructure needed to pump sewage to the plant. An implementation plan for these system enhancements will be required as part of the necessary project-level CEQA clearances and Plans for Providing Services for future annexation proposals.

- **Transportation: Can Highway 101 and Local Arterials Handle the Traffic Created?**

Congestion along Highway 101 can be challenging today, especially relating to the interface between agricultural truck traffic and general traffic. A four-fold increase in Gonzales' population and increased levels of commercial/industrial activity will put additional stress on the highway, interchanges, and feeder arterials. The City is planning for the needed improvements to the highway and street infrastructure to enhance safety, quality of life and service levels. The City has also redirected most truck traffic off City streets to improve traffic flow and public safety.

MUNICIPAL SERVICE REVIEW DETERMINATIONS⁶

1. Growth and Population Projections for the Affected Area

The City of Gonzales has experienced significant growth since 1980, although this growth slowed significantly following the 2008 recession. The City's existing population is approximately 8,400. Buildout of the 1996 General Plan would have provided for a total of 12,000 residents on 1,200 acres. The Gonzales 2010 General Plan provided for a potential total City population of 36,000 residents on around 3,600 acres. In accordance with the City-County MOA discussed above, the proposed Sphere of Influence expansion provides for slightly less growth acreage than anticipated in the City's 2010 General Plan. However, the amount of proposed residential acreage, and thus population growth potential, is unaffected by the MOA.

The Association of Monterey Bay Area Governments projects a City population of 19,333 by the year 2035. The proposed Sphere expansion acreage is anticipated to provide adequate capacity, within its 20-year outlook, for the projected amount of residential and non-residential growth in Gonzales.

2. The Location and Characteristics of Any Disadvantaged Unincorporated Communities ("DUCs") Within or Contiguous to the Sphere of Influence

State law defines a DUC as a community with an annual median household income of less than 80 percent of the statewide annual median household income. Staff has reviewed the most recent annual median household income data at the Census Block Group level (the smallest Census data unit available), to identify areas within three miles of the City and its Sphere of Influence proposal that might meet this definition. The review identified two areas as meeting the definition of a DUC:

- Census Tract 108.04, Block Group 1, includes a northern portion of the City and an adjacent agricultural area that is outside the City Limits and Sphere of Influence. There are no developed, or developable, unincorporated parcels in this block group that would benefit from being included the City's Sphere of Influence proposal.
- Census Tract 109.00, Block Group 1, is a portion of the City of Soledad that includes the Salinas Valley State Prison and the Correctional Training Facility. Neither area is appropriate for inclusion in the City's proposed Sphere expansion.

The only developed area in the proposed Sphere expansion is an existing, inhabited farmworker

⁶ Sphere of Influence determinations required per Government Code section 56430.

housing development located on South Alta Street, approximately 400 feet south of Gonzales River Road (APN 020-031-002, approximately 2.3 acres). This parcel does not currently meet the strict definition of a DUC, in that the most recently reported annual median household income for the overall Census Block Group that includes this parcel was more than 80% of the statewide median. However, this farmworker housing development parcel is being included in the City's Sphere of Influence expansion proposal, in keeping with the spirit of State law requirements and good public policy. Inclusion of this parcel in the Sphere proposal is also consistent with LAFCO policies, in that future annexations of lands around the site could create an inefficient unincorporated County "island" if the farmworker housing parcel were to be excluded from the proposal.

LAFCO staff has received informal communication regarding ongoing issues related to the site's (well-based) drinking water quality and septic system performance. These issues are being managed, but would likely be more appropriately addressed, in the longer term, either by connection to municipal water and wastewater systems or by relocating the housing development to a better-served site. City staff has indicated that the City and the County have been in discussions for several years regarding potential relocation of the farmworker housing units, but lack of funding has been the main limitation.

No annexations are currently proposed in the area, the City has identified no plans to annex the housing site, and no other changes are currently proposed to the site's existing use or status. However, its inclusion in the Sphere proposal indicates that the site is likely appropriate for annexation within the Sphere's approximately 20-year time horizon. In addition, should the Commission approve the proposed Sphere expansion, and should other adjoining parcels be proposed for annexation in the future, then existing State law requirements (e.g., Government Code Section 56375) may *require* annexation of the housing site, if the housing site remains inhabited and if an updated analysis at that time determines that the site meets the definition of a DUC.⁷

3. Present and Planned Capacity of Public Facilities, Adequacy of Public Services, and Infrastructure Needs and Deficiencies (Including Needs or Deficiencies Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection in Any Disadvantaged Unincorporated Communities Within, or Contiguous to, the Sphere of Influence).

The City of Gonzales provides a wide array of services within its boundaries as outlined in this Study. Applications for future annexations to the City, as annexations are proposed over time, will require that revenue sources will be identified to allow for the expansion of services.

4. Financial Ability of Agency to Provide Services

The City has established itself as a capable provider of municipal services. The Finances section of this Study outlines the City's current financial conditions and outlook.

5. Status of, and Opportunities for, Shared Facilities

The City works closely with the three other South Salinas Valley cities: Soledad, Greenfield and King City. The City also has a close working relationship with the Gonzales Unified School District. These relationships are reviewed in the "Governance / Transparency and Accountability / Shared Services" section of this Study.

⁷ As of 2011, passage of Senate Bill 244, which is now codified as Section 56375 of the CKH Act, requires LAFCOs to deny any application to annex to a city territory that is contiguous to a DUC, unless a second application is submitted to annex the DUC as well.

6. Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies

The City of Gonzales is a full service General Law City. The City Council is composed of a Mayor and four Council Members who are elected at-large. The City maintains an informative web page to inform its residents. The City operates efficiently as outlined above in the Service Review.

7. Any Other Matter Related to Effective or Efficient Service Delivery, As Required by Commission Policy

LAFCO has reviewed its local policies and there are no other pertinent matters.

SPHERE OF INFLUENCE DETERMINATIONS⁸

Based on the information and analysis in this Study, leading to the recommended determinations in this section, the Study provides support for the proposed Sphere of Influence expansion of the City of Gonzales.

1. The Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands

Present and planned land uses, particularly within the City's proposed Sphere of Influence expansion, are discussed and evaluated in the City's adopted 2010 General Plan, the General Plan's certified Final Environmental Impact Report (EIR) and 2014 EIR Addendum, and in the approved 2014 City-County MOA for orderly planning, growth, and development based on the City's General Plan and EIR. The MOA's fundamental objective is to balance the preservation of open space and prime agricultural lands with the need for orderly City growth. The MOA provides for permanent agricultural edges to be provided along the City's north, south, and west edges, growing the City toward the foothills and protecting the highest-quality agricultural lands in lower-lying areas. The MOA provides for a clear, logical urban boundary on the City's southern edge by amending its General Plan to remove previously planned urban land use designations south of Gloria Road. The MOA commits the City to establish a comprehensive mitigation program for the loss of agricultural lands within the City's urban growth area. On balance, the City's Sphere of Influence proposal, including impacts to, and preservation of, agricultural lands is reasonable within the comprehensive context of the City-County MOA.

2. The Present and Probable Need for Public Facilities and Services in the Area

As outlined in this Study, areas within the proposed Sphere of Influence expansion are primarily agricultural lands that will only need urban services as they are incrementally annexed to the City and developed, subject to LAFCO approval. The City will be obligated to provide new and services, and enhancements to existing services, as future annexations occur. The necessary improvements will be guided by the City's adopted 2010 General Plan and certified Final EIR, the City's future preparation of Specific Plans as areas are proposed for development, and by conformance to LAFCO policies requiring a comprehensive Plan for Providing Services at the time of each future annexation proposal.

3. The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

The present capacity of public facilities and services within the City of Gonzales adequately meets the needs of City residents. The City will undertake an expansion of these facilities and services, as needed, including a planned expansion of the City's wastewater treatment plant, when individual subareas are proposed for annexation (subject to LAFCO approval) and development. As noted in #2, above, identification and implementation of the necessary future public improvements will occur through several mechanisms. These include, but are not limited to, the City's previously adopted 2010

⁸ Sphere of Influence determinations required per Government Code section 56425(e).

General Plan and certified Final EIR, the City's future preparation of Specific Plans, and by LAFCO policies requiring a comprehensive Plan for Providing Services at the annexation stage.

4. The Existence of Any Social or Economic Communities of Interest in the Area, If the Commission Determines That They Are Relevant to the Agency

The only social or economic community of interest in the area that may be relevant to the Agency or to the proposed Sphere of Influence expansion is the farmworker housing that is proposed for inclusion in the City's Sphere of Influence. This one-parcel development is located on South Alta Street, approximately 400 feet south of Gonzales River Road. The housing site's current status and needs are discussed in Municipal Review Determination #2, above.

5. The Present and Probable Need for Sewers, Municipal and Industrial Water, and Structural Fire Protection of Any Disadvantaged Unincorporated Communities within the Existing Sphere of Influence.

As outlined within the Municipal Service Review Determinations, above, there are no potential Disadvantaged Unincorporated Communities within the City's existing Sphere of Influence. The current status and needs of a potential DUC in the proposed Sphere expansion (the existing farmworker housing development on South Alta Street) are discussed in Municipal Review Determination #2, above.

SOURCES AND ACKNOWLEDGEMENTS

The information in this Municipal Service Review and Sphere of Influence Update was primarily developed in coordination with staff from the City of Gonzales. City staff met to discuss services and boundaries, answered our questions, and provided audits, budgets, City agenda packets and other documents. LAFCO received most of the information in this report through the verbal and written information provided by the City.

While LAFCO has used a large number of written resources in the preparation of the Service Review, the following have been key:

- a. City of Gonzales, Annual Reports, 2010 through 2013
- b. Gonzales 2010 General Plan, Adopted by Gonzales City Council, January 18, 2011;
- c. Gonzales 2010 General Plan, Environmental Impact Report, City of Gonzales, July 2010 (prepared for the City by Coast Plans)
- d. City of Gonzales, Basic Financial Statements, Years Ended June 30, 2012 and 2013;
- e. City and Successor Agency Budget, Fiscal Years 2010-11 through 2014-2015, and
- f. City/County Memorandum of Agreement for Orderly Planning, April 2014.

These City documents, and others, can be found on the City website: www.ci.gonzales.ca.us/documents.php

APPENDIX I: CITY - COUNTY MEMORANDUM OF AGREEMENT (SUMMARY)

This table, prepared by City staff, provides a summary of the content of the City and County MOA. The Table also presents a summary of the agreement between the parties regarding each of the nine (9) planning, growth and development issues discussed by the parties during the negotiation of the MOA.

SECTION 1. LOGICAL & ORDERLY DEVELOPMENT	
CITY	COUNTY
<p>The adoption of the City’s General Plan establishes a long range development plan for the City that identifies the “ultimate” City area that will enable the City to plan for efficient provision of public facilities and the delivery of services, provide clarity for property owners about the direction of future development and its extent, and direct development away from the best agricultural land.</p>	<p>The County recognizes that a commitment to City-Centered Growth principles implies long-term reliance on the City to accommodate housing and other urban needs, and relies on the City to be able to designate adequate land for its needs while developing in a logical, compact and orderly manner.</p>
SECTION 2. DIRECTION OF FUTURE DEVELOPMENT	
CITY	COUNTY
<p>The City’s proposed Sphere is embodied by the General Plan “New Urban Growth Boundary”, which is the area to be developed in the long term. The City’s General Plan includes provisions for compact and sustainable growth patterns, establishing permanent urban edges, demonstrates a commitment for agricultural buffers, and mitigation of converted agricultural land.</p>	<p>The County will work with the City to manage growth, consult with the City on development projects in the nearby unincorporated area, and preserve agricultural land to maintain physical separation between Gonzales and Soledad (and the prison) to the south and Chualar to the north.</p>
SECTION 3. SPECIFIC PLANNING ACTIONS	
CITY	COUNTY
<p>The City agrees to amend its General Plan to remove all Commercial, Industrial and Industrial (Urban Reserve) land use designations south of Gloria Road and outside of the proposed Sphere of Influence, as designated on the Effective Date of this Agreement and replace those designations with an Agricultural designation and the designation of Permanent Agricultural Edge.</p> <p>The City agrees to coordinate with the County and plan the arterial roadways along Associated Lane, Iverson Road and Gloria Road in a manner that supports the free-flow of both automobile and truck traffic, utilizing method(s) determined by a traffic engineer to be practical, including but not limited to: utilizing the existing County road as a frontage road/by-pass road, roundabouts, directional barriers or medians, trap lanes and right-turn-in and right-turn-out intersections.</p>	<p>The Parties agree that the removal of job-generating land uses south of Gloria Road weakens the housing and jobs relationship provided in the City’s General Plan, and that the relationship that currently exists in the City’s General Plan should be maintained. Therefore, in exchange for the removal of the job-generating land uses south of Gloria Road, the County agrees to allow the City to pursue the designation of Assessor Parcel number (s) 223-021-001, 020-031-003, 020-031-004 as Industrial with the designation of Permanent Agricultural Edge along the outside of the southern and western boundary to prevent future extension of urban land uses.</p>
SECTION 4. DEVELOPMENT PHASING AND ANNEXATIONS	
CITY	COUNTY
<p>The City’s adopted 2010 General Plan focuses future urban development to the east of Highway 101 and provides for the phasing of development through the use of Specific Plans.</p> <p>The Specific Plans will promote self-contained neighborhoods that are no smaller than 125 acres and no larger than 400 acres. Accordingly, the timing of annexation applications submitted for consideration by LAFCO will be based upon the approval by the City of a Specific Plan, which includes a phasing plan, a plan for services and public facilities and financing plans that demonstrate compliance with LAFCO Standards.</p>	<p>The City shall refer proposals for the preparation of a Specific Plan within the UGB/SOI to the County Resource Management Agency (RMA) - Planning Department for informal review and comment regarding the potential impacts of the proposed project upon the adjacent unincorporated area and associated County facilities. Environmental documents associated with the Specific Plan process shall be referred to the County RMA - Planning Department for formal review and comment.</p>

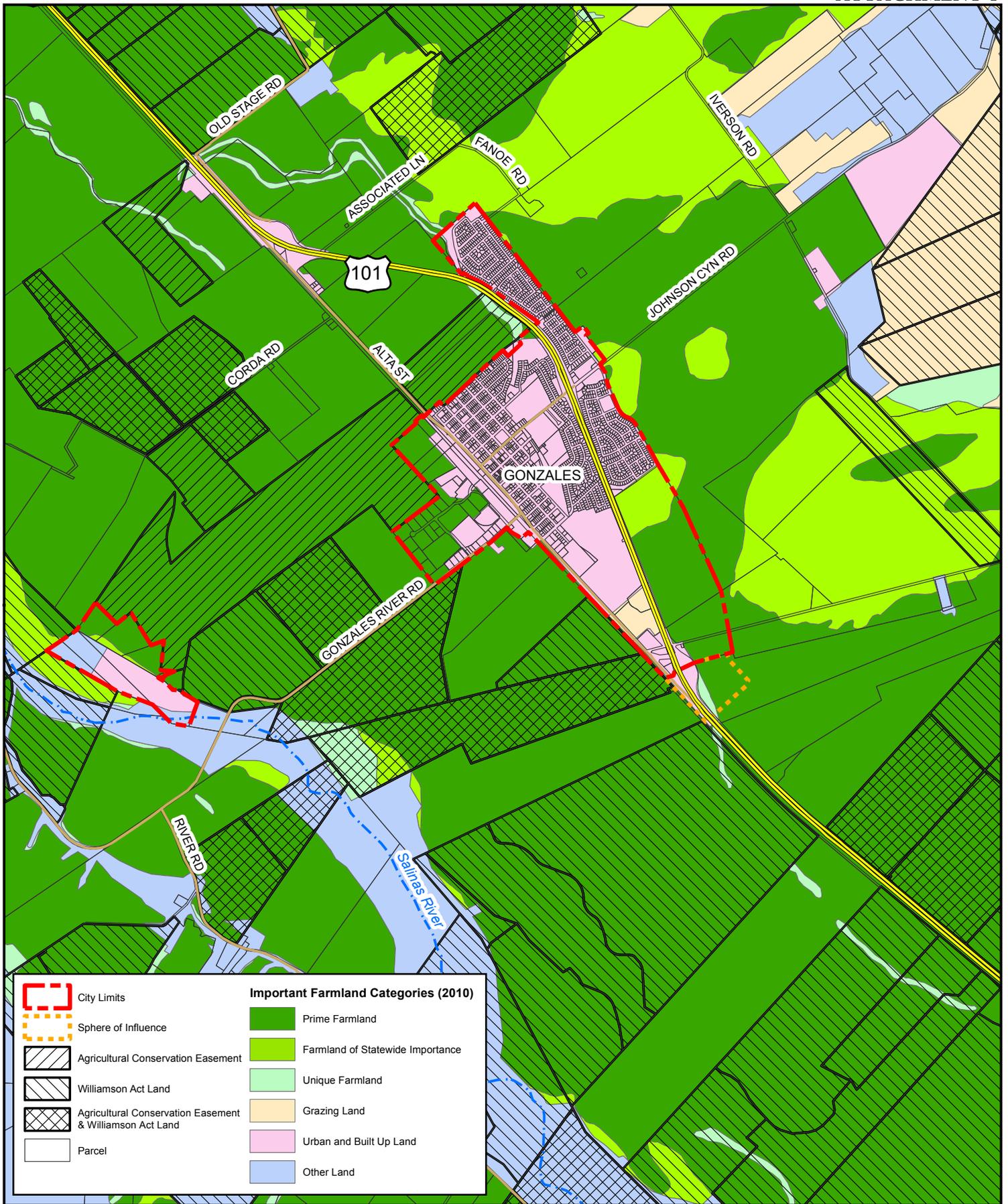
SECTION 5. AGRICULTURAL LAND COMPATIBILITY	
CITY	COUNTY
<p>The City commits to keep agricultural land, within its growth boundaries, in production as long as possible, focus long term growth to the east, ensure that adjacent land uses are compatible with agricultural land, and work with the County to separate agricultural truck traffic from local traffic.</p>	<p>The County is taking the lead in drafting a County-wide Agricultural Land Mitigation Program that address the loss of agricultural land due to the development and conversion of land to urban uses. The County is also taking the lead in drafting a County-wide Agricultural Buffer Program to ensure compatibility of urban land uses with agricultural land uses in the unincorporated area.</p>
SECTION 6. AGRICULTURAL LAND CONSERVATION PROGRAM	
CITY	COUNTY
<p>Both parties intend to preserve agricultural land around the City to ensure viability of the agricultural economy. The parties agree to explore the utilization of permanent agricultural easements as a tool to assist in that goal. Within the Section, the City presents its program to mitigate loss of valuable agricultural land and provides guidance on how and when the program will be implemented.</p>	<p>The County agrees to the cessation of the City's Agricultural Land Conservation Program if permanent agricultural easements are established on the City's North, West and South boundaries.</p>
SECTION 7. TRAFFIC MITIGATION FEES	
CITY	COUNTY
<p>The City agrees to consider adoption of the County's impact fee program, as may be amended from time to time, to fund improvements to County roads listed in the program. Until the Impact Fee is established, the City agrees to ensure that any new development project in the incorporated area, pursuant to the City's General Plan, that causes traffic impacts on local roads in the nearby unincorporated area, will pay its pro rata fair share to the County as mitigation for impacts on County roads.</p>	<p>The County agrees to prepare and consider a Traffic Impact Fee that would include a Greater Gonzales Area Zone within 18 months of the effective date of the adoption of the Sphere of Influence by LAFCO.</p> <p>The County agrees that for any development within the City's Planning Area Boundary as shown on the City's Land Use Diagram, the County will consult with the City to determine if there are traffic impacts to the City. In the event that there are traffic impacts to the City, the County will require the development to pay its pro rata fair share to the City as mitigation of impacts on City roads.</p>
SECTION 8. TAX SHARING	
CITY	COUNTY
<p>The City agrees, to the extent allowed by law that all local taxes, for any annexation that is not consistent with the MOA, shall not accrue to the benefit of the County.</p>	<p>The County agrees to discuss with the City the existing Master Tax Sharing Agreement prior to any annexation, except all land within the Sphere of Influence that exists today.</p>
SECTION 9. ENVIRONMENTAL REVIEW, PUBLIC HEARING & DECISION-MAKING	
CITY	COUNTY
<p>The parties recognize the need for California Environmental Quality Act review, public hearings, and public outreach prior to any binding decisions. It recognizes that the MOA is a document that states tentative policy commitments until all legal steps have been completed.</p>	<p>See description within the City column.</p>

The full text of the MOA, and related staff reports, are available on line at:

- <https://monterey.legistar.com/LegislationDetail.aspx?ID=1685470&GUID=E99FB929-1EE6-4BC3-8595-B254723022DA> (County of Monterey)
- <http://www.ci.gonzales.ca.us/cms-assets/documents/159812-55368.04-07-14-cc-agenda-packet.pdf> (City of Gonzales)

ATTACHMENT 4

Map of Gonzales Area Farmland
and
Agricultural Resources

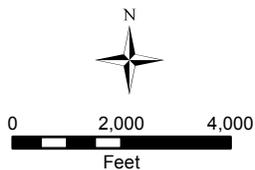


	City Limits		Prime Farmland
	Sphere of Influence		Farmland of Statewide Importance
	Agricultural Conservation Easement		Unique Farmland
	Williamson Act Land		Grazing Land
	Agricultural Conservation Easement & Williamson Act Land		Urban and Built Up Land
	Parcel		Other Land

LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
 Salinas, CA 93902
 Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
 Salinas, CA 93901
 FAX (831) 754-5831



Farmland & Agricultural Resources

GONZALES AREA

Map Prepared: September 2011

ATTACHMENT 5

City of Gonzales and County of Monterey
Memorandum of Agreement

**MEMORANDUM OF AGREEMENT BETWEEN
THE CITY OF GONZALES AND THE COUNTY OF MONTEREY REGARDING
WORKING COOPERATIVELY ON COMMON PLANNING, GROWTH AND
DEVELOPMENT ISSUES IN ORDER TO BE AS EFFECTIVE AS POSSIBLE IN THE
IMPLEMENTATION OF THEIR RESPECTIVE GENERAL PLANS**

This Memorandum of Agreement, hereinafter referred to as (“Agreement”), is entered into on this 7th day of April 2014 (the “Effective Date”) by and between the City of Gonzales, a Municipal Corporation hereinafter referred to as (“City”), and County of Monterey, a political subdivision of the State of California, hereinafter referred to as (“County”), and together hereinafter referred to as “the Parties”.

RECITALS

WHEREAS, the Parties declare that it is in their mutual interest to work cooperatively on issues of planning, growth, and development in order to provide more certainty regarding the future direction, extent, and conditions of urban development, to reduce unnecessary conflicts and to reduce costs for future development including affordable housing, to provide for the long term protection of valuable agricultural lands, and to be as effective as possible in the implementation of their respective General Plans; and

WHEREAS, as an expression of the intent to work cooperatively on common issues pertaining to planning, growth and development, the Parties have prepared this Memorandum of Agreement (“Agreement”), which serves to fulfill the requirements of California Government Code Section 56425(b), as an Agreement by and between the Parties regarding the expansion of the boundaries of the City’s Sphere of Influence, and the establishment of planning principles by both Parties to promote logical and orderly development for purposes of the City’s application to the Monterey County Local Agency Formation Commission (LAFCO) to update its Sphere of Influence; and

WHEREAS, the Parties recognize, pursuant to California Government Code Section 56425(c) that this Agreement itself does not commit the Parties to any particular form or pattern of development, but rather, if LAFCO’s final determination is consistent with this Agreement, then the Agreement would need to be considered for approval by both the City and County after noticed public hearing. Once the Agreement has been adopted by the Parties and their respective general plans reflect the Agreement, then any development approved by the County within the adopted sphere shall be consistent with the terms of the Agreement; and

WHEREAS, this Agreement is not subject to environmental review under the California Environmental Quality Act (CEQA) because numerous actions must be taken pursuant to State and local laws and regulations before such policies can be implemented. Such actions include, in some instances, the need to complete financial nexus studies, comply with the California Environmental Quality Act (CEQA), the need to hold public hearings and/or otherwise seek public input before reaching binding decisions, and the need to obtain approvals from other agencies such as the Local Agency Formation Commission of Monterey County (LAFCO). For all such provisions, the MOA shall be understood to constitute tentative policy commitments that can only become fully binding after all such legal prerequisites have been satisfied; and

WHEREAS, the Parties recognize and understand that individually each has its own growth plans, priorities and approaches; however, it is of mutual benefit to enter into this Agreement to acknowledge their cooperation in a variety of key policy areas.

NOW THEREFORE BE IT RESOLVED, that the Parties find that establishment of this Agreement is an effective and beneficial means of reaching basic agreement regarding future planning, growth and development issues in and around the City of Gonzales.

BE IT FURTHER RESOLVED that the Parties declare and agree as follows:

Section 1. Logical & Orderly Development.

1.1 The City has adopted the 2010 Gonzales General Plan, which establishes a long range development plan for the City that identifies the “ultimate” City area that will enable the City to plan for efficient provision of public facilities and the delivery of services, provide clarity for property owners about the direction of future development and its extent, and direct development away from the best agricultural land.

1.2 The County recognizes that the City’s long-range plan serves the mutual goal of conserving agricultural lands, by limiting urban development and its impacts on agricultural operations to a defined area. The City General Plan provides certainty for farmers and ranchers outside of the growth area that they can invest in and continue farming on a secure basis, without future pressure to convert their lands for urban development.

1.3 The County desires to implement its policies regarding City-Centered Growth (General Plan Policies LU – 2.14 through LU – 2.19) as discussed in the adopted 2010 County General Plan, and reinforced by City General Plan Policy LU-1.4. The County recognizes that a

commitment to City-Centered Growth principles implies long-term reliance on the City to accommodate housing and other urban needs, and relies on the City to be able to designate adequate land for its needs while developing in a logical, compact and orderly manner.

Section 2. Direction of Future Development.

2.1 The City agrees as follows:

a) To limit future long-term development within the area shown on Exhibit ‘A’ and designated as “Urban Growth Boundary / Proposed Sphere of Influence” (the “UGB/SOI”). The purpose of the UGB/SOI is to bound and enclose the land intended for development within the time horizon of the City’s General Plan.

b) To manage development of land within the UGB/SOI utilizing the best available “sustainable” practices. The intent of the City is supported by City’s General Plan Policy SUS-1.2 and Implementation Action SUS-1.2.1, which read as follows:

“Policy SUS-1.2 Sustainable Land Use Patterns

Encourage sustainable and efficient land use patterns that promote walkability, reduce vehicular trips, and preserve open space and long-term agricultural lands.

Implementing Action SUS-1.2.1 – Implement Neighborhood Design Guidelines. Utilize the Neighborhood Design Guidelines, Specific Plans, and other General Plan implementation programs as appropriate to establish and maintain sustainable land use patterns.”

c) To encourage proposals for infill development on vacant or underutilized sites within the existing City limits west of Highway 101 whenever possible, to avoid urban sprawl and postpone the conversion of agricultural land to urban uses.

d) To require Specific Plans to include residential densities that ensure a compact urban form that helps protect agricultural land from premature conversion.

e) To establish a permanent agricultural edge for the purpose of maintaining a clearly defined north and south boundary between the urbanized incorporated areas of City and the agricultural areas within the unincorporated County as shown on Exhibit ‘A’ and identified as “Permanent Agricultural Edge”. City’s General Plan Implementing Action COS-4.2.1 requires new development projects to contribute to the cost of purchasing permanent agricultural easements beyond the permanent urban edges.

f) To utilize agricultural buffers within the UGB/SOI to address the compatibility between the development of urban land uses and existing or planned agricultural uses. The City’s

General Plan defines an agricultural buffer as typically 200 feet in width and includes other vegetation, walls, or other screening deemed necessary to ensure that property owners on both sides of the buffer may enjoy full and unencumbered use of their property for its designated use without experiencing significant deleterious effect from neighboring use.

g) To actively participate with the County, LAFCO and other cities within the Salinas Valley to develop a Valley-wide Agricultural Land Mitigation Program to address the loss of agricultural land due to development and conversion to urban uses.

h) To utilize permanent agricultural buffers along the UGB/SOI to ensure compatibility between the development of urban land uses and agricultural uses in the unincorporated area. The City agrees to actively participate with the County, LAFCO and other cities in the Salinas Valley to develop a Valley-wide Agricultural Buffer Program to ensure compatibility of urban land use with agricultural uses in the unincorporated area.

2.2 The County agrees as follows:

a) Consistent with County General Plan Policy LU – 2.14, mutually work with the City to support the City’s proposals to manage its growth and gradually develop within UGB/SOI of the City General Plan in accordance with the approval of future Specific Plans that are prepared to implement a logical, orderly development pattern that matches the City’s ability to provide urban services.

b) To consult with the City on development projects that are proposed within the City’s Planning Area Boundary as illustrated on the City’s Land Use Diagram (Exhibit ‘B’) as it exists on the Effective Date of this agreement. The intent of the County is supported by the County’s General Plan Policy LU – 2.19, which County intends to implement by 1) minimizing potentially competing development within the City’s Planning Area Boundary, 2) limiting approval of new agricultural-industrial or commercial projects and by directing such development to the City’s agricultural business parks and/or light industrial areas, and 3) referring any discretionary development proposals within the City’s Planning Area Boundary to the City for comment and, for larger projects, potential annexation.

c) To promote long-term conservation of commercial agriculture outside of the 2010 Gonzales General Plan UGB/SOI (Exhibit ‘A’) and “Urban Reserve Overlay” as shown on the City’s Land Use Diagram (Exhibit ‘B’), for the purposes of regional economic stability and to maintain physical separation from other communities in the area, including Soledad, the state prisons, and Chualar. The intent of the County is expressed in the County’s General Plan Policy LU – 2.17.

Section 3. Specific Planning Actions.

3.1 During the negotiation of this Agreement, the Parties identified and discussed three specific planning actions that the Parties intend to implement if the Sphere of Influence Amendment as proposed by the City is approved by LAFCO and if this Agreement is subsequently adopted following noticed public hearing, subject to all legal prerequisites as set forth in section 9.1 below. Each of those specific planning actions is described below.

a) Extent of UGB/SOI at Gloria Road. The City agrees to amend its General Plan to remove all Commercial, Industrial and Industrial (Urban Reserve) land use designations south of Gloria Road and outside of the proposed Sphere of Influence, as designated on the Effective Date of this Agreement and as shown in Exhibit A, and replace those designations with an Agricultural designation and the designation of Permanent Agricultural Edge. Areas designated Commercial and Industrial, which are located east of U.S. Highway 101 and south of Gloria Road and within the existing Sphere of Influence, as of the Effective Date of this Agreement, shall remain designated for Commercial and Industrial use.

b) Maintenance of a Positive Housing and Jobs Relationship. The Parties agree that the removal of job-generating land uses south of Gloria Road weakens the housing and jobs relationship provided in the City's General Plan, and that the relationship that currently exists in the City's General Plan should be maintained. Therefore, in exchange for the removal of the job-generating land uses south of Gloria Road, the County agrees to allow the City to pursue the designation of Assessor Parcel number (s) 223-021-001, 020-031-003, 020-031-004 as Industrial with the designation of Permanent Agricultural Edge along the outside of the southern and western boundary to prevent future extension of urban land uses.

By signing this Agreement, the City expresses its intent to not extend urban land uses to the south and west of the parcels referenced in the paragraph above. However, if the Permanent Agricultural Edge, as described in the paragraph above, should ever be proposed to be eliminated to allow the future extension of urban uses, the City shall discuss the matter with the Board of Supervisors prior to any City action; and the City shall require mitigation for the loss of prime agricultural land with an agricultural conservation easement at a ratio of 3:1, with the conservation easement deeded, at the sole discretion of the City, to a nonprofit public benefit corporation organized under Internal Revenue Code section 501(c)(3), or other appropriate legal entity, operating in Monterey County for the purpose of conserving and protecting land in agricultural production. Furthermore, should the Permanent Agricultural Edge be eliminated, the City agrees that, to the extent allowed by law, all local taxes collected from annexation of the property shall not accrue to the benefit of the City. To the extent allowed by law, local taxes collected from areas annexed by the City shall be distributed in a manner as if the annexed area was not part of the City.

c) Access Limitations to Gloria and Iverson Road & Associated Lane. The City agrees to coordinate with the County and plan the arterial roadways along Associated Lane, Iverson Road and Gloria Road in a manner that supports the free-flow of both automobile and truck traffic, utilizing method(s) determined by a traffic engineer to be practical, including but not limited to: utilizing the existing County road as a frontage road/by-pass road, roundabouts, directional barriers or medians, trap lanes and right-turn-in and right-turn-out intersections.

The language of this section is to be interpreted in a manner that most facilitates the movement of agricultural vehicles from agricultural fields to the highway, agricultural plants, or rail yards with little to no interference from City traffic.

Section 4. Development Phasing & Annexations.

4.1 The City's adopted 2010 General Plan focuses future urban development to the east of Highway 101 and provides for the phasing of development through the use of Specific Plans within the area shown on Exhibit 'A', which is designated as UGB/SOI. Goal LU-2 of the City's General Plan reads as follows:

"2. Specific Plans and Development Phasing

Goal LU-2: Orderly growth and development phasing through the use of Specific Plans."

Additionally, City's General Plan Policy LU-2.1 states that a Specific Plan shall be prepared for all development proposals within the Plan's new growth area (i.e., excepting territory currently in the City's existing Sphere of Influence). The Specific Plans will promote self-contained neighborhoods that are no smaller than 125 acres and no larger than 400 acres. Accordingly, the timing of annexation applications submitted for consideration by LAFCO will be based upon the approval by the City of a Specific Plan, which includes a phasing plan, a plan for services and public facilities and financing plans that demonstrate compliance with LAFCO Standards.

4.2 The City adopted procedures in September 2008, which address the form and content of any specific plan that is prepared for a development project within the City. The City's Specific Plan Procedures specifically address development phasing and sequence of improvements, as follows:

"D. PHASING/SEQUENCE OF IMPROVEMENTS

The phasing of private and public development within the Specific Plan area shall be described. The provisions for development phasing should ensure orderly and

well-planned development consistent with the policies of the 2010 Gonzales General Plan.

The phasing program shall include thresholds of residential or commercial development that cannot be exceeded until the construction of appropriate improvements has been initiated or that will be completed by a specific date. The phasing plan shall be consistent with City approved infrastructure studies. The phasing plan should contain a list of public improvements and supporting exhibits which must be built with the development of each phase so that the phased development is self-sustaining and independently viable. It should be noted that certain improvements may be needed beyond the phase boundaries to support the respective phase.

The phasing plan shall address the timing of construction of recreation facilities, public facilities (including infrastructure facilities) and other uses within the plan (including a phasing diagram). The phasing programs shall ensure that adequate supporting public services, retail, parks, schools and other uses are in place to support residential and commercial uses.”

4.3 The City shall refer proposals for the preparation of a Specific Plan within the UGB/SOI to the County Resource Management Agency (RMA) - Planning Department for informal review and comment regarding the potential impacts of the proposed project upon the adjacent unincorporated area and associated County facilities. Environmental documents associated with the Specific Plan process shall be referred to the County RMA - Planning Department for formal review and comment.

Section 5. Agricultural Land Compatibility.

5.1 The City agrees to maintain agriculture as the core of the local economy by conserving and protecting agricultural lands and operations within its Planning Area Boundary, and where agricultural land is planned for eventual urbanization, to work to keep such land in production up until the time when the land is converted to urban use.

5.2 The City agrees to emphasize agricultural land compatibility by implementing the following actions as described in the 2010 City General Plan, including:

“Implementing Action COS-4.1.1 – Grow Eastward. Focus future urban growth to the east of Highway 101 in order to keep the highest quality agricultural lands located west of the highway in production.

Implementing Action COS-4.1.2 – Agriculture as Interim Use. Encourage agriculture as an interim land use on undeveloped properties in the General Plan growth area designated for future urban uses.

Implementing Action COS-4.1.3 – Interim Mitigation. When preparing environmental reports for Specific Plans, require an assessment of potential adverse impacts on adjoining agricultural lands that lie within the growth area shown on the Land Use Diagram and require interim measures to mitigate the impacts that are identified.

Implementing Action COS-4.1.4 – Protect Agricultural Operations. Protect agricultural operations from interference from urban uses by:

(a) Using buffers or transitional uses (such as parking, roads, etc.) between permanent agricultural areas and residential development areas. The criteria to be used in the establishment of agricultural buffers include: 1) the type of non-agricultural use proposed, site conditions and anticipated agricultural practices; and 2) weather patterns, crop type, machinery and pesticide use, existence of topographical features, trees and shrubs, and possible development of landscape berms to separate the non-agricultural use from the existing agricultural use;

(b) Requiring that development is phased in a manner which prevents "islands" of urban uses surrounded on all sides by farming. All new development should be either contiguous to the existing city or located within a new neighborhood developed under a Specific Plan, which sets forth orderly development consistent with the approved Neighborhood Design Guidelines and Standards and Community Character policies; and

(c) For properties on the perimeter of the city limits, require Specific Plan features that minimize potential conflicts with permanent agricultural operations. Less sensitive uses such as agricultural support, agricultural packaging, agricultural warehousing, agricultural processing, parking, roads, storage, and landscaping—to the degree they are consistent with the Land Use Diagram—should be sited adjacent to the agricultural areas. Residential backyards should not directly abut areas planned for long-term agriculture without proper mitigation measures to limit potential nuisances.

Implementing Action COS-4.1.5 – Infill Development. Provide incentives to encourage infill development on vacant or underutilized sites within the existing city limits west of Highway 101 whenever possible, to avoid urban sprawl and postpone the conversion of agricultural land to urban uses.

Implementing Action COS-4.1.6 – Phased Development. Phase development in an orderly, contiguous manner to maintain a compact development pattern and avoid premature farmland conversion or interference with farm operations. New development should be either contiguous to the existing city or located within a new neighborhood developed under a Specific Plan, which sets forth orderly development consistent with the approved Neighborhood Design Guidelines and Standards and Community Character policies.”

5.3 The City agrees to implement policies that require the City to be consistent with the County of Monterey’s “Right-to-Farm” Ordinance and the policies with respect to farming rights and agricultural protection/compatibility found in the County General Plan, and consider revision of the City’s Zoning Ordinance to require the recordation of a Right-to-Farm Notice as a condition of discretionary approval for residential development (including lots approved as part of a new residential subdivision) within 200 feet of an established agricultural operation.

5.4 The City agrees to develop and implement a plan, in consultation with the County, to separate and re-route truck traffic, primarily associated with agricultural operations, from local traffic routes.

Section 6. Agricultural Land Conservation Program.

6.1 The City agrees to maintain agricultural open space around the City of Gonzales as a means of giving form and definition to the City. The County desires this protection to ensure preservation of the agricultural economy so critical to Monterey County, including its cities. To this end, the City agrees to permit urban development only within the areas designated for urban uses on the City’s General Plan Land Use Diagram and as described in this Memorandum of Agreement. Land immediately beyond this boundary should remain in agricultural use utilizing permanent agricultural easements as described below in City’s General Plan Implementing Action COS-4.2.1, other mitigation measures that may arise as a result of project-level CEQA review, or any other feasible methods determined by the City to be feasible to preserve agricultural lands and define the limits of urban expansion for the City.

“Implementing Action COS-4.2.1 – Agricultural Easements. Require new development to contribute to the cost of purchase of permanent agricultural easements beyond the permanent urban edges identified in the Land Use Diagram.”

6.2 Consistent with the City’s General Plan Implementing Action COS-4.3.3 - (Agricultural Impact Fund), the City agrees to establish an Agricultural Land Conservation Program. The Program includes securing the dedication of agricultural land easements, purchase of banked mitigation credits and/or levying a mitigation fee that could be used to purchase easements on lands outside of the City’s General Plan Urban Growth Boundary and Urban Reserve Overlay.

6.3 Notwithstanding participation by the City in any other adopted program, by adopting this Agreement, the City agrees to implement an Agricultural Land Conservation Program as follows:

6.3.1 To the extent as permitted by law, for the development of land within the City's UGB/SOI as shown on Exhibit 'A', which lands have been annexed to the City and are designated by the California Department of Conservation's Farmland Mapping and Monitoring Program as "Prime" or "of Statewide Importance", but excepting all lands within the area denoted as "Existing Sphere of Influence", the owner/developer/successor-in-interest shall select one or any combination of the following items:

a) provide the in-kind direct purchase/acquisition of an agricultural mitigation easement at a 1:1 ratio and dedicate the easement to an agricultural land trust or other qualifying entity; and/or

b) if available, purchase agricultural banked mitigation credits at a 1:1 ratio from a qualifying entity; and/or

c) pay an in-lieu mitigation fee, which amount shall be determined by the City prior to project approval. The amount of the fee should reasonably be expected to lead to the preservation of agricultural land. Said fee shall be kept by the City in a fund established specifically for agricultural land mitigation purposes; and/or

d) implement other innovative approaches as approved by the City that results in the preservation of agricultural land within areas targeted by the City.

6.3.2 The method for mitigating the loss of agricultural land shall be implemented at the discretion of City to coincide with the time of the recordation of a final subdivision map, except where a final map is clearly labeled as a "Large-lot Subdivision Map" and the map and associated agreement clearly specify that the creation of parcels (a) is for purposes of resale and not intended for development, or (b) does not include any entitlements which would permit development of the subject parcels without recordation of subsequent subdivisions maps or prior to the issuance of a grading permit. The City may consider receiving mitigation fees for individual projects in annual installment payments plus interest on the outstanding balance as long as the full amount is secured by a bond held by the City or other enforceable method of security, in the City's sole discretion.

6.3.3 The filing of a parcel map that does not result in the conversion of land zoned for agricultural purposes does not require dedication or payment of in-lieu fees.

6.3.4 It is the intent of the City to oversee, collect and manage any and all fees collected through the implementation of its Agricultural Land Conservation Program to ensure the use of the fees and the selected form of mitigation represents the best interest of the City, and that the

form of mitigation is the most effective in addressing the agricultural conservation goals and objectives of the City as expressed in the City General Plan. Such intent is subject to the requirements of the California Environmental Quality Act to provide actual mitigation and to report on utilized mitigation funds.

6.3.5 In establishing its Agricultural Land Conservation Program, it is the further intent of the City to establish a Committee, which is appointed by the City Council, to plan the use of mitigation fees and to make recommendations to the City Council on the use of those funds. The Committee's composition shall be determined by the City Council, and could be structured as follows: two members of the City Council, the City's Community Development Director, a representative for Agriculture, a representative of an Agriculture Conservation/Preservation organization, a representative of the Building Industry/Development Community, a representative of the County of Monterey Agricultural Commissioner's Office, and the 3rd District County Supervisor.

6.3.6 Any agricultural mitigation fees assessed and collected by the City pursuant to its Agricultural Land Conservation Program may, in the City's sole discretion and reasonably acceptable to the County, be applied to activities designed to preserve and promote agriculture and the agricultural industry in the Greater Gonzales Area, including but not limited to:

- a) Scientific research for addressing agriculture's needs (e.g. food safety). Entities applying for research funding could include universities, colleges, research think tanks, non-profits, industry/business, government and schools;
- b) Increased agricultural educational programs in the Gonzales Unified School District;
- c) Purchase of permanent agricultural buffers to alleviate potential physical conflicts between existing or planned agricultural uses (either within or outside the UGB/SOI and urban land uses planned within the UGB/SOI);
- d) Economic programs developed to expand markets for local agricultural products;
- e) Programs promoting careers in agriculture;
- f) Contributions to non-profit associations dedicated to agricultural education, promotion or preservation.
- g) Funds for the acquisition of agricultural easements outside the City UGB/SOI.

6.3.7 Notwithstanding all of the foregoing measures described in Section 6.3.6 above, City and County agree that the first priority use of agricultural mitigation fees is for the acquisition of permanent conservation easements adjacent to the proposed Sphere of Influence Boundary to the north, south and west, as shown on Exhibit 'A,' through the owner/developer/successor-in-interest securing an easement, as described in Section 6.3.1(a) of

this Agreement, or through the use of mitigation fee funds collected pursuant to Section 6.3.1(c) of this Agreement.

6.4 The County will consider that the City's participation in an Agricultural Land Mitigation Program, for the purpose of this agreement, has been satisfied if the City can prove to County that land immediately adjacent to the City's northern, western and southern boundaries have been permanently secured by the recordation of an agricultural preservation easement or through the sale or dedication of land to a private land trust.

Section 7. Traffic Mitigation Fees.

7.1 The County agrees to prepare and consider a Traffic Impact Fee that would include a Zone that includes the Greater Gonzales Area within 18 months of the effective date of the adoption of the Sphere of Influence by LAFCO. Proper notice shall be provided to the City and all affected property owners of the preparation of such a fee study, when and where discussions regarding the fee will occur and when the fee will be adopted. The City agrees to consider adoption of the County's impact fee program, as may be amended from time to time, to fund improvements to County roads listed in the program. Until the Impact Fee is established, the City agrees to ensure that any new development project in the incorporated area, pursuant to the City's General Plan, that causes traffic impacts on local roads in the nearby unincorporated area, will pay its pro rata fair share to the County as mitigation for impacts on County roads.

7.2 The County agrees that for any development within the City's Planning Area Boundary as shown on the City's Land Use Diagram, the County will consult with the City to determine if there are traffic impacts to the City. In the event that there are traffic impacts to the City, the County will require the development to pay its pro rata fair share to the City as mitigation of impacts on City roads. The pro rata fair share shall be determined through a formula calculation prepared along with a project's traffic impact analysis.

Section 8. Tax Sharing.

8.1 By signing this Agreement, the City and County agree to discuss the provisions of the Master Tax Sharing Agreement prior to the annexation of any territory located in the City's UGB/SOI, excepting all lands within the area denoted as "Existing Sphere of Influence."

8.2 Unless mutually agreed to otherwise by both parties and to the extent allowed by law, the City and County agree that all local taxes collected from annexation of property not consistent with this Agreement shall not accrue to the benefit of the City. To the extent allowed by law,

local taxes collected from areas annexed by the City not consistent with this Agreement shall be distributed in a manner as if the annexed area was not part of the City.

Section 9. Environmental Review, Public Hearing & Local Decision-making.

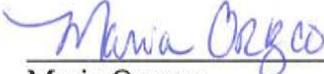
9.1 The Parties recognize that, with respect to some of the provisions set forth herein, numerous actions must be taken pursuant to State and local laws and regulations before such policies can be implemented. Such actions include, in some instances, the need to complete financial nexus studies, comply with the California Environmental Quality Act (CEQA), the need to hold public hearings and/or otherwise seek public input before reaching binding decisions, and the need to obtain approvals from other agencies such as the Local Agency Formation Commission of Monterey County (LAFCO). For all such provisions, the MOA shall be understood to constitute tentative policy commitments that can only become fully binding after all such legal prerequisites have been satisfied.

[Signatures on a separate page]

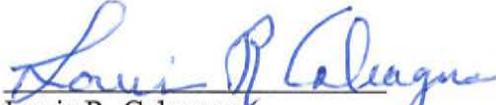
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the day and year first written above, and shall take effect following adoption and the placing of signatures by all Parties.

City of Gonzales, a Municipal Corporation

County of Monterey, a political Subdivision of the State of California



Maria Orozco
The Honorable Mayor



Louis R. Calcagno
Chair, Board of Supervisors

APPROVED AS TO FORM:

APPROVED AS TO FORM:



Michael Rodriguez
City Attorney

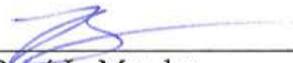
Charles McKee
County Counsel

By: 

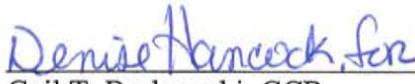
Wendy Strimling, Senior Deputy County Counsel

ATTEST:

ATTEST:



René L. Mendez
City Clerk



Gail T. Borkowski, CCB
Clerk of the Board

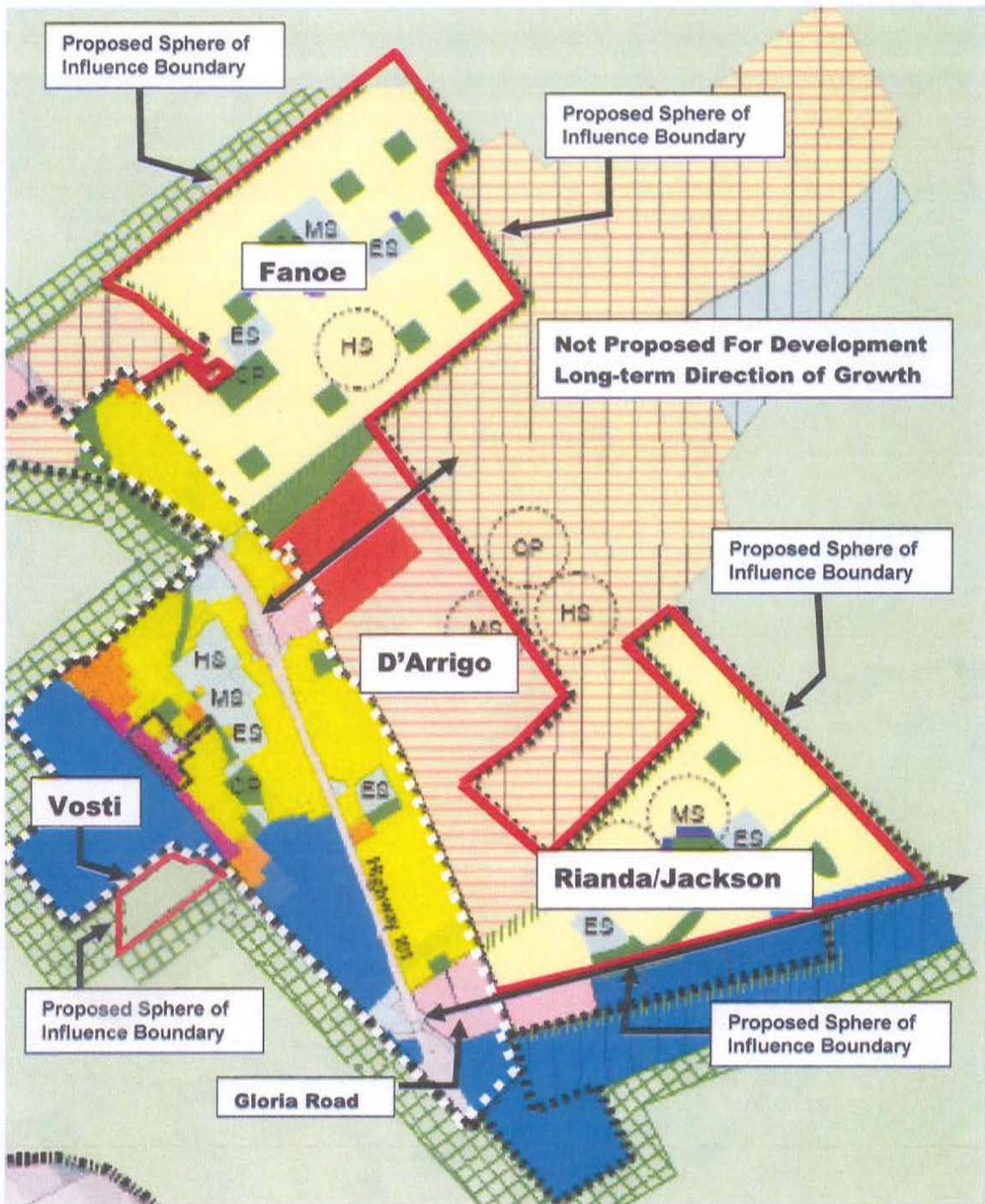


EXHIBIT 'A'
CITY OF GONZALES
Urban Growth Boundary / Proposed Sphere of Influence


 City of Gonzales Existing Sphere of Influence Boundary

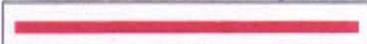

 City of Gonzales Proposed Sphere of Influence / Urban Growth Boundary

EXHIBIT B

