



LOCAL AGENCY FORMATION COMMISSION
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Staff Report

Meeting Date: February 4, 2009
Agenda No.: Item 5.2
LAFCO File No. 08-11 Healdsburg Reorganization No. 2008-02 (Saggio Hills)
Applicant: Sonoma Luxury Resort LLC
Proposal: Reorganization request for two (2) parcels, totaling 258.5± acres and involving annexation to the City of Healdsburg and detachment from Geyserville Fire Protection District and County Service Area No. 41 (Multi-Services)
Location: Generally located north and south of Passalacqua Road, east of Healdsburg Avenue, south of Alexander Valley Road, and north of Parkland Farms Blvd, north of the City of Healdsburg
Environmental Determination: Environmental Impact Report prepared by City of Healdsburg
General Plan: City – Very Low Density Residential, Medium High Density Residential; Public-Quasi-Public
County – Resources and Rural Development; Land Intensive Agriculture
Consent of Property Owners: The proposal has 100% consent from the owner of the affected territory, which has initiated the application for reorganization. Since no opposition from subject agencies has been received, should the Commission approve the proposal, it can waive conducting authority proceedings.

Table with 4 columns listing names and titles of commissioners and members: Paul Kelley, Chair County Member; Steve Allen, Commissioner City Member; Jean Kapolchok, Commissioner Public Member; Ray Brunton, Commissioner Special District Member; Mike Kerns, Commissioner County Member; Vacant City Member; Mark Ihde, Alternate Commissioner Public Member; Mark Bramfitt, Commissioner Special District Member; Efren Carrillo, Alternate Commissioner County Member; Teresa Barrett, Alternate Commissioner City Member; Albert Giordano, Alternate Commissioner Special District Member.

ANALYSIS

Background

This proposal requests reorganization of two parcels, totaling 258.5± acres. The affected territory is generally located north and south of Passalacqua Road, east of Healdsburg Avenue, south of Alexander Valley Road, and north of Parkland Boulevard, north of the City of Healdsburg. The affected territory is contiguous to the City of Healdsburg's boundary to the south and west. Annexation to the City would result in detachment from the Geyserville Fire Protection District and County Service Area No. 41 (Multi-Services). The City of Healdsburg would provide both police and fire services to the affected territory.

The area proposed for annexation is within the City of Healdsburg's sphere of influence and voter-approved Urban Growth Boundary ("UGB") and is within the "urban service area" boundary for the City in the County of Sonoma General Plan. The affected territory is currently undeveloped rural open space characterized by gently rolling hills at the southern boundary to areas of moderate steepness to the north; it has been used for cattle grazing and vineyard cultivation. The territory consists of oak woodlands, grasslands, meadow/swale wetlands, the upper reach of Foss Creek, and a 12± acre vineyard located in the west central part of the larger parcel. Adjacent territory varies in use: the County's waste transfer station is located immediately north; Healdsburg Avenue, and, beyond that, vacant industrial land, are located to the west while, to the south, residential areas and land owned by the Sonoma County Agricultural Preservation and Open Space District are found; grasslands, oak woodlands, and vineyards are located to the east. The Saggio Hills Area Plan refers to the affected territory as "...a transitional area between the agricultural lands of the Alexander Valley to the north and the traditional, small-town character to the south."

Sonoma Luxury Resort LLC, the applicant, has owned the subject property since 2005, having purchased it from Passacreek LLC. In 2003, that company filed an initial site development plan with the City for what was named the "Saggio Hills" development. Although an Environmental Impact Report (EIR) was completed for that project, the property was sold before the City officially acted on the EIR and the proposal. Retaining the development's name, Sonoma Luxury Resort LLC subsequently proposed a different project which is the subject of the reorganization request before the Commission.

The reason for the proposed reorganization is to allow development that would include, at full build-out, a combination of land uses, including:

- 70 residences to be located in clusters in the central portion of the site;
- a 130-room destination resort hotel with bungalows, spa, and meeting facilities, to be located in the eastern portion;
- up to 150 units of affordable housing, proposed to be located in the south;
- a community park; a water pump station; and a City fire substation in the south central-southwestern area; and
- a system of public and private trails throughout

According to the proposal, almost two-thirds of the territory would remain as public or private open space.

In accordance with provisions of its General Plan, the City approved the Saggio Hills Area Plan in September 2008. The Plan addresses planning issues regarding the affected territory as well as adjacent property to ensure proper coordination of future development plans with existing infrastructure, land use patterns and environmental concerns; it provides a framework for development of the project site, natural resource protection, and open space preservation.

At the same meeting in September 2008, the City pre-zoned the affected territory to three separate zoning districts:

- PD (Planned Development District) for the portion of the site planned for development of residences and the resort (@80% of the total area), in accordance with the Very Low Density Residential Land-Use Designation of its General Plan
- R-1-3500 (One Family Residential District) for the area planned for affordable housing (@ 5% of the total area) in accordance with the Medium High Density Residential Land-Use Designation of its General Plan
- P (Public District) for those areas where a community park, a fire station, and a pump station are planned (@15% of the total area), in accordance with the Public-Quasi-Public Land-Use Designation of its General Plan

The combination of land-use designations would allow, at a maximum, 350 residential units on the project site. The applicant has proposed 220 residential units, 70 for single-family homes and up to 150 units for affordable housing. In addition, 130 hotel guest rooms/suites are planned.

The City determined that the project would have a positive effect on the City, in that it would:

- Support tourism as a component of the City's economy
- Contribute to the City's economy by providing jobs
- Greatly increase transient occupancy tax income to the City
- Provide additional City revenues in excess of costs of the project's impacts on City services and facilities and will financially assist local schools
- Further the City's affordable housing goals in ways that would otherwise be impossible to achieve in the same timeframe
- Provide market-rate housing to provide jobs and contribute to the City's economy and sustainability
- Provide a fire substation to serve the northern part of the City and the project
- Provide needed park facilities at a level greatly in excess of what would be required by existing City park impact fees and requirements
- Provide trails as recreational amenities for community use
- Provide protection of sensitive biotic areas and preserve open space in strategic locations throughout the project site

Environmental Determination

The City certified a Final Environmental Impact Report ("Final EIR") for the Saggio Hills project in September 2008. The City adopted findings regarding changes or alterations which were incorporated into the project to mitigate or avoid significant effects of the project. A Mitigation Monitoring and Reporting Program, as required by the California Environmental Quality Act

("CEQA"), was adopted, as a condition of project approval. The City also found that some mitigation measures might require action by or cooperation from other agencies.

The Council identified significant, unavoidable environmental effects related to this project for which no mitigation was deemed feasible: (1) project-related and cumulative light and glare resulting from lighting of athletic fields in the proposed community park; (2) project, program, and cumulative increased peak hour congestion at the southbound Highway 101/Dry Creek Road intersection if planned improvements are not authorized by Caltrans and constructed; and (3) cumulative air quality impacts because the North Coast Air Basin is already in non-attainment status for respirable particulate matter and ozone precursors. Additionally, the City determined that the relationship of greenhouse gas emissions from the project to global climate change and the effectiveness of various national, state, and local emissions reduction measures are too speculative to allow a determination of significance. The State is in the process of developing quantitative measures for mitigating the impacts of greenhouse gases.

In accordance with CEQA and the State CEQA Guidelines, the Council adopted a statement of overriding considerations, finding that the economic, legal, social, technological or other benefits that the project would produce outweighed and rendered acceptable any significant and unavoidable adverse environmental effects of the project which could not be fully mitigated.

The Commission is a responsible agency for this project in accordance with CEQA and the State CEQA Guidelines. In approving the proposal, the Commission must certify its review of the information in the Final EIR, prepared by the City, make the findings required by the CEQA Guidelines for each significant effect of the project, and adopt a statement of overriding considerations pertaining to the impacts identified as significant and unavoidable where no mitigation measure is deemed feasible.

Legal Challenge: Final Environmental Impact Report; Commission Action Under CEQA

In October 2008, subsequent to the City's pre-zoning of the affected territory and certification of the Final EIR for Saggio Hills, the Healdsburg Citizens for Sustainable Solutions ("Citizens") and two residents filed a lawsuit against the City and the project developer. The lawsuit alleges that the City failed to comply with CEQA, in that it certified a Final EIR which was inadequate. The lawsuit requested a peremptory writ ordering the City to set aside all approvals relating to the Saggio Hills project until it fully complies with CEQA. A letter submitted to LAFCO from Citizens on January 22, 2009 is attached to this report.

In accordance with section 15231 of the CEQA Guidelines, the Commission may act on the subject proposal. This section states that a final EIR prepared by a lead agency "...shall be conclusively presumed to comply with CEQA for purposes of use by responsible agencies..." unless the EIR is "finally adjudged in a legal proceeding not to comply with the requirements of CEQA...." Section 21167.3 of CEQA provides direction in situations involving lawsuits.

In the event that an action or proceeding is commenced...but no injunction or similar relief is sought and granted, responsible agencies shall assume that the environmental impact report...for the project does comply with the provisions of this division and shall approve or disapprove the project... Such approval shall constitute permission to proceed with the project at the applicant's risk pending final determination of such action or proceeding.

Individual Factors for Consideration

California Government Code §56668 provides 15 factors to be considered in the review of a proposal. The Commission's review must include, but is not limited to, consideration of the factors that are outlined and attached under Tab 3. Of specific interest in this application are:

- §56668(e) the effect...on maintaining the physical and economic integrity of agricultural lands...
- §56668(j) the ability of the...receiving entity to provide the services...including the sufficiency of revenues for those services...
- §56668 (k) the timely availability of water supplies adequate for projected needs

Public Services: Water

The City has indicated that it has capacity within its systems to provide water to the affected territory. Water mains would be constructed in the proposed Passalacqua Drive to connect with those already in place in Parkland Farms Boulevard south of the property line and would also extend to the existing main in Healdsburg Avenue to the west. Other mains would be constructed in the private roads planned to serve the site. Water mains would be owned and maintained by the City. The applicant has committed to dedicating .5 acre of land to the City where it would construct a water booster pump station system to serve areas to be developed above a 293-foot elevation. The pump station would provide an adequate level of water volume and pressure required in accordance with the City standards for fire suppression and daily use.

The State of California Urban Water Management Planning Act, approved in 1983, requires each urban water supplier with 3,000 or more connections or which supplies at least 3,000 acre feet per year of water, to complete and submit to the State an Urban Water Management Plan ("UWMP") every five years. The purpose of the Plan is to evaluate whether a supplier can meet the water demands of its water customers as projected over a 20-year period. The City completed its UWMP in 2005, and the City Council adopted the document in January 2007.

State laws approved in 2001 require a link between land-use decisions made by local governments and water supply availability for proposed projects. Certain projects that are subject to CEQA must include a water supply assessment ("WSA") for an extended period. Generally, a WSA would be completed for a project with 500 or more residential units. Although the Saggio Hills project does not anticipate that number of residences, in looking at the intent of the state laws, the City determined that the extent of water demand for the variety of proposed uses would meet that threshold. In June 2007 the City Council adopted the WSA for the Saggio Hills project.

As issued by the California State Water Resources Control Board ("SWRCB"), the City holds three existing water rights permits for diversion from well fields along the Russian River and Dry Creek, a tributary of the River. All the well fields are considered surface water sources for the purpose of water rights. Under these water rights, the same amount of water is allowed to be diverted in normal, single and multiple-dry years. In addition to these rights, the City has a contractual agreement with the Sonoma County Water Agency ("SCWA") for up to 4,400 AFY of water. The City has no plans to activate that agreement.

The City's water rights permits do not require diversion reductions during droughts. However, in past dry years, often in response to requests from SCWA or the State Board, the City's customers have voluntarily conserved water, resulting in significant water use reductions. If

needed, the City would continue these efforts, which are seen as part of responsible water supply management.

Water Supply

The amount of water available to the City based on its water rights totals 3,376 Acre Feet Per Year (“AFY”), distributed as follows:

Russian River Fitch well field	1,096 AFY
Russian River Gauntlett well field	1,860 AFY
Dry Creek well field	420 AFY

The water right from the Russian River Fitch well field is actually 1,385 AFY. However, because of water-quality restrictions imposed by the California Department of Public Health, the City can divert water only from April through October each year, precluding full utilization of the well field. This will change when the second phase of construction of the City’s water treatment facility is completed, projected for 2010.

According to both the UWMP and the WSA, by the end of the planning period (2025), the City anticipates that it will have diversion rights totaling 4,179 AFY. This includes the 3,376 AFY shown above, the additional acre feet (289) from the Russian River Fitch well field, 210 AFY from recycling water, and 724 AFY from the Dry Creek well field. Regarding the latter, in 1997, the City applied to SWRCB for an increase in diversion rights. Although the SWRCB has not yet responded to the request, for planning purposes the City is anticipating approval of at least a portion of the request, for a total of 724 AFY or one cubic foot/second of flow.

Water Demand

In terms of water demand, the 2005 UWMP states that actual use (based on 2004 data) was 2,863 AFY (including water sold to other agencies and losses from unmetered use). Demand in 2025 is projected at 3,372 AFY, including a projection of 31 AFY for the previous Saggio Hills proposal, which envisioned 75 single-family homes. Based on an engineering study completed for the Saggio Hills project in 2007, the water demand for the subject project is anticipated to be 215 AFY, an increase of 184 AFY, for a total of 3,556 AFY, well within the projected supply of 4,179 AFY and even below the 3,665 AFY allowed under the City’s current water rights. Further, the demand estimate for the project assumes 100% occupancy for the resort and residences, which is improbable. In addition, the project will include a substantial number of “green” building measures which will also reduce water usage. As one example, artificial turf is planned for playing fields at the community park.

The project description includes an existing 12± acre vineyard in the western portion of the project site. According to the Saggio Hills Area Plan, an on-site well, which irrigates the vineyard, and the irrigation system itself, would be retained after development of the affected territory and would continue to be used for a planned expansion by a few acres. The document states that the well and irrigation infrastructure would not be connected to the municipal water system for future residential areas, resort or landscaping.

Public Services: Transportation and Circulation

The main access road to the project site is Healdsburg Avenue, currently a two-lane road following along the western boundary of the affected territory. To mitigate impacts from project

development, it would be improved adjacent to the plan area; changes, including widening of the main travel lanes and creation of bicycle lanes and a turn lane, would begin south of the project site at the Foss Creek crossing and continue north past the present Passalacqua Road.

Passalacqua Road, which would become Passalacqua Drive – the only public street within the development, would be improved to City standards, including right-of-way, and would extend easterly to connect with Parkland Farms Boulevard at the south. In response to concerns of residents of the Parkland Farms sub-division, the City determined that a gate or bollards would be placed at the point where Parkland Farms Boulevard and Passalacqua Drive would intersect, as a means of restricting vehicular access except for City or emergency vehicles. Beyond where Passalacqua Drive extends south, it would become a private road, called Passalacqua Road, and would be maintained by a homeowners association; other private roads would branch off to the proposed resort and residential areas.

The EIR completed for Saggio Hills concluded that the additional traffic associated with the project would be expected to result in a change in the operation of the Dry Creek Road/U.S. Highway 101 south ramps intersection. Transportation engineers and planners rank traffic operations on various types of facilities based on traffic volumes, roadway capacity, and traffic speed and call these measures “level of service” or “LOS.” The LOS system uses a series of letter designations ranging from A to F; at LOS A, traffic flows are uninterrupted and well within capacity, while at service level LOS E there is severe congestion with some standing queues on critical approaches. At LOS F, demand exceeds capacity, and there is a breakdown, with stop-and-go operation. The critical conditions are determined during peak morning and evening periods and may not reflect operations at other times of the day.

According to the EIR, the south ramps intersection at Dry Creek Road/Highway 101 already operates at LOS F during the morning peak period. With the addition of project-generated traffic, it would deteriorate to LOS F during the evening peak period as well, a significant impact. The EIR determined that installation of signalization here would reduce the impact to LOS C (light congestion, occasional back-ups on critical approaches), a less-than-significant level in the long term. Cooperation and authorization from the California Department of Transportation would be needed because that agency has ultimate authority to approve the construction necessary to assure the improvement. Given that, the City determined that this impact would remain significant and unavoidable until actual construction.

The City has been collecting mitigation fees for the needed improvement, which is included in its capital improvement program, and intends to signalize the northbound off-ramp and widen and improve Dry Creek Road in the immediate area. As part of a development agreement with the City and as mitigation for traffic and circulation impacts of its project, the applicant would pay its fair share of fees to be applied to future improvements of that intersection.

As indicated above, Healdsburg Avenue would be widened to City standards beginning south of the project site and extending to just north of the present Passalacqua Road entrance where the current City boundary ends. Although the affected territory extends farther north, the 600± feet of Healdsburg Avenue extending to the northwest edge of the project site is not included in the annexation boundary, as is typical in a reorganization proposal. Under LAFCO’s general policy, roadways fronting affected territory are to be included within the sphere of influence and annexation boundary. In this situation, however, the LAFCO-established sphere of influence is located on the east side of Healdsburg Avenue. Additionally, the City’s voter-approved Urban Growth Boundary is coterminous with the sphere, and, with few exceptions, voter approval is required to change it. Unless the SOI is amended as part of the subject proposal, this length of

road would not be included in the annexation boundary and would continue to be maintained by the County.

In lieu of annexing and improving the west side of Healdsburg Avenue, the City, County of Sonoma Department of Transportation and Public Works, and applicant have agreed that the latter should contribute a fair share to the cost of improvements to the intersection of Healdsburg Avenue and Alexander Valley Road, which branches off from Healdsburg Avenue north of the project site. This is proposed as a condition of LAFCO's approval of the project.

Public Services: Sanitary Sewer

The City has indicated that it has capacity to provide sanitary sewer services to the affected territory. Sewer mains would be extended north from Healdsburg Avenue toward the proposed Passalacqua Drive, which, as projected, would extend west to east into the project site generally following the path of the current unimproved Passalacqua Road. Sewer mains in and around the proposed resort area would be owned, maintained, and operated by the resort, and mains in and around the residential area would be owned, maintained, and operated by a homeowners association.

According to the DEIR, the City's wastewater treatment plant has a permitted capacity of 1.4 million gallons per day ("MGD") average dry-weather flow. According to the City, the estimated flow in 2006 was 1.0 mgd, and the remaining unused capacity of 0.4 mgd is considered adequate to serve near-term development and extension of service into non-sewered areas within City limits. The City has upgraded its wastewater treatment plant, which went on-line in April 2008, to tertiary standards that meet water quality standards established by the North Coast Regional Water Quality Control Board.

Public Services: Fire

As part of the project, a new fire sub-station is planned in the southwest corner of the site. Its location there is anticipated to minimize emergency response time to locations within the affected territory. As part of the subject proposal, the applicant would dedicate approximately .85± acre for this use and has committed to contribute funding towards construction of the sub-station. According to the application, having the fire sub-station at this location would also provide more security for the proposed nearby community park.

Agricultural Impacts

The LAFCO law requires that the Commission, in reviewing proposals that could lead to the conversion of existing open-space lands to other uses, consider development of such lands within the sphere of influence of a local agency. Sonoma LAFCO's Standards, Policies, and Guidelines for the Evaluation of Proposals promotes similar objectives. The affected territory is within both the sphere of influence and voter-approved Urban Growth Boundary for the City; thus, annexation of this territory and subsequent development appear consistent with state and local guidelines and policies.

The Sonoma County General Plan establishes a framework for protecting open space and agricultural uses; it also designates "urban service area" boundaries. The territory encompassed within the Saggio Hills project is included within the "urban service area" boundary for the City, making development of this area for urban uses consistent with the County General Plan.

The State of California's Farmland Mapping and Monitoring Program continues a federal effort which developed criteria to help determine agricultural uses throughout the country. Maps of Important Farmland classify land into categories. According to the EIR, of the total Saggio Hills property, 10.2 acres are considered to be Farmland of State Importance, defined as land other than Prime Farmland that has a good combination of physical and chemical features for the production of agricultural crops; 4.1 acres are considered to be Unique Farmland, defined as land of lesser quality soils used for the production of the state's leading agricultural cash crops. The area referred to is currently planted as a vineyard, which the applicant intends to retain and increase by about two acres. No conversion of this agricultural land would occur as part of the project proposal.

As indicated above in this report, the project proposes to retain almost two-thirds of the total acreage as open space. Public and private trails are planned throughout the affected territory, and a 36-acre community park is proposed in the southwest area

Correspondence

In addition to the letter referred to earlier in the report, staff received correspondence on January 26, 2009, from two parties; both letters are attached for Commissioners' information.

Summary of Annexation Factors

The proposed reorganization satisfies the Commission's standard criteria for approval. The affected territory is contiguous to the City of Healdsburg's boundaries and has been appropriately pre-zoned. The territory is within the "urban services boundary" designation of the County of Sonoma General Plan and within the City's sphere of influence. The City indicates that the proposal is consistent with its General Plan and the Saggio Hills Area Plan, and states that it has the capacity to provide services for proposed development. As part of the proposed development, the applicant has offered a 14.5-acre area where the City could construct up to 150 units of affordable housing, as a means of addressing the City's affordable housing goals.

A series of measures have been identified and a monitoring plan developed to mitigate impacts of the project as identified in the environmental document. Because some impacts identified in the EIR for this project cannot be sufficiently mitigated, the Healdsburg City Council adopted a statement of overriding considerations. As a responsible agency under CEQA, the Commission must certify its review of the information in the Final EIR, make findings for each potentially significant effect of the project, and adopt a statement of overriding considerations.

RECOMMENDATION

Staff recommends that the Commission consider the proposal at its meeting of February 4, 2009, and take a straw vote at that time, to reflect actions recommended below. Upon direction, staff will work with counsel to draft a resolution reflecting the consideration and actions of the Commission, with final review and approval recommended for the Commission's next meeting.

1. Approve the reorganization as proposed pursuant to the following findings and subject to one condition (d):

- a. The subject territory is contiguous to the boundaries of the City of Healdsburg and within the City's sphere of influence, voter-approved Urban Growth Boundary, and the "urban services area" boundary designation for the City in the County of Sonoma General Plan.
 - b. The City of Healdsburg has determined that the proposal is consistent with the land-use designations of its General Plan.
 - b. The purpose of the reorganization is to allow for development at densities consistent with provisions of the City's General Plan and to permit access to City services.
 - c. The City indicates that it has the capacity within its systems to provide public services to the affected territory.
 - d. The City states that its fiscal analyses indicate that the project would have a positive economic effect on the City.
 - e. Prior to the recording of the Certificate of Completion with the Sonoma County Recorder's Office and the filing of the Statement of Boundary Change with the State Board of Equalization by the LAFCO staff, the applicant will provide LAFCO with either (1) written proof of an agreement with Sonoma County Department of Transportation and Public Works to pay its fair share of costs for construction of a traffic signal at the intersection of Healdsburg Avenue and Alexander Valley Road or (2) written proof of payment of \$27,088.00 to the Department to be used towards construction of said improvements.
2. Regarding the Commission's responsibilities under the California Environmental Quality Act,
 - a. Certify review and consideration of the information in the Final Environmental Impact Report, prepared by the City of Healdsburg and certified by the City Council.
 - b. Make findings required of a responsible agency under the provisions of CEQA.
 - c. Make a statement of overriding considerations for aesthetics, air quality, and transportation and circulation.
 - d. Direct staff to file a notice of determination in accordance with CEQA and the State CEQA Guidelines.
 3. Waive protest proceedings, pursuant to provisions of Government Code Section 57000 et seq. since the owner of the affected territory has initiated and consented to the proposal.

ALTERNATIVES TO RECOMMENDATION

Deny the Project

The Commission could find, based on its review or on new testimony and facts, that the proposal is not consistent with existing policy. As presented, the proposal is consistent with the Commission's goals, objectives, and policies; thus, staff does not recommend an alternative action.

ADDITIONAL DOCUMENTS

Additional reference documents are provided to the Commission under Tabs 2 through 8 in the proposal binder.

Note: On December 30, 2008, Commissioners were provided with either a hard copy or CD of the Environmental Impact Report for the Saggio Hills project which includes (1) Volume I: Revised Draft EIR Text; (2) Volume II: Appendices, and (3) Volume III: Final EIR and Responses to Comments.

Factors for Consideration (California Government Code §56668)

Factor	Review Comments
<p>(a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.</p>	<p>The affected territory, which varies in topography from gently rolling hills to moderate steepness, is currently vacant. It is located north of City boundaries. The proposal projects development of 70 residences, a resort hotel, up to 150 affordable housing units, in addition to a community park, fire substation, and water pump station. The proposed density is below the maximum allowed under the City General Plan's land-use designations for this area.</p>
<p>(b) Need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.</p> <p>"Services," as used in this subdivision, refers to governmental services whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.</p>	<p>Development proposed as part of the subject proposal would require City services. Based on the Municipal Service Review completed for the City by LAFCO, it appears that the City has planned for and is capable of extending new services to the affected territory at densities contemplated under its General Plan. The City has indicated that it has capacity within its water and sewer systems to serve the affected territory. A fire substation will be constructed near the southwest entrance to the project site to better serve the affected territory as well as the northern portion of the City.</p>
<p>(c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.</p>	<p>Development of the affected territory is anticipated to be consistent with the land-use designations of the City's General Plan. The territory is located within the City's sphere of influence and voter-approved Urban Growth Boundary. Almost two-thirds of the affected territory is projected to remain as open space, consistent with the areas to the east and north.</p>
<p>(d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377. <i>(Note: Section 56377 encourages preservation of agricultural and open-space lands.)</i></p>	<p>The proposal is consistent with the Commission's policies. The affected territory is within the City's sphere of influence; annexation of the territory is a logical extension of City boundaries. The development proposed is consistent with the City's General Plan and includes residences, affordable housing, a hotel-resort, a community park, and fire substation. Almost two-thirds of the territory will remain as open space.</p>
<p>(e) The effect of the proposal on maintaining the physical and economic integrity of agricultural</p>	<p>About 14 of the total 258.5 acres encompassing the affected territory are agricultural lands, currently</p>

Factor	Review Comments
lands, as defined by Section 56016. <i>(Note: Section 56016 defines "agricultural lands.")</i>	being used as vineyards. This use will continue and a three-acre demonstration vineyard is proposed near the resort site. No conversion of agricultural lands is planned.
(f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.	The subject territory is parcel specific with boundary lines that are certain and identifiable. No islands or corridors are included.
(g) Consistency with city or county general and specific plans.	The proposal is consistent with the land use policies of both the City's General Plan and the Saggio Hills Area Plan.
(h) The sphere of influence of any local agency which may be applicable to the proposal being reviewed.	The affected territory is located within the sphere of influence for the City of Healdsburg.
(i) The comments of any affected local agency.	The Sonoma County Department of Transportation and Public Works has commented that, due to projected impacts on traffic and circulation, the applicant should contribute its fair share of the cost of improving the intersection of Healdsburg Avenue and Alexander Valley Road, at the northwest edge of the project site.
(j) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.	The City has indicated that it can provide services to the affected territory. The applicant has dedicated .5 acres at the southwestern entrance to the site for a fire substation and will contribute to its construction; Location here would insure quicker response time to planned development areas. Police facilities to serve the City were recently expanded and modernized and are adequate for the needs of the City for the foreseeable future, The wastewater treatment plant was upgraded in 2008 and has adequate capacity to accommodate additional flows from the affected territory. The City's water supplies can accommodate additional needs from the affected territory during average and drought conditions. The applicant proposes to construct a water booster pump station on site to assure adequate flow for fire suppression and daily uses in higher elevations.
(k) Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.	The City's existing, planned, and approved water supplies can accommodate projected water demands from the affected territory upon development during average and drought conditions. The City has completed an Urban Water

Factor	Review Comments
	Management Plan and, for the subject proposal, a Water Supply Assessment, both of which confirm this.
(l) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.	As part of the subject proposal, the applicant would dedicate 14± acres within the affected territory as a site for construction of up to 150 units of affordable housing, which would further achievement of the City's affordable housing goals.
(m) Any information or comments from the landowner or owners, voters, or residents of the affected territory.	The landowner, Sonoma Luxury Resort LLC, initiated the application.
(n) Any information relating to existing land use designations.	The land-use designations for the affected territory are consistent with the City's General Plan. Information relating to such designations and zoning districts has been provided by the applicant or City.
(o)The extent to which the proposal will promote environmental justice. As used in the law, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provisions of public services.	Annexation of the affected territory would allow development of housing for people of various income levels. A community park and public trails would allow access to everyone regardless of race, culture, or income.