



San Luis Obispo Local Agency Formation Commission

TO: MEMBERS OF THE COMMISSION

**FROM: ROB FITZROY, EXECUTIVE OFFICER
BRIAN PIEIRIK, LEGAL COUNSEL**

DATE: MAY 16, 2024

SUBJECT: INFORMATIONAL REPORT ON SHANDON SAN JUAN WATER DISTRICT CONDITION COMPLIANCE

RECOMMENDATION

It is recommended that the Commission receive and file an informational report on Shandon San Juan Water District condition compliance.

BACKGROUND

At a regular meeting on April 18, 2024, the Commission provided direction to staff to return with a report on condition compliance for the Shandon San Juan Water District (SSJWD). The direction was in response to public comment that expressed concern that SSJWD does not have an adopted budget or General Manager as per the conditions of approval issued by LAFCO with approval of district formation.

ANALYSIS

On May 22, 2017, LAFCO filed the Certificate of Completion for formation of the SSJWD (Attachment A). As of the date of this filing, SSJWD formally became a water district. LAFCO's approval of the district formation included several Conditions of Approval. Condition #9 stated that SSJWD shall "set the appropriation limit as soon as feasibly possible consistent with Government Code Section 57000." Staff contacted SSJWD to understand whether regular annual budgets have been adopted since formation. LAFCO staff confirmed that SSJWD has regularly adopted annual budgets since formation in 2017. As such, SSJWD has complied with Condition of Approval #9.

Regarding the requirement to have a General Manager, staff and legal counsel reviewed LAFCO conditions of approval (Attachment A) and state law. In 2017, LAFCO did not adopt any Conditions of Approval that required SSJWD to have a General Manager. In addition, while state law explicitly requires Community Services Districts to have a General Manager, state law for water districts does not

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have such a requirement. Applicable water code sections are listed below:

Section 34807 of the water code states: *“The board, except as otherwise specifically provided, shall manage and conduct the business and affairs of the district.”*

Section 34800 of the water code states: *“The board shall elect a president from its members and appoint the secretary.”*

Lastly, Section 34900 (Other Officers and Employees) states: *“The board shall: (a) Employ and appoint such agents, officers, and employees as may be required, (b) Prescribe their duties and fix their salaries, (c) Prescribe other terms and conditions of employment. Subject to policies and standards established by the board, the board may delegate the powers specified in this section to any officer or employee of the district.”*

As shown above, the water code, under “internal organization” has no explicit requirement for water districts to hire a General Manager. The only officers of the district required by the water code are the President and Secretary. The board of the district has discretion to appoint employees as necessary and manage and conduct the business and affairs of the district. To date, the SSJWD does not have a General Manager, rather the President and Secretary/Treasurer conduct the business and affairs of the district.

CONCLUSION

SSJWD has complied with Condition of Approval #9 regarding appropriations and has regularly adopted an annual budget since formation. There are no applicable LAFCO Conditions of Approval for the hiring of a General Manager. And though Community Services Districts are required by law to hire a General Manager, water districts operate under different regulations and are not required to do so. To date, SSJWD does not have a General Manager and is not required to under LAFCO conditions or state law.

Attachment A: LAFCO Certificate of Completion (including Conditions of Approval)

Attachment A

LAFCO Certificate of Completion (including Conditions of Approval)

*Map & Legal Description has been removed due to length

2017022283

Recording requested by and mail to:

Executive Officer
Local Agency Formation Commission
1042 Pacific Street
San Luis Obispo, CA 93401

Tommy Gong
San Luis Obispo - County Clerk-Recorder
05/22/2017 03:02 PM
Recorded at the request of:
PUBLIC
Titles: 1 Pages: 37
Fees: \$0.00
Taxes: \$0.00
Total: \$0.00



CERTIFICATE OF COMPLETION

Pursuant to Government Codes Section 57200 and 57201 this Certificate of Completion is hereby issued by the Executive Officer of the Local Agency Formation Commission of San Luis Obispo County, California.

1. The short-form designation by San Luis Obispo LAFCO is the Shandon-San Juan Water District
2. The name of the entity involved in the formation ordered by the Local Agency Formation Commission is as follows:


Shandon-San Juan Water District

3. The above-listed entity is located within San Luis Obispo County.
4. A description of the boundaries of the above-cited formation is shown in the attached Resolution, map and legal description, marked Exhibit A and by reference incorporated herein.
5. The territory involved in this landowner-voter District is subject to protest hearings which have been completed pursuant to Government Code Section 57000.
6. This action has been approved subject to the conditions of approval found in Exhibit B Resolution No. 2016-08.
7. The formation of this District is ordered by the Local Agency Formation Commission after the Protest Hearing has been conducted and the vote of the landowners within the boundaries, pursuant to Water Code 34000 et sec., has been completed

I hereby certify that I have examined the above-cited resolution for this action and have found this document to be in compliance with Resolution No. 2016-08 approving said action and adopted by the Local Agency Formation Commission of the County of San Luis Obispo on October 20, 2016.

Date: 5-22-17

LAFCO File No: 3-R-16



David Church
Executive Officer

Exhibit B

Resolution 2016-08

IN THE LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

October 20, 2016

Present: Chairman Frank Mecham, Commissioners Robert Enns, Roberta Fonzi, Tom Murray and Ed Waage, and Alternate Commissioners David Brooks and Ed Eby

Absent: Vice-Chairman Marshall Ochylski, Commissioners Bruce Gibson, and Alternate Commissioners Adam Hill and Jamie Irons

RESOLUTION NO. 2016-08

**RESOLUTION MAKING DETERMINATIONS AND APPROVING THE
FORMATION OF THE SHANDON-SAN JUAN WATER DISTRICT, SPHERE OF INFLUENCE,
AND ENVIRONMENTAL DETERMINATION**

The following resolution is now offered:

WHEREAS, a Petition of Application signed by 100 percent of the landowners within the proposed District boundary was filed with the Commission to initiate the formation of the Shandon-San Juan Water District; and

WHEREAS, application has been made to this Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.) for consideration of a proposal for the formation of the Shandon-San Juan Water District as shown in Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, the formation application of the Shandon-San Juan Water District, a Water District as defined in the California Water Code, Section 34000 et seq., has been filed with the Executive Officer of the Local Agency Formation Commission of San Luis Obispo County, California, Exhibit A by petition, and said application complied with all the requirements of law and the Commission; and

WHEREAS, the Executive Officer has given the notices required by law and forwarded copies of his report to officers, persons and public agencies prescribed by law; and

WHEREAS, the matter was set and noticed for public hearing at 9:00 a.m. on October 20, 2016 in the County of San Luis Obispo Board of Supervisors Chambers; and

WHEREAS, this Commission has considered the application materials, studies and other documentation at the October 20, 2016 public hearing which is incorporated by reference herein and the Benefit Assessment Plan found in Attachment C of the staff report; and

WHEREAS, on October 20, 2016 this Commission heard and received, all oral and written protests, objections and evidence, which were made, presented or filed, and all persons present were given the opportunity to hear and be heard in respect to any matter concerning this proposal; and

WHEREAS the Commission hereby finds that the formation of Water District will not have a significant effect on the environment, and is Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under 15378(b)(4). Additionally, the SOI qualifies for a general rule exemption from environmental review based upon CEQA Regulation Section 15061(b)(3) and Section 15262; and

WHEREAS, the Commission duly considered the proposal and finds that the formation should be approved with the following conditions:

1. The name of the Water District shall be the Shandon-San Juan Water District.
2. That the Board of Directors of the Shandon-San Juan Water District be composed of five members elected as provided for in the California Water District Law, Water Code Section 34000 et. seq. The initial Board of Directors will be elected pursuant to the Water Code sections 34700; and
3. That pursuant to the applicable Water Code Sections the Shandon-San Juan Water District is authorized to exercise all powers and authorities subject to the following restrictions:
 - a. The Water District's powers to export, transfer, or move water underlying the Water District outside of the Paso Robles Groundwater Basin shall not be active and are subject to condition number five of this approval. For purposes of this Condition and Condition number five, "groundwater" shall have the meaning set forth in Water Code Section 10721(g).
 - b. The Water District's powers under Part 5 Powers and Purpose; Chapter 2; Powers; Article 5; Sewers: [35500 - 35509] of the California Water Code shall be deemed inactive or latent. The Water District could request LAFCO activate these powers in the future.
4. That formation of the Shandon-San Juan Water District shall be contingent upon a successful vote on the formation pursuant to Water Code Section 34500, and the Water

District completing a successful benefit assessment to fund the activities of the Water District. If the Proposition 218 proceeding is not successfully conducted within one year of the certificate of completion, the Water District shall be subject to dissolution. LAFCO may extend this deadline upon request by the District.

5. The Water District shall be prohibited from exporting, transferring, or moving water underlying the Water District (including groundwater pumped into an above ground storage facility) to areas outside of the Paso Robles Groundwater Basin.
6. That specific projects proposed by the Shandon-San Juan Water District shall be analyzed and evaluated in accordance with applicable laws prior to construction.
7. That a revised legal description and boundary map(s) be submitted to reflect the service area and sphere of influence boundaries of the Water District as adopted by the Commission.
8. That the effective date of the Shandon-San Juan Water District will be determined by the certification of the election results by the Board of Supervisors and the filing of the certificate of completion by the LAFCO Executive Officer with the County Clerk-Recorder's office.
9. That the Water District set the appropriations limit as soon as feasibly possible consistent with Government Code Section 57000.
10. The Sphere of Influence of the Shandon-San Juan Water District shall be co-terminus to the Service Area boundary. Future amendments and/or updates of the SOI shall only include properties that have submitted written landowner consent for inclusion in the SOI.
11. The District, if formed, shall provide documentation that it has been identified as a Groundwater Sustainability Agency (GSA), or a GSA partner, pursuant to the Sustainable Groundwater Management Act. If the District does not become a GSA, or is not part of a GSA within one year of the Certificate of Completion being filed, the District shall either submit a resolution stating which activities it shall be undertaking that justify its continuation to the satisfaction of LAFCO, or it shall submit a resolution of application to LAFCO requesting dissolution, LAFCO may extend this deadline upon request by the Water District.

NOW, THEREFORE, the San Luis Obispo County Local Agency Formation Commission determines the following:

1. The territory comprises approximately 144,000 acres and is found to be inhabited (having more than twelve registered voters) as defined in §56046 of the Government Code, and is a landowner-voter District subject to Water Code Section 34000, et seq.
2. The formation of the District is assigned the following distinctive short-form designation: Shandon-San Juan Water District.

3. Based on the evidence, analysis, and conclusions set forth in this resolution and the Executive Officer's report and attachments, the Commission finds that the formation of this District serves to further the purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 including, but not limited to, the following: efficiently providing government services and facilitating the orderly formation and development of local agencies based upon local conditions and circumstances.
4. The Commission determines, based upon the services currently provided to the affected territory, that the Shandon-San Juan Water District can feasibly provide the needed services in a more efficient and accountable manner than other agencies in the area.
5. The Commission adopts the determinations regarding consistency with LAFCO law and Commission Policies contained in the staff report and attachments for this proposal and incorporates them by reference herein.
6. The affected territory within which the special election shall be held includes the entire area within the boundaries of the proposed Water District, as described by Exhibit A attached hereto.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Local Agency Formation Commission of the County of San Luis Obispo, State of California, as follows:

1. That the recitals set forth hereinabove are true, correct, and valid.
2. That the Categorical Exemption prepared for this project is hereby approved as complete and adequate and as having been prepared in accordance with the provisions of the California Environmental Quality Act.
3. The Executive Officer, on behalf of the Commission and in compliance with this resolution and State law, hereby requests that the San Luis Obispo County Board of Supervisors direct the County Elections Official to conduct the necessary election, setting the matter for consideration of the voters of the affected territory on a date consistent with election law and the Cortese-Knox-Hertzberg Act. The Executive Officer is directed to coordinate with the County Clerk to formulate the election questions consistent with the Commission's determinations set forth herein.
4. That the Executive Officer of this Commission is authorized and directed to mail copies of this resolution in the manner provided by law.
5. That Formation of the Shandon-San Juan Water District is hereby conditionally approved.
6. Pursuant to §57144 and §56898 of the Government Code, the Executive Officer will prepare for the Commission's review an Impartial Analysis of the proposed District formation; after the Commission has approved or modified the Impartial Analysis, it shall

