



San Luis Obispo Local Agency Formation Commission Meeting Agenda August 17, 2023, 9:00am

MEETING

AUGUST 17, 2023 – 9 A.M.
BOARD OF SUPERVISORS
CHAMBERS
COUNTY GOVT. CENTER
1055 MONTEREY STREET,
SAN LUIS OBISPO, CA 93408

CONTACT

ROB FITZROY
EXECUTIVE OFFICER
805-781-5795
FAX 805-788-2072
SLO.LAFCO.CA.GOV

COMMISSIONERS

DEBBIE ARNOLD, CHAIR, COUNTY
MARSHALL OCHYLSKI, VICE CHAIR, SPECIAL
DISTRICT
JIMMY PAULDING, COUNTY
STEVE GREGORY, CITY
ED WAAGE, CITY
ROBERT ENNS, SPECIAL DISTRICT
HEATHER JENSEN, PUBLIC
DAWN ORTIZ-LEGG, COUNTY ALTERNATE
CHARLES BOURBEAU, CITY ALTERNATE
ED EBY, SPECIAL DISTRICT ALTERNATE
DAVID WATSON, PUBLIC ALTERNATE

MEETING PARTICIPATION

- **To submit written comment**, mention the matter or agenda item number and send via email to mbling@slo.lafco.ca.gov or fill out an online submission form on our website at slo.lafco.ca.gov, or U.S. mail at 1042 Pacific St Suite A, San Luis Obispo CA, 93401. All correspondence is distributed to each Commissioner and will become part of the official record of the Commission meeting.
- **To submit a pre-recorded verbal comment** call (805) 781-5795; state and spell your name, mention the agenda item number you are calling about and leave your comment. Your comments will be distributed to each Commissioner and will become part of the official record of the Commission meeting.
- **To provide live comment**, attend the in-person meeting and fill out a “request to speak form” provided in the front and back of the meeting room and hand it to the Commission Clerk prior to the beginning of that item. Each speaker will be limited to a three-minute presentation. During public hearings, applicants or their representatives will be given the opportunity to speak first after the staff report is given and questions of the Commission have been addressed.

Other Notes:

- In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to participate at this meeting, please contact the Clerk at 805-781-5795. Notification provided a minimum of 48 hours prior to the meeting will enable the Clerk to make reasonable arrangements to ensure accessibility to this meeting. Pursuant to the ADA, the meeting room is accessible to the physically disabled.
- It is required by Government Code Section 84308 that a participant in a LAFCO proceeding who has a financial interest in the decision and who has made a campaign contribution of more than \$250 to any Commissioner within (12) months prior, must disclose the contribution. If you are affected, please notify Commission Staff before the hearing.



MEETING AGENDA

Pledge of Allegiance

Call to Order/Roll Call

Approval of the Minutes: May 18, 2023 (Pages 3 - 9)

Non-Agenda Public Comment Period

This is the period in which persons may speak on items that are not on the regular agenda. You may provide public comment in one of the three methods mentioned above in the “Meeting Participation” section.

Regular Matters

- A-1:** LAFCO No. 1-R-23 | Sphere of Influence Amendment and Annexation No. 4 to County Service Area 12 (Weldon) (Recommend Review and Approve) (Pages 10 - 95)
- A-2:** LAFCO No. 1-S-23 | Municipal Service Review and Sphere of Influence Study for Templeton Community Services District (Recommend Review and Approve) (Pages 96 - 172)
- A-3:** Policies, Procedures & By-Laws Manual Updates (Recommend Review and Approve) – Consideration of Proposed Updates to Policy & Procedures Manual (Pages 173 - 244)
- A-4:** Year End Budget and Fourth Quarter Work Plan Update for Fiscal Year 2022-2023 (Recommend Review and Approve) (Pages 245 - 262)

Commissioner Comments

Legal Counsel Comments

Executive Officer Comments

Adjournment



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
MAY 18, 2023, MEETING MINUTES**

Call to Order

The San Luis Obispo Local Agency Formation Commission (LAFCO) meeting was called to order at 9:00 a.m. on Thursday, May 18, 2023, by Chairperson Arnold in the Board of Supervisors Chambers at the County Government Center, 1055 Monterey Street, San Luis Obispo, CA 93408.

Pledge of Allegiance

Roll Call

Present: Chairperson Debbie Arnold, Commissioners Heather Jensen, Marshall Ochylski, Jimmy Paulding, and Ed Waage, and Alternate Commissioners Charles Bourbeau and Ed Eby

Absent: Commissioners Robert Enns and Steve Gregory, and Alternate Commissioners Dawn Ortiz-Legg and David Watson

Staff: Rob Fitzroy, LAFCO Executive Officer
Imelda Marquez-Vawter, LAFCO Analyst
Morgan Bing, LAFCO Clerk Analyst
Brian Pierik, LAFCO Legal Counsel

Selection of the 2023 Vice-Chair

Mr. Fitzroy explained that the item may be postponed until both special district regular members were present.

Commissioner Ochylski asked for clarification.

Mr. Fitzroy provided clarification on the selection of the Vice-Chair.

Chairperson Arnold asked for a motion to nominate Vice-Chair for 2023.

Chairperson Waage nominated **Commissioner Ochylski** as Vice-Chair of the Commission for 2023.

Commissioner Paulding seconded the motion.

Chairperson Arnold opened the item for public comment, announcing it was closed shortly after hearing none.

AYES: Commissioners Waage, Paulding, Bourbeau, Eby, Jensen, Ochylski, and Chairperson Arnold

NAYS: None

ABSTAINING: None

The motion was passed.

Approval of the Minutes: April 20, 2023

Chairperson Arnold announced the consideration of approval for the April 20, 2023, Regular Meeting Minutes.

Chairperson Arnold opened the item for public comment, announcing it was closed shortly after hearing none.

Chairperson Arnold asked for Commissioner comments or a motion to approve the minutes.

Commissioner Waage motioned to approve the minutes.

Commissioner Paulding seconded the motion.

AYES: Commissioners Waage, Paulding, Eby, and Chairperson Arnold

NAYS: None

ABSTAINING: Commissioners Bourbeau, Jensen, and Vice Chair Ochylski

The motion was passed.

Non-Agenda Public Comment Period

Chairperson Arnold opened the item for public comment.

Charles Varni, resident of Oceano Community Services District, provided comment regarding merger between Oceano Community Services District and Grover Beach.

Chairperson Arnold closed public comment.

Informational Matters

A-1: Oceano Community Services District Request for Divestiture of Fire Authority Application Status Update and Discussion (Recommend Receive and File)

Mr. Fitzroy presented the item.

Chairperson Arnold opened the item for Commissioner questions.

Commissioner Waage clarified that the commission is not providing direction at this time.

Mr. Fitzroy concurred.

Chairperson Arnold asked what powers Oceano Community Services District (OCSD) has activated?

Mr. Fitzroy responded to questions and provided comment.

Chairperson Arnold opened the item for public comment.

Public Comment

Charles Varni, resident of OCSD, commented on consideration of the County taking over all fire services in south county.

Chairperson Arnold inquired about funding for OCSD's services.

Charles Varni responded to questions and provided comment.

Public Comment Closed

Chairperson Arnold invited representatives of affected agencies to speak.

Will Clemens, General Manager of OCSD, discussed the district's active powers and provided clarification on the amount of OCSD's property taxes proposed to be transferred to the County.

Commissioner Bourbeau inquired about unfunded liabilities.

Will Clemens responded to questions and provided comment.

Commissioner Paulding asked for clarification on the legacy safety program and cost of lighting service.

Will Clemens responded to questions and provided comment.

Commissioner Waage asked about the tentative agreement for interim fire service in OCSD.

Will Clemens responded to questions and provided comment.

Chairperson Arnold asked about Joint Power Agreement obligations, the state of the OCSD fire station, and response times.

Will Clemens responded to questions and provided comment.

Commissioner Bourbeau asked about mutual aid agreements.

Will Clemens responded to questions and provided comment.

Commissioner Bourbeau asked for clarification on state responsibility areas.

Mr. Fitzroy responded to questions and provided comment.

Chairperson Arnold asked about mutual aid agreements.

Will Clemens responded to questions and provided comment.

Whitney McDonald, City Manager of Arroyo Grande, discussed proposed Five Cities Fire Authority (FCFA) service contract with OCSD.

Commissioner Paulding inquired about the action that the Grover Beach City Council took in comparison to the action taken by Arroyo Grande City Council, and asked if the Arroyo Grande City Council considered OCSD's ability to pay.

Whitney McDonald responded to questions and provided comment.

Matthew Bronson, City Manager of Grover Beach, discussed proposed FCFA service contract with OCSD.

Commissioner Paulding asked how the FCFA funding formula was determined.

Matthew Bronson responded to questions and provided comment.

Commissioner Waage inquired about use of OCSD fire station.

Matthew Bronson responded to questions and provided comment.

John Nilon, Interim County Administrative Officer, provided comment on the County's role in the OCSD Divestiture of Fire Authority.

Commissioner Waage and **Chairperson Arnold** shared appreciation with the speakers.

Will Clemens provided comment on OCSD's funding sources and the FCFA service contract.

Jimmy Paulding thanked staff and discussed long term strategic planning for fire service in the County.

Chairperson Arnold announced the item was received and filed.

Chairperson Arnold called for a break at 10:30 AM and reconvened the meeting at 10:41 AM.

Regular Matters

B-1: Policies, Procedures & By-Laws Manual Update (Recommend Review and Approve)

Mr. Fitzroy introduced the item.

Commissioner Eby expressed desire to postpone the item to allow for additional time for review.

Mr. Fitzroy stated the item is not time sensitive.

Commissioner Eby motioned to proceed with staff presentation and postpone action on the item.

Commissioner Paulding seconded the motion.

Chairperson Arnold opened the item for public comment, announcing it was closed shortly after hearing none.

Chairperson Arnold and **Commissioner Ochylski** suggested postponing the presentation until a future meeting.

Commissioner Eby modified his motion to continue the item.

Commissioner Paulding seconded the motion.

Commissioner Waage asked if continuing the item would affect potential applications.

Mr. Pierik responded to questions and provided comment.

AYES: Commissioners Eby, Paulding, Bourbeau, Jensen, Waage, Vice Chair Ochylski, and Chairperson Arnold

NAYS: None

ABSTAINING: None

The motion was passed.

B-2: Final Fiscal Year 2023-2024 Budget and Work Plan (Recommend Review and Approve)

Mr. Fitzroy presented the item.

Chairperson Arnold opened the item for Commissioner questions.

Commissioner Waage provided comment regarding reserve fund interest rates.

Chairperson Arnold opened the item for public comment, announcing it was closed shortly after hearing none.

Commissioner Waage motioned to move staff's recommendation.

Commissioner Paulding seconded the motion.

AYES: Commissioners Waage, Paulding, Bourbeau, Eby, Jensen, Vice Chair Ochylski, and Chairperson Arnold

NAYS: None

ABSTAINING: None

The motion was passed.

Closed Session

C-1: Pursuant to Government Code Section 54957 – Public Employee Regular Annual Performance Evaluation | Title: Executive Officer

Mr. Pierik announced the Closed Session item.

Chairperson Arnold opened the item for public comment, announcing it was closed shortly after hearing none.

At 11:10 a.m.; **Chairperson Arnold** called the open session back into order.

Report on Closed Session: LAFCO Legal Counsel, Brian Pierik, stated that there was no reportable action.

Commissioner Comments: **Commissioner Jensen** inquired about LAFCO involvement in offshore wind projects.

Legal Counsel Comments: None

Executive Officer Comments: **Mr. Fitzroy** provided comment regarding future

commission meetings.

Adjournment: With no further business before the Commission, the meeting adjourned at 11:13 a.m. until the next meeting of the Commission in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo.

THESE MINUTES ARE NOT OFFICIAL NOR ARE THEY A PERMANENT PART OF THE RECORD UNTIL THEY ARE APPROVED BY LAFCO COMMISSIONERS AT THE NEXT REGULAR MEETING.

Respectfully submitted,
Morgan Bing, LAFCO Clerk Analyst

DRAFT



San Luis Obispo Local Agency Formation Commission

COMMISSIONERS

Chair

DEBBIE ARNOLD
County Member

Vice-Chair

MARSHALL OCHYLSKI
Special District Member

JIMMY PAULDING
County Member

ROBERT ENNS
Special District Member

ED WAAGE
City Member

STEVE GREGORY
City Member

HEATHER JENSEN
Public Member

ALTERNATES

DAWN ORTIZ-LEGG
County Member

ED EBY
Special District Member

CHARLES BOURBEAU
City Member

David Watson
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

TO: MEMBERS OF THE COMMISSION

FROM: MORGAN BING, CLERK ANALYST
VIA: ROB FITZROY, EXECUTIVE OFFICER

DATE: AUGUST 17, 2023

SUBJECT: LAFCO NO. 1-R-23 | SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION NO. 4 TO CSA 12 (WELDON)

RECOMMENDATION

Action 1: Motion by LAFCO, acting as the Responsible Agency pursuant to the California Environmental Quality Act (CEQA), finding that the Mitigated Negative Declaration (MND) adopted by the County of San Luis Obispo, was reviewed, considered, and determined to be adequate for purposes specified in Section 15096 of the CEQA Guidelines and for use in considering approval of the proposed annexation.

Action 2: Motion to waive protest proceedings pursuant to Government Code §56662(a).

Action 3: Motion to adopt resolution approving the proposed Sphere of Influence Amendment and Annexation to County Service Area 12, as contained in Attachment A with the following conditions:

1. The applicant shall comply with all terms and conditions stated in the County of San Luis Obispo Public Works Department Conditional Intent to Serve Letter (Attachment B) dated March 21, 2020, prior to CSA 12 providing water service to the property.
2. Prior to filing the Certificate of Completion with the Clerk Recorder and the State Board of Equalization, the applicant shall submit to LAFCO the final recorded parcel map as approved by the County of San Luis Obispo (County File SUB2015-00070) to confirm that the final map and legal description submitted for annexation purposes is consistent with the final recorded parcel map.

3. This condition applies to the extent allowed by law. The applicant agrees to defend, indemnify, hold harmless and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.

PROJECT OVERVIEW

Project: Sphere of Influence Amendment and Annexation of two designated building envelopes into County Service Area (CSA) 12 for water service for future development of two single-family residences.

Project Applicant: Landowner Petition of Application by Art Weldon

Certificate of Filing: July 20, 2023

Acreage and General Location: The 2.04 acre annexation area (comprised of two designated building envelopes of 1.49 and .55 acres) is located approximately 0.5 miles north of the community of Avila Beach and will remain in the unincorporated area of San Luis Obispo County as seen in Attachment C. CSA 12 is located southwest of the City of San Luis Obispo and west of Highway 101.

APNs: A portion of 076-114-052

Background & Summary: In August 1970, LAFCO approved Annexation No. 2 to CSA 12 (Graulich) which was for a portion of the 177-acre parcel (APN 076-241-016) West of Highway 101 along Ontario Road. The remaining portion of the parcel (APN 076-114-052) was not annexed into CSA 12 at that time. In December 2020, the landowner received approval from the County of San Luis Obispo for Parcel Map SUB2015-00070 to subdivide the 177-acre parcel into two parcels of 80.67 (Parcel 1) and 96.53 acres (Parcel 2). The project also includes three designated "building envelopes"; one of which (Building Envelope 2) is already within CSA 12.

Originally, the applicant proposed to annex the entirety of the remaining portion of the property. However, in order to rely upon the Mitigated Negative Declaration (MND) as a Responsible

Agency under the California Environmental Quality Act (CEQA) and avoid additional environmental review, as well as to ensure consistency with LAFCO policies and annexation regulations, LAFCO staff recommended the applicant apply only for annexation of the areas in which services are needed. More specifically, the MND analyzed environmental impacts associated with development on the building envelopes exclusively. The MND assumed no development outside of the boundaries of the building envelopes would occur. As such, the annexation must be limited to the area in which development may occur if we are to rely upon the MND, as it is not possible to provide urban services to any other location on the property without resulting in inconsistencies with the MND. Additionally, LAFCO policies and State regulations require that annexations be limited to the area in which urban services are needed. Because the only possible area in which urban services would be needed would be limited to the building envelopes, the annexation area is only to include those building envelopes. This is also consistent with past actions of LAFCO. As such, the landowner has therefore applied for sphere of influence amendment and annexation of the building envelopes, which are approximately 1.49 acres and 0.55 acres each, into CSA 12 to meet water needs associated with the proposed development of two single-family residences.

CSA 12 is a single-purpose agency that provides water service to a large eastern section of Avila Beach and two smaller areas to the north and west of the community. The County of San Luis Obispo Public Works Department issued a letter on March 21, 2020, which stated its conditional intent to provide water service to the Weldon parcels.

Timeline of Events: On March 21, 2020, the County Public Works Department issued a Conditional Intent to Serve Letter for APN 076-114-052 and APN 076-241-016.

On December 7, 2020, the applicant received project approval for Parcel Map SUB2015-00070 from the San Luis Obispo County Subdivision Review Board.

On December 15, 2020, the applicant received a Notice of Final County Action (Attachment D) from the County Planning and Building Department for Parcel Map SUB2015-00070.

On February 21, 2023, the landowner applied to LAFCO through a petition of application for Sphere of Influence amendment and annexation of 2.04 acres into CSA 12.

On March 21, 2023, within the 30-day response requirement period, staff provided the applicant with a 30-day review letter (Attachment E), placing the project on hold until the items detailed in the letter be addressed/submitted to continue processing the application.

On April 4, 2023, the applicant provided their initial response to the information requested by LAFCO, but some information requests were still pending.

On June 9, 2023, the County Public Works Department issued a Plan for Services to provide Water to the proposed annexation area. (Attachment F).

On July 11, 2023, the County Board of Supervisors commenced and approved a \$0 exchange of property tax revenue to be transferred between the County and CSA 12.

On July 20, 2023, the application met submission requirements and allowed staff to issue a Certificate of Filing.

Public Notification: Notice was mailed to property owners and registered voters within 300 feet of the proposed annexation property boundary. Mailing was sent out at least 21 days in advance of the hearing. In addition, an advertisement was placed in the Tribune on July 27, 2023, 21 days in advance of today's hearing. Notice has been sent to the applicants, the County, applicable agencies, and other interested parties.

ACTION 1 | ENVIRONMENTAL DETERMINATION

The County, acting as Lead Agency, has prepared a Mitigated Negative Declaration referred to as Weldon Parcel Map; ED20-179 SUB2015-00070 (Attachment G). Per the requirements of CEQA, a Responsible Agency relies on the Lead Agency's environmental documentation to approve the portion of the project under its jurisdiction. LAFCO, acting as Responsible Agency, will rely upon the MND for compliance with CEQA with respect to the annexation component of the project as per CEQA Section 15096. Staff have determined that the MND is adequate for the proposed annexation action before LAFCO.

The MND includes discussion of the impacts associated with the development in the annexation areas, i.e. the building envelopes. In summary, mitigation measures are proposed to reduce potentially significant impacts to a less than significant level as related to aesthetics, biological resources, and geology and soils. The applicant has agreed to incorporate the measures outlined in Attachment D, into the project. These measures become a part of the project description and therefore become a part of the record of action upon which the environmental determination is based.

ACTION 2 | WAIVE PROTEST PROCEEDINGS

Government Code §56662 allows the Commission to make determinations and waive protest proceedings entirely if the proposal meets the criteria specified below:

- 1) *The territory is uninhabited.*
- 2) *An affected local agency has not submitted a written demand for notice and hearing during the 10-day period as described in subdivision (c).*
- 3) *The proposal meets either of the following criteria:*
 - a. *The petition accompanying the proposal is signed by all of the owners of land within the affected territory.*
 - b. *The proposal is accompanied by proof, satisfactory to the commission, that all the owners of land within the affected territory have given their written consent to the proposal.*

The area proposed for annexation is legally uninhabited per the definition of the Cortese, Knox Hertzberg Act (CKH) meaning it has less than 12 registered voters. The proposal also includes a written letter of 100% landowner consent. This proposal meets all the criteria and staff recommend that protest proceedings be waived.

ACTION 3 | SPHERE OF INFLUENCE AMENDMENT & ANNEXATION

Sphere of Influence Analysis

Municipal Service Review (MSR): The Cortese-Knox-Hertzberg (CKH) Act requires that a current MSR be used to analyze a Sphere of Influence Amendment. The MSR is a study of the District’s service capabilities and addresses seven factors described in Section 56430 of the CKH Act. LAFCO last adopted a SOI and MSR for CSA 12 in August 2017. In addition to relying on the CSA’s latest MSR adopted in August 2017, an updated brief analysis of the seven factors listed in 56430 (a) was provided in Attachment H.

Sphere of Influence Amendment: Prior to the annexation, the SOI must be amended to include the subject territory. The SOI is a plan for the probable physical boundaries of a local agency as determined by LAFCO per Government Code §56076. This action should be considered before moving forward with annexation.

An SOI is defined by Government Code §56425 as “...a plan for the probable physical boundary and future service area of a local agency or municipality...”. An SOI is generally considered as a 20-year, long-range planning tool, and a mandatory step in the process before annexation. Approval of a SOI amendment does not mean the subject area will be in the City or Special District’s jurisdiction. The entity must complete the land use planning process, including CEQA prior to an annexation being considered by LAFCO, which in this circumstance has already been completed.

Sphere of Influence Factors. To amend a local agency’s Sphere of Influence, the CKH act requires the following five specific determinations to be considered by LAFCO per Government Code §56425 (e). The determinations factors and responses are provided below:

- 1. The present and planned land uses in the area, including agricultural and open-space lands.** The property is within the County’s Rural Lands land use category, and the property is bordered to the west, north, and south by primarily undeveloped rural lands and by US 101 to the east. The zoning will remain unchanged. There are no agricultural or open-space lands within the building envelopes.
- 2. The present and probable need for public facilities and services in the area.** As stated in the attached Plan for Services (Attachment F), the applicant is requesting amendment of the SOI and annexation into CSA 12 to receive water service from the CSA. The project includes two designated building envelopes for future development of single-family residences.

3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.** As stated in the attached Plan for Services (Attachment F) CSA 12 is willing and able to provide the requested water service, subject to terms and conditions of any and all annexation agreements, Engineering Reimbursement Agreement dated November 1, 2016, and the Conditional Intent to Provide Water letter dated February 8, 2023. The owner of the property has a contractual entitlement to receive six acre feet of water per year from CSA 12, which is sufficient to allow for build out of single-family residences on the proposed parcels as specified in the plans for the subdivision. The parcels have the necessary County infrastructure and allocated water to provide the necessary service for the project as presented.
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 proposed SOI does not have communities of interest as the area is uninhabited and is currently outside of the CSA's jurisdiction. Additionally, there are no nearby areas of social or economic communities of interest or areas in the CSA that meet the Disadvantaged Unincorporated Communities definition.
5. **For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.** A disadvantaged community is defined as a community with an annual median household income (MHI) that is less than 80 percent of the statewide annual MHI of \$84,097^a. CSA 12 is within the Avila Beach Census Designated Place which had an estimated MHI of \$113,704^b. Therefore, the existing SOI and proposed SOI amendment for CSA 12 does not have any disadvantaged communities that have a present and probable need for public facilities and services nor do the areas contiguous to the SOI qualify as a disadvantaged community.

Local Sphere of Influence Policies. CKH requires that each commission establish written policies and procedures. The act also states that LAFCOs are to exercise their powers consistent with those policies and procedures. The San Luis Obispo LAFCO's policies encourage and provide for well-ordered, efficient urban development patterns, balanced with preserving open space and agriculture land while discouraging urban sprawl. The Sphere of Influence Update for CSA 12 is consistent with those policies and the purposes of LAFCO.

Sphere of Influence Amendment Analysis and Conclusions. The SOI amendment for CSA 12 is recommended to include the proposed annexation area. This is based on the information, application, studies, and documents provided and approved by the County, CSA 12, and contained or referenced by in this Staff Report. CSA 12 has considered the impacts of this SOI

^a US Census, California Median Household Income 2017-2021

^b 2021 American Community Survey 5-Year Estimates

amendment and annexation on its service capacities and determined that they are willing and able to provide the requested services.

Annexation Analysis

LAFCO Factors Government Code §56668: Government Code §56668 identifies a number of factors that must be considered by LAFCO in reviewing a proposal for annexation. A select number of the key applicable factors for the project are discussed in the body of this staff report for the Commission’s consideration and highlighted in bold in the table below. All other remaining factors are addressed in detail in Attachment I of this staff report and summarized in the table below.

• Population and Land Use	• Need for Services	• Impact on Adjacent Areas
• Commission Policies	• Agricultural Lands	• Definite Boundaries
• Consistency with General Plans and Reg. Trans. Plan	• Sphere of Influence	• Other Agency Comments
• Ability to provide services	• Availability of water supplies	• Housing
• Comments from landowner, voters or residents	• Existing information about existing land use	• Environmental Justice
		• Local Hazard Mitigation & Fire Hazard Severity

Ability to provide Water Service / Plan for Service: CSA 12 is willing and able to provide the requested water service to the property within the annexation area, subject to the terms and conditions of any and all annexation agreements, the Engineering Reimbursement Agreement dated November 1, 2016, in interest, and the Conditional Intent to Provide Water letter dated February 8, 2023. This is also documented in the County Department of Public Works’ Plan for Services document included as Attachment F.

The cost of all services for the subject annexation will be paid by the applicant in accordance with CSA 12’s existing fee structure and per the terms and conditions of the above referenced Engineering Reimbursement Agreement dated November 1, 2016. All costs associated with the design, inspection, plan check, and review and construction inspection by CSA 12 staff will be paid by the applicant. Any and all costs associated with provision of water services by CSA 12 after completion and connection of the subject properties to the CSA 12 water system will be paid by the applicant and/or future owners of said properties, and shall include system buy-in fees, and all applicable connection fees for each lot that shall be paid in full prior to provision of water service.

Need for Services: CSA 12 is a dependent special district and single-purpose agency authorized to provide water service to a large eastern section of Avila Beach and two smaller areas to the north and west of the community. In order for the applicant to proceed with applying for grading

or construction permits, the applicant would need to comply with the County's Notice of Final action conditions of approval. Condition 14 states the need for the applicant to meet the conditions of the Conditional Intent to Provide Water Service letter from CSA 12 dated March 21, 2020, or the applicable equivalent conditions of any later or revised Conditional Intent to Provide Water Service letters. The new Conditional Intent to Provide Water Service letter, dated February 8, 2023, requires the applicant to request and gain approval for annexation of the project site into CSA 12 from LAFCO.

Initially, the applicant proposed to annex the entirety of the remaining portion of the parcel (~165.65 acres), however, in order to stay consistent with LAFCO Policy 2.4.1 and 2.4.2, which require a demonstrated need for the required services and a logical and reasonable expansion of the district, the applicant revised the application to only include annexation of the areas in which services are needed. The need for services is limited to and can only occur within the building envelopes. The landowner has therefore applied for sphere of influence amendment and annexation of only the building envelopes, which are approximately 1.49 acres and 0.55 acres, into CSA 12 to meet water needs associated with the proposed development of two single-family residences. The proposed annexation is consistent with the requirements of Section 56668(b) of state law, and LAFCO policies.

Agricultural Lands: The annexation area does not include land within the Agriculture land use designation or land subject to a Williamson Act contract. There are soils elsewhere on the site classified as Prime Farmland, however development in the proposed annexation area (the two building envelopes) will not result in impacts to soils designated as Prime Farmland. Therefore, the project would not result in a conflict with existing zoning for agricultural use or a Williamson Act contract and no impacts would occur.

Availability of Water Supply: Zone 3, which manages the Lopez Water Project, provides surface water supplies to the Cities of Arroyo Grande, Pismo Beach, and Grover Beach; Oceano CSD, and CSA 12. CSA 12 is a single-purpose agency authorized to provide water service only, and subcontracts Zone 3 water to Avila Beach CSD, Port San Luis Harbor District, Avila Valley Mutual Water Company, and residential property owners located in the Avila Beach Region. CSA 12 and the San Luis Obispo County Flood Control and Water Conservation District entered into a water supply contract, dated November 21, 1966, which gives CSA 12 an entitlement to 337 acre-feet of water annually from the Lopez Reservoir. Currently, all water in the Zone 3 system and subsequently in CSA 12 is spoken for. The owner of the property has a contractual entitlement (Attachment F) to receive 6 AFY or 1.78 percent of CSA 12's annual entitlement of water.

STAFF RECOMMENDATION

At the conclusion of its consideration, the Commission may approve the request, with or without amendment, wholly, partially, or conditionally, or disapprove the request. The Commission has discretion in light of the whole record to make its decision.

If approved, the Sphere of Influence amendment and annexation of the Weldon annexation area into CSA 12 will become effective upon filing of the Certificate of Completion with the Clerk Recorder pursuant to Government Code §56020.5. The CKH Act (GC §57001) allows up to one year for a Certificate of Completion to be filed with the Clerk Recorder, otherwise the action is deemed abandoned. If conditions of approval are not met within a year, LAFCO may grant extensions based on a reasonable request by the applicant. The time frame for an extension is at LAFCO's discretion based on the circumstances of the proposal.

If your Commission moves to approve the annexation, staff recommends that roll call vote be taken for each of the following actions:

Action 1:

Motion by LAFCO, acting as the Responsible Agency pursuant to the California Environmental Quality Act (CEQA), finding that the Mitigated Negative Declaration (MND) adopted by the County of San Luis Obispo, was reviewed, considered, and determined to be adequate for purposes specified in Section 15096 of the CEQA Guidelines and for use in considering approval of the proposed annexation.

Action 2:

Motion to waive protest proceedings pursuant to Government Code §56662(a).

Action 3:

Motion to adopt resolution approving the proposed Sphere of Influence Amendment and Annexation to County Service Area 12, as contained in Attachment A with the following conditions:

1. The applicant shall comply with all terms and conditions stated in the County of San Luis Obispo Public Works Department Conditional Intent to Serve Letter (Attachment B) dated March 21, 2020, prior to CSA 12 providing water service to the property.
2. Prior to filing the Certificate of Completion with the Clerk Recorder and the State Board of Equalization, the applicant shall submit to LAFCO the final recorded parcel map as approved by the County of San Luis Obispo (County File SUB2015-00070) to confirm that the final map and legal description submitted for annexation purposes is consistent with the final recorded parcel map.
3. This condition applies to the extent allowed by law. The applicant agrees to defend, indemnify, hold harmless and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses,

attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.

Attachment A: Draft LAFCO Resolution No. 2023-_____

Exhibit A: Annexation Map

Exhibit B: Legal Description

Attachment B: County of San Luis Obispo Public Works Conditional Intent to Serve Letter

Attachment C: Vicinity Map

Attachment D: Notice of Final County Action, Parcel Map SUB2015-00070

Attachment E: LAFCO 30-Day Review Letter

Attachment F: Plan for Services from CSA 12 for the Weldon Annexation (APN 076-114-052)

Attachment G: Negative Declaration and Notice of Determination for Weldon Parcel Map
ED20-179 SUB2015-00070 (Available Online)

Attachment H: LAFCO Proposal Review of Factors – Government Code §56430

Attachment I: LAFCO Proposal Review of Factors – Government Code §56668

Attachment J: Public Comment

Attachment A

Draft LAFCO Resolution

No. 2023-____

Exhibit A: Annexation Map

Exhibit B: Legal Description

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

Thursday, August 17, 2023

RESOLUTION NO. 2023-XX

**RESOLUTION APPROVING SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION NO. 4 TO
COUNTY SERVICE AREA 12 (WELDON)**

The following resolution is now offered and read:

WHEREAS, proposal proceedings were initiated by the landowner through a petition of application to amend the sphere of influence and annex 2.04 acres (a portion of APN: 076-114-052) to the County Service Area (CSA) No. 12; and

WHEREAS, the application was submitted to the San Luis Obispo Local Agency Formation Commission and the application for said proposed sphere of influence amendment and annexation was accepted for filing by the Executive Officer on July 20, 2023; 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 for public hearing at 9:00 a.m. on August 17, 2023, and the public hearing was duly conducted and determined and a decision was made on August 17, 2023; and

WHEREAS, at said hearing this Commission heard and received all oral and written protests, objections, and evidence, which were made, presented, or filed, and all person's present were given the opportunity to hear and be heard in respect to any matter relating to the proposal and report; and

WHEREAS, the reasons for the proposed sphere of influence amendment and annexation are as follows:

- 1) It will enable the applicant to receive water service from CSA 12 to meet water needs

associated with the parcel map approved by the County of San Luis Obispo (SUB2015-00070).

WHEREAS, acting as “Responsible Agency” the Commission determined that the environmental review documentation adopted by the “Lead Agency”, County of San Luis Obispo, for project/entitlement name Weldon Parcel Map; SUB2015-00070, meets the requirements of the California Environmental Quality Act (CEQA) for purposes specified under Section 15096; and

WHEREAS, the Commission has considered all sphere of influence factors required to be considered by Government Code Sections 56430 and 56425 (e) and adopts as its written statements of determinations therein, the determinations set in the Executive Officer’s Staff report dated August 17, 2023, said determinations being incorporated by reference herein as though set forth in full; and

WHEREAS, the Commission has considered all annexation factors required to be considered by Government Code Sections 56668 et seq. and adopts as its written statements of determinations therein, the determinations set in the Executive Officer’s Staff report dated August 17, 2023, said determinations being incorporated by reference herein as though set forth in full; and

WHEREAS, the Commission duly considered the proposal and finds that the proposal to amend the sphere of influence and annex territory to County Service Area 12 should be approved.

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 map and legal description approved by this Commission is attached hereto, marked as Exhibits A and B and incorporated by reference herein as though set forth in full.
3. That the Executive Officer of this Commission is authorized and directed to mail copies of

this resolution in the manner provided by law.

4. That pursuant to the Cortese, Knox, Hertzberg Act the territory is uninhabited, and all landowners consented to the annexation.
5. LAFCO has not received a request from any affected local agency, for notice, hearing, or protest proceedings on the proposal. Therefore, pursuant to Cortese, Knox, Hertzberg Act Section 56662(a), LAFCO waives protest proceedings and order the annexation subject to requirements of Cortese, Knox, Hertzberg Act.
6. That Sphere of Influence Amendment and Annexation No. 4 to County Service Area 12 is hereby approved with the following conditions:
 1. The applicant shall comply with all terms and conditions stated in the County of San Luis Obispo Public Works Department Conditional Intent to Serve Letter (Attachment B) dated March 21, 2020, prior to CSA 12 providing water service to the property.
 2. Prior to filing the Certificate of Completion with the Clerk Recorder and the State Board of Equalization, the applicant shall submit to LAFCO the final recorded parcel map as approved by the County of San Luis Obispo (County File SUB2015-00070) to confirm that the final map and legal description submitted for annexation purposes is consistent with the final recorded parcel map.
 3. This condition applies to the extent allowed by law. The applicant agrees to defend, indemnify, hold harmless and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.

Upon a motion of Commissioner _____, seconded by Commissioner _____, and on the following roll call vote:

AYES:

EXHIBIT "A"
Legal Description
COUNTY SERVICE AREA NO. 12 (C.S.A.-12) ANNEXATION

Parcel 1:

All that portion of the Parcel described in that certain Voluntary Merger recorded May 24, 2001 as Document 2001-036688 of Official Records on file in the County Recorder's Office in the County of San Luis Obispo, State of California being Parcel 2 of Parcel Map CO 71-247, in the County of San Luis Obispo, State of California, according to the map filed June 22, 1972 in Book 8 at Page 89 of Parcel Maps in the County Recorder's Office of said county, together with a Portion of Lot 39 of The Rancho San Miguelito, Recorded in Book A of Maps Page 38 in said County Recorder's Office and shown on the Record of Survey recorded in Book 100 at Page 61 of Records of Surveys on file in said recorder's office, more particularly described as follows:

Beginning at the northwesterly corner of said Parcel 2, evidenced by a 5/8" rebar and cap "RCE 12545" as shown on the map recorded in Book 41 at Page 68 of Records of Survey, on file in said recorder's office;

thence along the northerly Boundary of said Parcel 2, South 88° 38' 25" East, 1326.10 feet to the northeast corner of said Parcel 2, marked with a 2" iron pipe with tag stamped "LS 7972" as shown on said Record of Survey recorded in Book 100 at Page 61;

thence along the easterly Boundary of said Parcel 2, South 01° 12' 40" West, 2629.63 feet to an angle point marked with a 2" iron pipe with tag stamped "LS 7972" as shown on said Record of Survey recorded in Book 100 at Page 61;

thence leaving the boundary of said Parcel 2, South 75° 47' 00" East, 929.09 feet to the True Point Of Beginning;

thence South 00° 18' 26" West, 180.00 feet;

thence South 89° 41' 34" East, 360.00 feet;

thence North 00° 18' 26" East, 180.00 feet;

thence North 89° 41' 34" West, 360.00 feet to the True Point Of Beginning.

The above-described parcel contains 1.49 Acres, more or less and is Building Envelope 1 shown on Parcel Map CO 16-0156.

Parcel 2:

All that portion of the Parcel described in that certain Voluntary Merger recorded May 24, 2001 as Document 2001-036688 of Official Records on file in the County Recorder's Office in the County of San Luis Obispo, State of California being Parcel 2 of Parcel Map CO 71-247, in the County of San Luis Obispo, State of California, according to the map filed June 22, 1972 in Book 8 at Page 89 of Parcel Maps in the County Recorder's Office of said county, together with a Portion of Lot 39 of The Rancho San Miguelito, Recorded in Book A of Maps Page 38 in said County Recorder's Office and shown on the Record of

Survey recorded in Book 100 at Page 61 of Records of Surveys on file in said recorder's office, more particularly described as follows:

Beginning at the northwesterly corner of said Parcel 2, evidenced by a 5/8" rebar and cap "RCE 12545" as shown on the map recorded in Book 41 at Page 68 of Records of Survey, on file in said recorder's office;

thence along the northerly Boundary of said Parcel 2, South 88° 38' 25" East, 1326.10 feet to the northeast corner of said Parcel 2, marked with a 2" iron pipe with tag stamped "LS 7972" as shown on said Record of Survey recorded in Book 100 at Page 61;

thence along the easterly Boundary of said Parcel 2, South 01° 12' 40" West, 2629.63 feet to an angle point marked with a 2" iron pipe with tag stamped "LS 7972" as shown on said Record of Survey recorded in Book 100 at Page 61;

thence leaving the boundary of said Parcel 2, South 61° 31' 07" East 1601.23 feet to the True Point Of Beginning being a point on an 85.00 foot radius curve concave northerly, a radial to said point bears South 22° 04' 57" West;

thence easterly along the arc of said curve through a central angle of 18°43'23" an arc distance of 27.78;

thence South 86° 38' 26" East 180.55 feet to the beginning of a 45.00 foot radius curve to the right;

thence Easterly along the arc of said curve through a central angle of 58°31'36" an arc distance of 45.97 feet;

thence South 28° 06' 50" East 38.85 feet to the beginning of an 85.00 foot radius curve to the left;

thence Easterly along the arc of said curve through a central angle of 33°34'17" an arc distance of 49.80 feet;

thence South 28° 18' 53" West 49.09 feet';

thence North 74° 27' 53" West 199.72 feet;

thence North 39° 25' 33" West 128.36 feet to the True Point Of Beginning.

The above-described parcel contains 0.55 Acres, more or less and is Building Envelope 3 shown on Parcel Map CO 16-0156.

William L. Rebik

William Rebik LS 7035

7/10/23



APPROVED COUNTY SURVEYOR

By: *Peter Mosen*

Date: 7-20-2023

San Luis Obispo County Dept. of Public Works

Attachment B

County of San Luis
Obispo Public Works
Conditional Intent to
Serve Letter



COUNTY OF SAN LUIS OBISPO

Department of Public Works

John Diodati, Interim Director

March 21, 2020

Art Weldon
PO Box 369
Arroyo Grande, CA 93421

Subject: County Service Area No. 12; Conditional Intent to Provide Water Service to Assessor Parcel Number (APN) 076-114-052 (Legal Description: PM 8-89 PTN PAR 2 & RHO SAN MIG PTN LT 39) and APN 076-241-016 (Legal Description RHO SAN MIG PM 8/89 PTN PAR 2) for a Proposed Subdivision

Dear Mr. Weldon:

The original Conditional Intent to Provide a Water Service Letter dated January 27, 2017, expired on December 31, 2019. Accordingly, it is now necessary to issue this new Conditional Intent to Serve letter to support the subdivision identified by APN 076-114-052 and 076-241-016 (PM 8-89 PTN PAR 2 & RHO SAN MIG PTN LT 39 and RHO SAN MIG PM 8/89 PTN PAR 2) to extend the existing water service assigned to APN 076-241-016 to the larger overall parcel described above. County Service Area 12 (CSA 12) is ready and willing to provide water service to the above described project site provided the following conditions are met:

1. All work performed by the County Department of Public Works Utilities Division staff for the subject project shall be billed to and reimbursed by the Applicant through and in accordance with the previously issued Engineering Reimbursement Agreement (ERA) dated November 1, 2015, for this project.
2. The Applicant shall formally request, from the County of San Luis Obispo Board of Supervisors, and gain approval from the Local Agency Formation Commission, annexation of the entire project site into CSA 12.
3. If annexation to CSA 12 is authorized by the Board of Supervisors and approved by the Local Agency Formation Commission, the Applicant shall formally request, from the San Luis Obispo County Flood Control and Water Conservation District Board of Supervisors, either: 1) a modification to the boundaries of Flood Control Zone 3 to include the project site, or alternately 2) consent to serve water outside the boundaries of Zone 3.

4. The Applicant has a contractual allocation of 6 acre-feet per year of CSA 12 water as specified in a Water Delivery Contract with CSA 12 dated November 1, 2016.
5. The Applicant is aware that the Water Delivery Contract is for a specific, annual, amount of water. Delivery of such water may be subject to curtailment due to system maintenance needs, shortages, or regulatory actions as described in the August 2000 *Contract Between the San Luis Obispo County Flood Control and Water Conservation District and San Luis Obispo County Service Area #12 for a Water Supply*.
6. Per the terms of the ERA, the Applicant shall be responsible for designing, constructing, and installing water line service lateral(s) necessary to provide water service (including all necessary system improvements) to the proposed project. Said water service laterals shall include, at a minimum, service lines for domestic water use and service lines for fire protection which shall include double detector check backflow preventer assemblies and all necessary related appurtenances as determined by the Department of Public Works Utilities Division Manager (UDM). The number of necessary domestic and fire protection lines shall be as determined by Applicant's Fire Sprinkler Contractor and as approved by the UDM at such time as the Applicant submits plans and specifications for the Project.
7. The Applicant shall employ a Registered Civil Engineer (RCE) to design the water service lines and associated appurtenances, and provide inspection during the course of construction to certify to the County Department of Public Works that the improvements were installed in accordance with the improvement plans, and to submit as-built plans to the Department. If the Engineer of Work is other than the designing engineer, or is replaced during the course of construction, the UDM shall be notified in writing; and each such Engineer of Work shall certify as to their respective involvement. The UDM, or his designated representative, may make such additional inspection as is deemed necessary (and shall be available to review field conditions and/or proposed changes with the Engineer of Work).
8. The proposed project will require connection to the existing CSA 12 water system. Construction of the water services connections for the proposed project will be at the Applicant's responsibility and expense. Construction of all facilities shall be in accordance with the San Luis Obispo County Public Improvement Standards and Specifications. The Applicant shall employ a licensed contractor, and must submit evidence that the contractor is licensed prior to issuance of a final Will Serve Letter.

9. All work within the public right of way will require an Encroachment Permit from the Department, as described in the attached "General Conditions for Additions to CSA 12 Facilities".
10. The Applicant shall comply with all other conditions described in a previously issued Engineering Reimbursement Agreement and/or as detailed in the attached "General Conditions for Additions to CSA 12 Facilities".
11. Prior to issuance of a final water Will Serve Letter, and prior to provision of water service to the project described above, Applicant shall: 1) pay to CSA 12 all remaining applicable CSA 12 connection fees, meter charges, other new service related fees and/or related expenses established by ordinance and/or as described in the attached ERA; and 2) shall comply with any and all conditions of approval established by the County Department of Planning and Building as well as any and all conditions of approval established by the County Planning Commission.

The above CSA 12 conditions shall be effective until December 31, 2022, or until an unforeseen event occurs, making this presently intended service, unusually difficult or impossible to provide.

If you have any questions regarding this letter, please feel free to call me at (805) 781-5135.

Sincerely,



LAURA HOLDER
Utilities Division Program Manager

Attachment: General Conditions for Additions to CSA 12 Facilities

File: CF 320.490.01

c: Mark Chiamonte, Utilities Division Manager
Jill Ogren, Utilities Senior Engineer
David Grim, Development Services Division
Kate Shea, County Planning and Building Department
Young Choi, County Planning and Building Department
County Environmental Health Department
Art Weldon, art.weldon@att.net

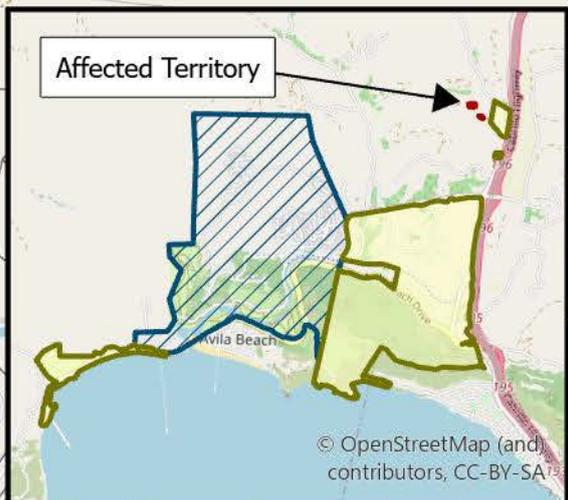
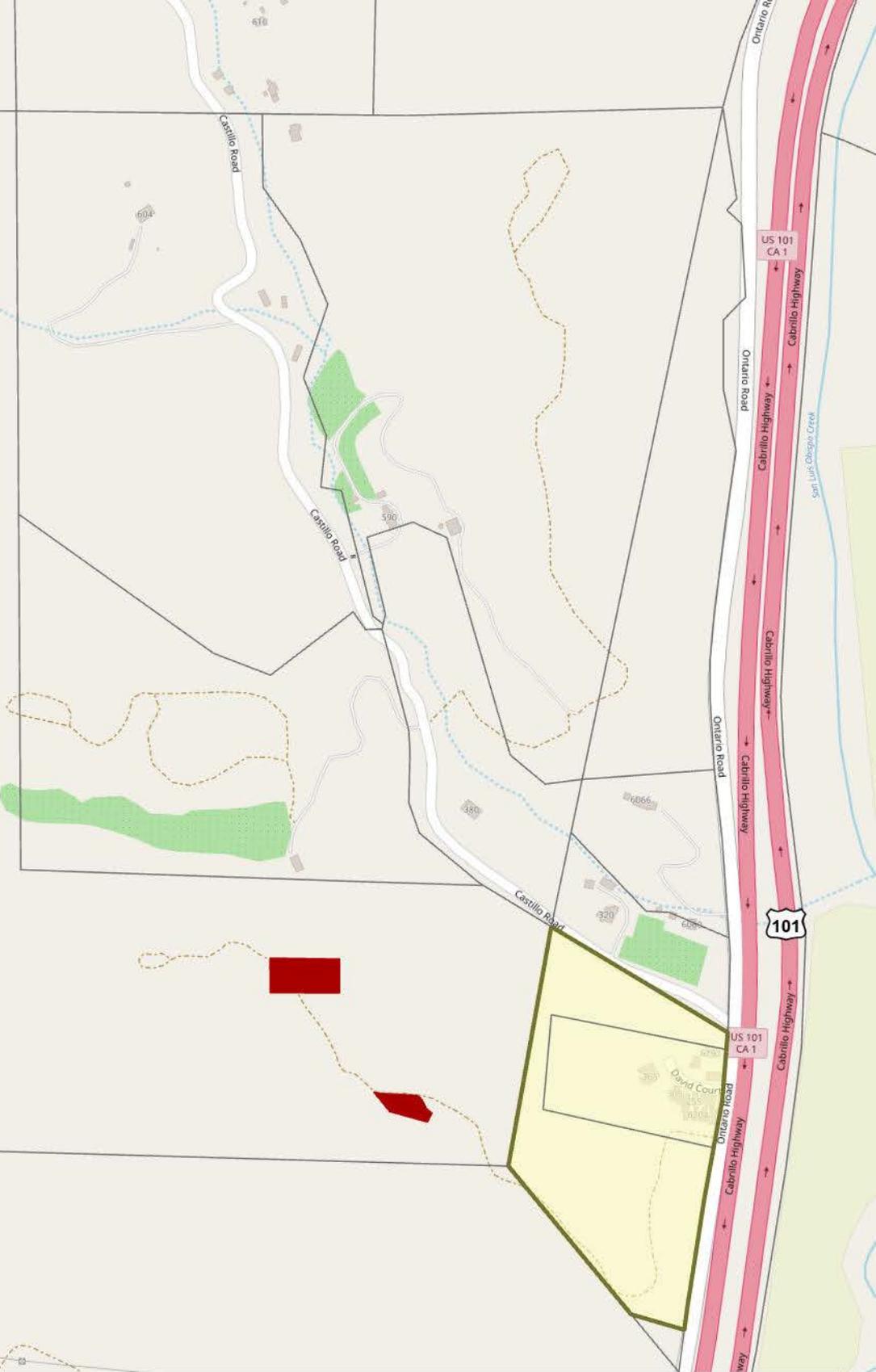
L:\Utilities\2020\February\Weldon Revised Conditional Intent To Serve ltr.docx.LH.mt

Attachment C

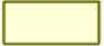
Vicinity Map



076-114-052

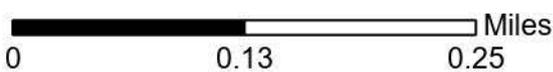


LAFCO File No. 1-R-23 | SOI & Anx #4 to CSA 12

-  Sphere of Influence
-  Service Area
-  Affected Territory



APN in Affected Territory: Acres: 2.04
a portion of 076-114-052



Prepared By SLOLAFCO
Name: 1-R-23_2
Date: 7/25/2023

Attachment D

Notice of Final
County Action,
Parcel Map
SUB2015-00070



COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF PLANNING & BUILDING
TREVOR KEITH, *DIRECTOR*

December 15, 2020

JEFFREY EMRICK
1415 S ELM ST
ARROYO GRANDE, CA 93420

SUBJECT: Notice of Final County Action, Parcel Map SUB2015-00070

Dear Sir/Madam,

On **December 7, 2020**, the above-referenced application was approved by the **Subdivision Review Board** based on the approved Findings, and subject to the approved Conditions, which are both enclosed for your records.

If you disagree with this action, pursuant to (County Real Property Ordinance Section 21.04.020 / County Land Use Ordinance Section 22.70.050 / County Coastal Zone Land Use Ordinance (CZLUO) Section 23.01.042), and in the manner described therein, you have the right to appeal this decision, or a portion of this decision, to the Board of Supervisors within 14 calendar days after the date of the action.

The appeal must be submitted on the proper Department of Planning and Building appeal form, as provided on the County website, to the Clerk of the Board of Supervisors with a copy filed with the Department of Planning and Building. The original appeal form filed with the Clerk of the Board of Supervisors must be submitted with an original signature; a facsimile will not be accepted. The appeal fee is set by the current fee schedule and must accompany the copy of the appeal form filed with the Department of Planning and Building for your appeal to be accepted for processing.

If you have any questions regarding your project, please contact **Emi Sugiyama** at 805-781-5600.

Sincerely,

Daniela Chavez

Daniela Chavez, Secretary
County of San Luis Obispo
Department of Planning & Building

CC: ART WELDON
PO BOX 369
ARROYO GRANDE, CA 93421

**EXHIBIT A - FINDINGS
WELDON (SUB2015-00070)**

Environmental Determination

- A. Also to be considered at the hearing will be adoption of the Mitigated Negative Declaration prepared for the item. The Environmental Coordinator, after completion of the initial study, finds that there is no substantial evidence that the project may have a significant effect on the environment, and the preparation of an Environmental Impact Report is not necessary. Therefore, a Mitigated Negative Declaration (pursuant to Public Resources Code Section 21000 et seq., and CA Code of Regulations Section 15000 et seq.) has been issued on October 1, 2020 for this project. Mitigation measures are proposed to address Aesthetics, Biological Resources, and Geology and Soils are included as conditions of approval.

Tentative Map

- B. The proposed map is consistent with applicable county general and specific plans because it complies with applicable area plan standards and is being subdivided in a consistent manner with the Rural Lands land use category.
- C. The proposed map is consistent with the county zoning and subdivision ordinances because the parcels meet the minimum parcel size set by the Land Use Ordinance and the design standards of the Real Property Division Ordinance.
- D. The design and improvement of the proposed subdivision are consistent with the applicable county general and specific plans because required improvements will be completed consistent with county ordinance and conditions of approval and the design of the parcels meets applicable policies of the general plan and ordinances.
- E. The site is physically suitable for the type of development proposed because the proposed parcels contain adequate area for development of three single-family residences.
- F. The site is physically suitable for the proposed density of the development proposed because the site can adequately support a single-family residence and its allowable accessory uses within the Residential Rural land use category.
- G. The design of the subdivision or the proposed improvements will not cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat because the project site is not in close proximity to significant fish or wildlife habitats. The resulting parcels will use the land efficiently, will not hinder the use of the subject or adjacent parcels, and will maintain the character and parcel configuration pattern of the surrounding area.
- H. The design of the subdivision or the type of improvement will not conflict with easements acquired by the public at large for access through or use of property within the proposed subdivision.
- I. The proposed map complies with Section 66474.6 of the State Subdivision Map Act, as to methods of handling and discharge of waste.

Road Improvements

- J. In the interest of the public health and safety, and as a necessary pre-requisite to the orderly development of the surrounding area, the construction of any road improvements shall occur prior to recordation of the parcel map or, if bonded for, within the time frame approved in the Subdivision Agreement and prior to issuance of a permit or other grant of approval for development on a parcel.

Adjustments

- K. That there special circumstances or conditions affecting the subdivision because the existing parcel has a unique shape with a large, vertically oriented portion making up nearly half of its land area. Additionally, the parcel is dominated by steep slopes and oak woodland. These characteristics make an adjustment to the length to width ratio design standard necessary for the proposed project.
- L. That the granting of the adjustment will not have a material adverse effect upon the health or safety of persons residing or working in the neighborhood of the subdivision because the length and width of the proposed would allow for safe access and would not create conditions which would have an adverse effect on the health of persons within the neighborhood.
- M. That the granting of the adjustment will not be materially detrimental to the public welfare or injurious to other property or improvements in the neighborhood of the subdivision because the adjustment to the length to width ratio design standard will not result in parcels which do not allow for proper access.

**EXHIBIT B - CONDITIONS OF APPROVAL
WELDON (SUB2015-00070)**

Approved Project

1. A Vesting Tentative Parcel Map (CO16-0156) to subdivide one, 177-acre parcel into two parcels of 80.67 and 96.35 (gross) acres. The proposed project also includes widening and paving of approximately 2430 linear feet of portions of a currently unpaved pathway into a driveway and the installation of new utility lines, water tank, and associated fixtures. The project includes three designated "building envelopes" of approximately 64,800 square feet on Parcel 1, and 15,500 and 45,000 square feet on Parcel 2. The project would result in the disturbance of approximately 2.5 acres of site disturbance. The parcel is within the Rural Lands land use category and is located at 6226 Ontario Road, approximately 0.5 miles north of community of Avila Beach, in the San Luis Bay Inland Sub Area of the San Luis Obispo Planning Area.
2. All timeframes on approved tentative maps for filing of final parcel or tract maps are measured from the date the Review Authority approves the tentative map, not from the date a time extension request may be acted on.
3. This approval is valid for 24 months from the date of approval by the Review Authority. Up to six (6) one-year time extensions can be granted. These one-year extensions must be requested, one year at a time, prior to the expiration date of the map. Per the State Subdivision Map Act, Government Code section 66463.5, if a map expires, no further action can be taken by the County unless a new map is applied for and approved. It is the applicant's responsibility to track expiration dates.

Access and Improvements

4. Road and/or streets are to be constructed to the following standards, unless already constructed and acceptable or design exceptions are approved by the Public Works Department in accordance with Section 1.2 of the Public Improvement Standards:
 1. A private access road serving Parcels 1 and 2 shall be constructed to Cal Fire Standards within a minimum 25-foot private access, utility, and drainage easement with additional easement width as necessary to contain all elements of the roadway prism. The access road shall terminate in a Cal Fire standard cul-de-sac or other approved terminus.
 2. All driveway approaches along Ontario Road shall be constructed in accordance with County Public Improvement Standard B-1e drawing for high speed and/or high volume rural roadways.
 3. The intersection of Ontario Road and the site access driveway shall be designed and constructed to provide standard left-turn channelization in accordance with Caltrans California Highway Design Manual, Chapter 400, and within necessary dedicated right-of-way easements.
5. The applicant shall enter into an agreement and post a deposit with the county for the cost of checking the map, the improvement plans if any, and the cost of inspection of any such improvements by the county or its designated representative.

6. The applicant shall provide the county with an Engineer of Work Agreement retaining a registered civil engineer to furnish construction phase services, Record Drawings and to certify the final product to the Department of Public Works. The civil engineer, upon completion of the improvements, shall certify to the Department of Public Works that the improvements are made in accordance with all conditions of approval, including any related land use permit conditions and the approved improvement plans.
7. All public improvements shall be completed **prior to occupancy of any new structure.**

Offers, Easements and Restrictions

8. The applicant shall offer for dedication to the public the following easements by certificate on the map or by separate document:
 - a. For future road improvement 60-foot wide road right-of-way along Ontario Road to be described as 60-feet from the State (Caltrans) right-of-way for southbound US 101, with additional width as necessary to contain all elements of the roadway prism.
 - b. A public utility easement along Ontario to be described as 10-feet beyond the right-of-way, plus those additional easements as required by the utility company, **shall be shown on the final map.**
9. The applicant shall reserve the following private easements by certificate on the map or by separate document:
 - a. A minimum 25-foot shared private access, utility, and drainage easement in favor of Parcel 1 with additional width as necessary to include all elements of the roadway prism and the cul-de-sac or other Cal Fire approved road terminus.
 - b. A shared private drainage easement in favor of Parcel 1 with a minimum area as shown on County Public Works D-1 series standard drawings. Easement shall be extended as necessary to include all drainage appurtenances (basins, inlets, pipes, swales, etc).
10. The applicant shall show the following restrictions by certificate on the map or by separate document:
 - a. Except at a County approved shared driveway location, access shall be denied to Ontario Road and this shall be by certificate and designation on the map.
 - b. If drainage basins are required, then the basin areas shall be indicated as a building restriction on the map.
11. If a drainage basin is required, the drainage basin along with rights of ingress and egress shall be reserved as a drainage easement in favor of the owners and assigns.

Improvement Plans

12. Improvement plans shall be prepared in accordance with County Public Improvement Standards by a Registered Civil Engineer and submitted to the Department of Public

Works and the county Health Department for approval. The plans are to include, as applicable:

- a. Street plan and profile.
- b. Drainage ditches, culverts, and other structures (if drainage calculations require).
- c. Utility plan.
 - i. Water plan to be approved jointly with County Environmental Health. Water facilities and appurtenances shall be constructed and service laterals stubbed to each new parcel.
 - ii. Sewer plan to be approved jointly with County Environmental Health. Sewer facilities and appurtenances shall be constructed and service laterals stubbed to each new parcel.
 - iii. New electric power, telephone and cable television service conduits and appurtenances shall be constructed and service conduits stubbed to each new parcel.
 - iv. New gas distribution mains and appurtenances shall be installed along the entire project frontage(s) and gas service laterals stubbed to each new parcel unless otherwise directed by the gas purveyor.
- d. Sedimentation and erosion control plan for subdivision related improvements.
- e. Stormwater control plan for subdivision related improvements (if subject to MS-4 requirements).
- f. Traffic control plan for construction in accordance with the California Manual on Uniform Traffic Control Devices (CA-MUTCD).
- g. Public utility plan, showing all existing utilities and installation of all new utilities to serve each lot.
- h. All new electric power, telephone and cable television services shall be completed to each new parcel and ready for service.
- i. Tree removal/retention plan for trees to be removed and retained associated with the required improvement for the land division to be approved jointly with the Department of Planning and Building.
- j. Trail plan, if required, to be approved jointly with County Parks.
- k. All grading shall be done in accordance with the County Public Improvement Standards and the California Uniform Building Code. Lot lines shall be considered as Site Area Boundaries with slopes setback accordingly.

Subdivision Grading

13. Grading not associated with required public improvements shall be subject to the Subdivision Grading Process per Section 2.1.3 of the latest Public Improvement Standards.

Water and Wastewater (CSA 12 and Environmental Health)

14. **Prior to application for grading or construction permits**, the applicant shall meet the conditions of the Conditional Intent to Provide Water Service letter from CSA 12, dated March 21, 2020 or the applicable equivalent conditions of any later or revised Conditional Intent to Provide Water Service letters. This condition does not apply to those permits which are required to fulfil the conditions outlined in the Conditional Intent to Provide Water Service letter.
15. **Prior to application for construction permits**, the applicant shall obtain a conditional intent to serve water letter from CSA 12 and must enter into a reimbursement agreement. Additional documents specific to the project may include resolution of application, Public Works Annexation Agreement, Pipeline Extension Performance Agreement, and General Conditions for Additions to District Facilities.
16. Should circumstances arise which permanently prevent the annexation of the project parcels in their entirety into CSA 12 water service, the applicant shall provide adequate notice to the Planning Department of the circumstances surrounding the change and the proposed future water service.
17. The applicant shall sign a Consent Authorization **prior to approval of any well permit**. All analytical results obtained pursuant to the County requirements shall be reported directly to the County of San Luis Obispo Public Works and Health Departments by the 10th day of the month following the month in which the analyses were completed.

Drainage & Flood Control

18. **At the time of application for grading and / or construction permits**, the applicant shall submit complete drainage calculations to the Department of Public Works for review and approval. Drainage from onsite development (impervious roads and building sites), and the redirection of historic hillside flow patterns caused by the proposed onsite access road must be handled so it does not discharge or otherwise impact Ontario Road.
19. If calculations so indicate, drainage must be retained in a shallow drainage basin on the property [21.03.010(e)(2)]. The design of the basin is to be approved by the Department of Public Works, in accordance with county standards. The basin/s is/are to be maintained in perpetuity.
20. All project related drainage shall be designed and constructed in accordance with the recommendations of the San Luis Creek Watershed Drainage Design Manual.

Stormwater Pollution Prevention Plan (SWPPP)

21. **At the time of application for construction permits**, if the project disturbs more than 1.0 acre or is part of a common plan of development, the applicant must enroll for coverage under California's Construction General Permit. Sites that disturb less than 1.0

acre must implement all required elements within the site's erosion and sediment control plan as required by San Luis Obispo County Codes.

Stormwater Control Plan (SWCP)

22. **At the time of application for construction permits**, the applicant shall demonstrate whether the project is subject to post-construction stormwater requirements by submitting a Stormwater Control Plan application or Stormwater Post Construction Requirements (PCRs) Waiver Request Form.

Parks and Recreation (Quimby) Fees

23. Unless exempted by Chapter 21.09 of the county Real Property Division Ordinance or California Government Code section 66477, prior to filing of the final parcel or tract map, the applicant shall pay the in-lieu fee that will be used for community park and recreational purposes as required by Chapter 21.09. The fee shall be based on the total number of new parcels or remainder parcels shown on the map that do not already have legal residential units on them.

Covenants, Conditions and Restrictions

24. The developer shall submit proposed Covenants, Conditions, and Restrictions (CC&R) for the subdivision to the county Department of Planning and Building for review and approval, and shall establish a Property Owners' Association or other organized and perpetual mechanism to ensure adequate inspection, operation, and maintenance (Maintenance) of the below project features in a form acceptable to the Department of Planning & Building, and in conformance with the requirements of the State Department of Real Estate:
- a. Maintenance of all private access roads in perpetuity.
 - b. Maintenance of all drainage and flood control facilities including basins, inlets, pipes, fencing, landscaping, and related drainage appurtenances in a viable condition on a continuing basis into perpetuity.
 - c. If stormwater treatment facilities are required, maintenance of all stormwater quality facilities for public or common area improvements as stipulated in the Stormwater Operations and Maintenance Plan recorded with the County Clerk-Recorder's Office.
 - d. Maintenance of all common areas within the subdivision in perpetuity.
 - e. Maintenance of public road frontage improvements, landscaping, and driveway sight distance in a viable condition and on a continuing basis into perpetuity, or until specifically accepted for maintenance by a public agency.
 - f. Notification to prospective buyers that an additional map sheet was recorded with the final parcel or tract map. The restrictions, conditions and standards set forth in the additional map sheet apply to future development. It is the responsibility of the prospective buyers to read the information contained on the additional map sheet.

Inclusionary Housing

25. Subsequent residential development is subject to the inclusionary housing fee pursuant to Section 22.12.080.C.3.a and D.2. As an alternative, **prior to filing the final parcel map or tract map**, the applicant may enter into an inclusionary housing agreement to ensure the construction of inclusionary housing unit(s), in conformance with Section 22.12.080.

Fees

26. **Prior to recordation of final map**, the applicant shall pay any outstanding fees associated with Planning Department case number SUB2015-00070.

Additional Map Sheet

27. The applicant shall prepare an additional map sheet to be approved by the county Department of Planning and Building and the Department of Public Works. The additional map sheet shall be **recorded with the final parcel or tract map**. The additional map sheet shall include the following:
- a. If improvements are bonded for, all public improvements (access, drainage, and utilities) shall be completed to the satisfaction of the County prior to occupancy of any new structure.
 - b. Notification to prospective buyers that all subdivision roads and streets are to be privately maintained, indicating the proposed maintenance mechanism.
 - c. Notification that the owner(s) of all lots are responsible for on-going maintenance of drainage and flood control improvements including basins, pipes, manholes, inlets, headwalls, sediment control devices, fencing, landscaping, etc. in a viable condition on a continuing basis into perpetuity, and indicating the proposed maintenance mechanism. The improved areas shall be indicated as a building restriction.
 - d. All driveway approaches shall be constructed in accordance with County Public Improvement Standards. All driveway approaches constructed on County roads or project related roads to be accepted for County maintenance shall require an encroachment permit.
 - e. The property owner shall be responsible for the operation and maintenance of public road frontage landscaping in a viable condition and on a continuing basis into perpetuity, or until specifically accepted for maintenance by a public agency.
 - f. The property owner shall be responsible for the operation and maintenance of public road frontage landscaping and driveway sight distance in a viable condition and on a continuing basis into perpetuity.
 - g. The additional map sheet shall contain any final conditions of approval having not been met at time of map recordation for this project as they are shown in the Notice of Final Action.

Miscellaneous

28. The project shall comply with the requirements of the National Pollutant Discharge Elimination System Phase I and / or Phase II storm water program and the County's Storm Water Pollution Control and Discharge Ordinance, Title 8, Section 8.68 et sec.
29. This subdivision is also subject to the applicable standard conditions of approval for all subdivisions using individual wells, community water (CSA 12) and private septic sanitary systems a copy of which is attached hereto and incorporated by reference herein as though set forth in full.
30. All timeframes on approved tentative maps for filing of parcel or final tract maps are measured from the date the Review Authority approves the tentative map as required by the Subdivision Map Act.
31. The applicant shall apply to the Department of Planning and Building for approval of new street names prior to the filing of the final parcel or tract map. Approved street names shall be shown on the final parcel or tract map.

Fire Protection

32. The applicant shall obtain a fire safety clearance letter from County Fire/Cal Fire establishing fire safety requirements consistent with current Fire Safety Code, **prior to filing the final parcel or tract map and prior to the issuance of any grading or construction permits.**

Environmental Mitigations

33. *Screening Landscape (Mitigation Measure AES-1 a)*
To provide visual screening for the proposed development, the applicant shall submit and implement the following:
 - a. **At the time of application for subdivision improvement plans and/or construction permits**, the applicant shall submit a landscape plan to the County Department of Planning and Building for review and approval. The landscape plan shall be developed and signed by a licensed landscape architect and shall include fast growing, evergreen vegetation that will help screen the water tank, walls (sound walls, retaining, noise blocking/ highway facing house facades) and blend the entire new development (such as the main structures, driveways, access roads, accessory structures) into the existing environment when viewed from Ontario Road and U.S. 101. Criteria for landscaping as follow:
 - i. General landscaping should include various tree types and understory vegetation to create a more natural setting around the development. Screening plants shall cover 75% of the critical elements (sound walls, retaining walls, noise blocking/ highway facing house facades, water tanks) as seen from Ontario Road and U.S. 101, upon maturity or 10 years, whichever occurs first.
 - ii. Screening plants shall include evergreen trees capable of growing to a minimum height of 25 feet tall at maturity. Trees shall be planted from a minimum 15-gallon container size. Shrubs shall be planted among the screen trees. Shrubs shall be planted from five-gallon containers. All landscaping plants shall be

native to the area and utilize plants identified in the County's Approved Plant List.

- iii. Trees and shrubs within the screen planting area shall be maintained in perpetuity. Trees and shrubs within the screen planting area that die shall be replaced.

34. *Landscape Plan Cost Estimate/ Bonding (Mitigation Measure AES-1 b)*
Prior to issuance of subdivision improvement plans and/or construction permits, the Applicant shall obtain a cost estimate for the required landscape screening plan to determine the costs of landscape installation and/or landscape maintenance for 5 years. The Cost Estimate shall be prepared by a qualified individual familiar with estimating costs to install and maintain the required landscaping (e.g., landscape contractor, etc.). The Applicant will work with the County to determine an acceptable financial mechanism to establish a means to assure funding for installation and maintenance of the required landscape plan. The County will release its interest or obligation in the financial mechanism once the measure has been completed to the satisfaction of the County.
35. *Landscape Performance & Monitoring (Mitigation Measure AES-1 c)*
Prior to final inspection of subdivision improvement and/or construction permits, the approved landscape plan shall be implemented, and the applicant shall provide a letter to the San Luis Obispo County Department of Planning and Building for approval demonstrating that the applicant has entered into a contract with a qualified professional for the purpose of monitoring the success of the screen planting area. The monitoring contract shall include a requirement that the monitor conduct at a minimum an annual site visit and assessment of the planting success for 5 years. At the end of the 5 year monitoring period, the monitoring report shall be submitted to the San Luis Obispo County Department of Planning and Building for approval and shall be used as a determining factor in assessing the successful establishment of the planting as it relates to the bond posted by the applicant. If it is determined that the success criteria have not been met, then the applicant shall submit a supplemental landscape screening plan with additional recommendations to achieve the required screening. The plan shall include additional monitoring requirements (as recommended by the landscape architect) to ensure the required screening is achieved.
36. *Exterior Colors & Material Palette (Mitigation Measure AES-2)*
Prior to issuance of construction permits and/or approval of subdivision improvement plans, the Applicant shall provide architectural elevations and a color board showing all exterior colors and finish materials that match the above requirements. These shall also be specified on applicable construction/ improvement drawings for County review and approval. Once County review is complete, Applicant shall adhere to the approved colors and materials during construction.
37. *Wall Treatments (Mitigation Measure AES-3)*
Prior to issuance of construction permits and/or approval of subdivision improvement plans, the Applicant shall incorporate all of the following elements on all applicable construction/ improvement drawings for County review and approval:

- a. Retaining walls, sound walls, and noise blocking/ highway facing house facades that exceed six feet in height shall be constructed in colors and tones compatible with the surrounding environment, and shall use textured materials and/or construction methods which create a textured effect, when viewed from Ontario Road and U.S. 101. Landscaping that will either screen from in front or grow over from above the wall shall be established. Landscape materials shall be from the County's approved plant list and be considered non-invasive and drought-tolerant.

38. *Cut and Fill Slopes (Mitigation Measure AES-4)*

Prior to issuance of construction permits and/or approval of subdivision improvement plans, the Applicant shall incorporate all of the following elements on all applicable construction/ improvement drawings for County review and approval:

- a. To reduce visual impacts from grading activities, cut or fill area that will be visible from Ontario Road and U.S. 101 shall be minimized to maximum extent possible and blended with adequate and appropriate landscaping. For these visible slopes, the Applicant shall:
 - i. Delineate the vertical height of all cut and fill slopes on the project construction drawings;
 - ii. Recontour the edge of the cut slopes and fills so they are rounded off to a minimum radius of five feet;
 - iii. Stockpile sufficient topsoil to be reapplied or re-keyed over these areas to provide at least 8" of stabilized topsoil for the reestablishment of vegetation;
 - iv. As soon as the grading work has been completed, reestablished cut and fill slopes with non-invasive, fast-growing vegetation;
 - v. Any exposed roots for adjacent screening shrubs or trees, shall be cleanly cut just below the new surface grade.

39. *Botanical / Biological Survey (Mitigation Measure BIO-1)*

Prior to issuance of any grading or construction permits associated with this project, surveys shall be conducted to monitor for the presence of any candidate, sensitive, or special status plant species, as identified in the Botanical Assessment (McGovern, 2017), or any candidate, sensitive, or special status wildlife species identified by CNDDDB and known to exist within one half mile of the project parcels. Survey findings shall be reviewed by the Planning and Building Department and, dependent on survey findings, recommended mitigation shall be implemented.

40. *Native Trees – Avoidance Measures (Mitigation Measure BIO-2)*

To avoid impacts to individual native (oak) trees, the following aspects will be integrated into the project design and shall be included on project plans **prior to issuance of any grading or construction permit**:

- a. Locate all structures, and construction activities, outside of the tree dripline, and where possible outside of the tree's root zone;
- b. Consider siting driveway location outside of the tree dripline(s); where this is not possible, trimming to about 15 vertical feet of any encroaching limbs should be done before any construction activities begin to avoid these limbs being irreparably ripped/broken by large vehicles.
- c. When located in "high" or "very high" fire severity zones, make all efforts to locate development at least 30 feet, preferably 100 feet, from existing trees to avoid trimming or removing trees as a part of a fuel modification program to protect structures from wildland fires;
- d. Locate all non-native landscaping that requires summer watering and leach lines outside the trees' dripline and root zone;
- e. Before siting structure location, consider where utility lines will be located to avoid trenching within the tree dripline/ canopy;
- f. When the site requires substantial grading near oaks, consider surface drainage aspects (oaks rely on surface water) to retain similar drainage characteristics to oak's root zones.

41. *Native Tree (Oaks) – Replacement/Planting (Mitigation Measure BIO-3)*

- a. **Prior to the issuance of a construction permit**, the applicant shall show the below measures on all applicable construction drawings and submit to the County for review and approval.

If any oak tree is impacted or removed on site, these are considered individual oak trees with replacement planting to be conducted on-site.

- i. The applicant will be replacing "in-kind" trees at the following ratios:
 - 1. For each tree identified as impacted, two (2) seedlings will be planted.
 - 2. For each tree identified for removal, four (4) seedlings will be planted.

Protection of newly planted trees is needed and shall include the following measures on the Plan:

- ii. An above-ground shelter (e.g., tube, wire caging) will be provided for each tree, and will be of sturdy material that will provide protection from browsing animals for no less than five years.
- iii. Caging to protect roots from burrowing animals will be installed when the tree is planted and be made of material that will last no less than five years for oak trees.

Each shelter should include the following, unless manufacture instructions recommend a more successful approach:

1. Shelter will be secured with stake that will last at least five years; metal stake will be used if grazing could occur on site;
2. Height of shelter will be no less than three (3) feet;
3. Base of shelter will be buried into the ground;
4. Top of shelter will be securely covered with plastic netting, or better, and last for no less than five years;
5. If required planting is located in areas frequented by deer, tube/caging heights will be increased to at least four feet or planting(s) will be protected with deer fencing.

b. **Prior to the commencement of any site disturbance**, the Applicant shall retain a qualified biologist to perform a pre-construction survey. The completed survey report shall be submitted to the County for review/approval.

42. *Geology Review (Mitigation Measure GEO-1)*

Prior to issuance of any grading or construction permits associated with the project, the applicant shall demonstrate compliance on the grading plans with all recommendations of the Soils Engineering Report (GeoSolutions, 2018) for the project, including Review of Soils Engineering Report and Engineering Geology Report (June 25, 2020). Prior to issuance of construction permit applicant shall receive approval from County geologist. During project construction and prior to final inspection, the applicant shall implement and comply with all recommendations of the Soils Engineering Report (GeoSolutions, 2018) and any additional recommendations from County geologist for the project.

43. *Future Septic Systems (Mitigation Measure GEO-2)*

Prior to issuance of any grading or construction permits associated with the project, the following shall be submitted for review:

- a. Soil borings at leach line location(s) showing that there is adequate separation or plans for an engineered wastewater system that shows how the basin plan criteria can be met;
- b. Soil borings at leach line location(s) showing that there is adequate distance to bedrock. If adequate distance cannot be shown, a County-approved plan for an engineered wastewater system showing how the basin plan criteria can be met will be required;
- c. Soil borings at leach line location(s) showing that there is adequate separation (including piezometer tests taken during the end of the rainy season), and plans for an engineered wastewater system (of acceptable design by RWQCB) that shows how the CPC/Basin Plan criteria can be met; and

- d. In the case that proposed leach lines are located on or within close proximity of steep slopes where some potential of effluent daylighting exists, a registered civil engineer familiar with wastewater systems, shall prepare an analysis that shows the location and depth of the leach lines will have no potential for daylighting of effluent.

44. *Naturally Occurring Asbestos (NOA) (Based on APCD review)*

Prior to issuance of any grading or construction permit, the applicant shall provide evidence that a geologic evaluation of the areas proposed for disturbance has been conducted in order to determine if the area disturbed is exempt from the regulation for areas with Naturally Occurring Asbestos. An exemption request shall be filed with the APCD.

If the site is not exempt, the applicant must comply with all regulations outlined in the Asbestos Air Toxics Control Measures. This may include development of an Asbestos Dust Mitigation Plan and an Asbestos Health and Safety Program for approval by the APCD.

45. *Construction Permit Requirements (Based on APCD review)*

Prior to application for grading or construction permits, the applicant shall contact the SLOAPCD Engineering Division for specific information regarding permitting requirements. Plans provided at the time of application for construction permits shall reflect the requirements and recommendations outlined by the APCD.

46. *Dust Control Measures (Based on APCD review)*

At the time of application for grading or construction permits, plans shall include all applicable fugitive dust control measures and shall provide a designated monitor to ensure compliance with the dust control measures in order to minimize dust complaints, reduce visible emissions below the 20% opacity limit, and to prevent transport of dust offsite.

Applicable Title 21 and Title 22 Standard Conditions

47. **At the time of application for construction permits**, the applicant shall provide details on any proposed exterior lighting, if applicable. The details shall include the height, location, and intensity of all exterior lighting. All lighting fixtures shall be shielded so that neither the lamp or the related reflector interior surface is visible from adjacent properties. Light hoods shall be dark colored.

48. **During ground disturbing activities**, in the event archeological resources are unearthed or discovered during any construction activities, the following standards apply:

- a. Construction activities shall cease, and the Department shall be notified so that the extent and location of discovered materials may be recorded by a qualified archaeologist, and disposition of artifacts may be accomplished in accordance with state and federal law.
- b. In the event archeological resources are found to include human remains, or in any other case when human remains are discovered during construction, the County Coroner shall be notified in addition to the Department so proper disposition may be accomplished.

**STANDARD CONDITIONS OF APPROVAL FOR SUBDIVISIONS
USING INDIVIDUAL WELLS AND SEPTIC TANKS**

1. Each parcel shall have its own private well(s) for a domestic water supply approved by Environmental Health Services, except as set forth in 2d.
2. Operable water facilities shall exist prior to the filing of the final land division map. Evidence of adequate and potable water, shall be submitted to Environmental Health Services including the following:
 - A. Well Completion Report- The well log generated by the driller at the time the well is constructed.
 - B. Water Quality- A complete chemical analysis, to include general mineral, general physical and inorganics, shall be submitted for evaluation for each of the wells developed. Site evaluations may trigger additional testing requirements by Environmental Health Services. (Within last 5 years)
 - C. Production- On individual private wells, a minimum of a four hour pump test with draw down and recovery data by a **licensed** and **bonded** well driller or pump testing company, shall be submitted for review and approval for each well proposed for the subdivision. (Within last 5 years)
 - D. Shared Well System- A shared well system means a private water system consisting of 2, 3, or 4 service connections serving parcels that are at least 2.5 acres. When a shared well system is proposed the applicant shall contact Environmental Health Services for assistance in properly designing a shared water well system. A shared water well system review fee (said fee is separate from any fees paid through the County Planning and Building Department) shall be provided to Environmental Health Services prior to finaling the map.
3. On-site systems that are in conformance with the county-approved Central Coast Regional Water Quality Control Board basin plan and County Building and Construction Ordinance, Title 19, will be an acceptable method of sewage disposal until community sewers may become available.
4. No sewage disposal system installations are to be placed closer that 100 feet from the top of any perennial or continuous creek banks, drainage swales or areas subject to inundation.
5. Sewage disposal systems shall be separated from any individual domestic well and/or agricultural well, as follows: 1) leaching areas, feed lots, etc., one hundred (100) feet and bored seepage pits (dry wells), one hundred and fifty (150) feet. Domestic wells intended to serve 5 or more parcels shall be separated by a minimum of two hundred (200) feet from septic systems and dry wells.
6. Individual systems on new land divisions shall be designed and constructed to either reserve sufficient site area for dual leach fields (100% replacement area), or construct the dual leach fields with a diverter valve at the time of initial septic system installation.

7. Sewage disposal systems installed on slopes in excess of 20% shall be designed and certified by a registered civil engineer or geologist and submitted to the County Planning Department for review and approval **prior to the issuance of a building permit.** Consultants shall determine geologically stable building sites and sewage disposal for each parcel, including evaluations of hillside stability under the most adverse conditions including rock saturation and seismic forces. Slopes in excess of 30% are not considered suitable or practical for subsurface sewage disposal.
8. An encroachment permit shall be obtained from County Public Works for any work to be done within the county right-of-way.
9. An encroachment permit shall be obtained from the California Department of Transportation for any work to be done on the state highway.
10. Any existing reservoir or drainage swale on the property shall be delineated on the map.
11. Prior to submission of the map "checkprints" to County Public Works, the project shall be reviewed by all applicable public utility companies and a letter be obtained indicating required easements.
12. Required public utility easements shall be shown on the map.
13. Approved street names shall be shown on the map.
14. The applicant shall comply with state, county and district laws/ordinances applicable to fire protection and consider increased fire risk to area by the subdivision of the land proposed.
15. The developer shall submit a preliminary subdivision guarantee to County Public Works for review prior to recordation of the map.
16. Any private easements on the property shall be shown on the map with recording data.
17. All conditions of approval herein specified, unless otherwise noted, shall be complied with prior to recordation of the map.
18. After approval by the Review Authority, compliance with the preceding conditions will bring the proposed subdivision in conformance with the Subdivision Map Act and county ordinances.
19. A map shall be filed in accordance with Subdivision Map Act and county ordinance prior to sale, lease, or financing of the lots proposed by the subdivision.
20. A tentative map will expire 24 months from the effective date of the approval. Tentative maps may be extended. Written requests with appropriate fees must be submitted to the Planning Department prior to the expiration date. The expiration of tentative maps will terminate all proceedings on the matter.

---- CONTINUED ON NEXT PAGE ----

**STANDARD CONDITIONS OF APPROVAL FOR
SUBDIVISIONS USING COMMUNITY WATER AND SEWER**

1. Community water and fire protection shall be obtained from the community water system.
2. Operable water facilities from an approved community water source shall be assured prior to the filing of the final map. A "final will serve" letter shall be obtained and submitted to the county Health Department for review and approval stating there are operable water facilities immediately available for connection to the parcels created. Water main extensions, laterals to each parcel and related facilities (except well(s)) may be bonded for subject to the approval of county Public Works, the county Health Department and the public water utility.
3. No residential building permits are to be issued until the community (public) water system is operational with a domestic water supply permit issued by the county Health Officer.
4. In order to protect the public safety and prevent possible groundwater pollution, any abandoned wells on the property shall be destroyed in accordance with the San Luis Obispo County Well Ordinance Chapter 8.40, and county Health Department destruction standards. The applicant is required to obtain a permit from the county Health Department.
5. When a potentially operational or operational auxiliary water supply in the form of an existing well(s) is located on the parcels created and approved community water is proposed to serve the parcels, the community water supply shall be protected from real or potential cross-contamination by means of an approved cross-connection control device installed at the meter or property line service connection prior to occupancy. (Chapter 8.30, San Luis Obispo County Ordinance)
6. Sewer service shall be obtained from the community sewage disposal system.
7. Prior to the filing of the map a "final will serve" letter be obtained and submitted to the county Health for review and approval stating that community sewer system service is immediately available for connection to the parcels created. Sewer main extensions may be bonded for, subject to the approval of county Public Works and sewer district.
8. No residential building permits shall be issued until community sewers are operational and available for connection.
9. An encroachment permit shall be obtained from county Public Works for any work to be done within the county right-of-way.
10. An encroachment permit shall be obtained from the California Department of Transportation for any work to be done on the state highway.
11. Any existing reservoir or drainage swale on the property shall be delineated on the map.

12. Prior to submission of the map "checkprints" to county Public Works, the project shall be reviewed by all applicable public utility companies and a letter be obtained indicating required easements.
13. Required public utility easements shall be shown on the map.
14. Approved street names shall be shown on the map.
15. The applicant shall comply with state, county and district laws/ordinances applicable to fire protection and consider increased fire risk to area by the subdivision of land proposed.
16. The developer shall submit a preliminary subdivision guarantee to county Public Works for review prior to the filing of the map.
17. Any private easements on the property shall be shown on the map with recording data.
18. All conditions of approval herein specified, unless otherwise noted, shall be complied with prior to the filing of the map.
19. After approval by the Review Authority, compliance with the preceding conditions will bring the proposed subdivision in conformance with the Subdivision Map Act and county ordinances.
20. A map shall be filed in accordance with Subdivision Map Act and county ordinance prior to sale, lease, or financing of the lots proposed by the subdivision.
21. A tentative map will expire 24 months from the effective date of the approval. Tentative maps may be extended. Written requests with appropriate fees must be submitted to the Planning Department prior to the expiration date. The expiration of tentative maps will terminate all proceedings on the matter.

Attachment E

LAFCO 30-Day
Review Letter



LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

March 21, 2023

SENT VIA E-MAIL

COMMISSIONERS

Chairperson
ED WAAGE
City Member

Vice-Chair
DEBBIE ARNOLD
County Member

JIMMY PAULDING
County Member

MARSHALL OCHYLSKI
Special District Member

ROBERT ENNS
Special District Member

STEVE GREGORY
City Member

HEATHER JENSEN
Public Member

ALTERNATES

DAWN ORTIZ-LEGG
County Member

ED EBY
Special District Member

CHARLES BOURBEAU
City Member

David Watson
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

Applicant/Agents:

Art Weldon | art.weldon@icloud.com
Perry McBeth | pmcbeth@garingtaylor.com

Subject: Sphere of Influence Amendment and Annexation #4 to County Service Area 12 (Weldon) | LAFCO File No. 1-R-23

Dear Applicant,

This letter is to advise you that the application for Sphere of Influence Amendment and Annexation #4 to County Service Area 12 (Weldon) was officially received on February 21, 2023, and was referred to other agencies involved in the process. LAFCO staff have completed an initial 30-day review of the application and find that the following items need to be submitted for LAFCO to continue processing the application. Due to the issues identified below, staff recommend that a coordination meeting via Zoom be arranged to discuss the items in further detail once you have had an opportunity to review this letter. Our intent is to help the petitioners achieve their goals to annex into CSA 12, we look forward to further coordination.

1. Please be advised, as noted in our February 6, 2023 email, that this project was not referred by County Planning & Building to LAFCO during the entitlement process nor was the CEQA document sent to LAFCO for review as a Responsible Agency. As such, there are comments below that may have significant implications as they relate to this annexation request. Additionally, while we have conducted a preliminary review of the MND, we are not certain, particularly depending on the issues identified below, whether we can rely upon the County's MND for the discretionary action required of LAFCO to approve this annexation. Further details on this matter are discussed below.
2. We understand that the request submitted in the application is for the entire 166-acre area, however such a proposal could have significant implications for environmental review under CEQA, as well as result in inconsistencies with LAFCO policies and regulations.

In brief, regarding CEQA, the proposed area of annexation is not consistent with the analysis of the MND. More specifically, the MND prepared by the County evaluates and assumes that development would occur on the ~2.5 acre building envelopes. The intent to annex into a CSA is to provide urban services (in this circumstance water supply) to a given area or legal parcel(s). Should the entire 166-acre area be annexed into

CSA 12, areas outside of the building envelopes could obtain urban service from CSA 12 and therefore support urban development beyond the established building envelope and beyond the areas analyzed in the MND. Additionally, because the site is zoned Rural Lands, it could allow for a wide range of land uses. Annexing the entirety of the parcel therefore has implications that were not analyzed in the MND. Should you wish to annex the entirety of the parcel, it would require additional environmental review to understand the impacts of allowing urban services beyond the County-defined building envelopes and in context to allowable uses within Rural Lands zoning. To ensure consistency with the MND, the annexation area would need to be limited to the building envelopes.

Related to this matter, it appears the site contains prime agricultural soils within the development area. Can you please confirm whether any agricultural activities have occurred on the project site at any point in time?

Regarding LAFCO policies, as stated in our February 6, 2023, email, when a building envelope is established the annexation area is limited to the building envelope. The primary reason is that the need for urban services only can possibly occur within the building envelope. An annexation of the entire parcel would not be supportable in context to regulatory requirements (gov code 56668 (b)), existing SLO LAFCO policies, and Commission precedent.

Altogether, staff recommends the applicant modify their application to only include the area within the building envelopes where development would occur.

3. Please provide us a signed copy of the Notice of Determination and the Environmental Filing Fee Cash Receipt that was filed with the County Clerk for subdivision (Weldon Parcel Map ED20-179 SUB2015-00070). We need this to file the CEQA documentation as Responsible agency, should we be able to rely upon the CEQA documentation prepared for this entitlement.
4. In line with our previous recommendation, should the chosen outcome be to limit the annexation area to the building envelopes, please submit a map and legal description which reflects the new proposed annexation area. Map and legal discrepancies will have to be continuously corrected until the County Surveyor determines the map and legal description to be definite and certain. After it has been determined to be definite and certain LAFCO will need; four (4) copies of the maps and legal descriptions signed and stamped by Registered Civil Engineer or a Licensed Land Surveyor. The maps shall be sized at a maximum of 24" x 36" and a minimum of 18" x 26" with a minimum ½" border. For more information on the standards for the maps and legal descriptions, please refer to the LAFCO Proposal Application on the LAFCO website.

5. A plan for providing services, prepared by CSA 12, i.e. the County, needs to be submitted. The plan shall include the information outlined under gov code section 56653. Please coordinate with County Public Works if you have any questions about the Plan for Services requirements. The Public Works point of contact for this project is Francesca Devlin, fdevlin@co.slo.ca.us
6. Please confirm that the *final* map for Weldon Parcel Map ED20-179 SUB2015-00070 has been approved by the County. If so, please provide a copy.
7. Please submit a LAFCO Cost Accounting Agreement form (available on the LAFCO website at slo.lafco.ca.gov) signed by the landowner.
8. A letter of consent from each affected property owner is required if the application is to waive the protest process. Please use the consent letter example in our application. Additionally, please specifically state that the property referenced includes 100% consent from landowners in the project area.
9. Please provide the Water Delivery Contract with CSA 12 dated November 1, 2016.
10. As with all petition-initiated annexations, there are specific processes that must be followed and notification to the applicable agency is required. At the next LAFCO public meeting on April 20, 2023, a notice per gov code section 56857 (b) will be provided to the Commission as an informational item only. The intent of this item is only to notify the Commission of receipt of this petition for annexation – no action or discussion will occur beyond the notice. This notice is also sent to CSA 12. Upon April 20, 2023, CSA 12 will have 60 days to submit a resolution to LAFCO requesting the annexation application be terminated as set forth in the code section. If no resolution is received, LAFCO will continue to process the application. It is not anticipated that CSA 12 will have any concerns or wish to terminate the application because they have already provided a conditional intent to serve. Nonetheless, this process is required by law to be conducted.
11. As required by law, a Negotiated Property Tax Agreement is required to be approved by resolution by the Board of Supervisors even if it is a neutral exchange. This is a required step and involves the County Auditor/Assessor and the State Board of Equalization. This process adjusts the Tax Rate Areas due to the boundary changes of the District. This process must be completed before the application can be considered by the Commission as required by gov code section 56810. LAFCO initiates and completes the process on your behalf. The Board of Supervisors approves the agreement. We have already submitted the information to the County Auditor/Assessor, and we will inform you of the Board of Supervisors date when the Administrative Office provides such information.

12. As stated in the LAFCO proposal application, there is a fee associated with filing with the State Board of Equalization (BOE). This would require a separate check made out to the State Board of Equalization. For an area between 1.00-acres and 5.99-acres the fee would be \$350. A check would only be needed if the LAFCO Commission approves the proposal; the check should be submitted to LAFCO to be included with the BOE filing packet.

This is not a comprehensive list of what may be necessary to process this application. Other information needs or questions may arise as our review of the application continues. If you have any questions, please contact us at 805.781.5795 or email mbing@slo.lafco.ca.gov.

Sincerely,



Morgan Bing, LAFCO Clerk Analyst

cc. Rob Fitzroy, LAFCO Executive Officer
LAFCO Counsel, Brian Pierik

Attachment F

Plan for
Services



EMAIL ONLY

To: Morgan Bing mbing@slo.lafco.ca.gov

From: Francesca Devlin, Utilities Division Program Manager

Date: June 9, 2023

Subject: Plan for Services from CSA 12 for the Weldon Annexation (APN 076-114-052)

The following information is provided for the subject annexation and in accordance with Government Code Sections 56824.12 and 56653.

Description of Services

Garing Taylor & Associates representing Art Weldon (Applicant) for the subject annexation have requested drinking water service for the parcel located at APN 076-114-052. The owner of the property has a contractual entitlement to receive six (6) acre feet of water per year from County Service Area 12 (CSA 12). The Applicant is requesting annexation of the property because he desires to subdivide the existing parcel into two (2) legal parcels, which would receive water service from CSA 12. The proposed divided parcels would have divided contractual entitlements to the six (6) acre feet of water. The current parcel within the boundary has sufficient water to allow build out of the proposed parcel as specified in the plans for the subdivision. No new San Luis Obispo County Utilities (County) infrastructure is required for the subdivision. All conditions of the CSA-12 contract for water shall be upheld by the contract holder regardless of property ownership changes. CSA 12 is willing and able to provide the requested services, subject to the terms and conditions of any and all annexation agreements, the Engineering Reimbursement Agreement dated November 1, 2016 in interest and the Conditional Intent to Provide Water letter dated February 8, 2023.

The services requested will be available to the property in question upon completion of the annexation process and in compliance with the terms and conditions of the aforementioned documents. The parcel is currently served by a 6" lateral that reduces to 2" and serves two water meters. The parcel has the necessary County infrastructure and allocated water to provide the necessary service for the project as presented. Please see the attached water agreement (Attachment 1) for further information. The applicant shall design, construct, and install the conveyance mechanisms beyond the aforementioned water meters. The applicant shall accept responsibility for the property's lateral and all infrastructure beyond the water meters.

Financing Plan for the Annexation Boundaries

The cost of all services for the subject annexation will be paid by the Applicant in accordance with CSA 12's existing fee structure and per the terms and conditions of the above referenced Engineering Reimbursement Agreement dated November 1, 2016. All costs associated with the design, inspection, plan check, and review and construction inspection by CSA 12 staff will be paid by the Applicant.

Any and all costs associated with provision of water services by CSA 12 after completion and connection of the subject properties to the CSA 12 water system will be paid by the Applicant and/or future owners of said properties, and shall include system buy-in fees, and all applicable connection fees for each lot that shall be paid in full prior to provision of water service.

If you have any questions, please feel free to contact me at (805) 781-1574, or at fdevlin@co.slo.ca.us.

Attachments: Attachment 1 - Assignment of Water Delivery Contract
 Attachment 2 - Engineering Reimbursement Agreement
 Attachment 3 - Conditional Intent to Provide Water

c: Rob Fitzroy, rfitzroy@slo.lafco.ca.gov
 Morgan Bing, mbing@slo.lafco.ca.gov
 John Diodati, jdiodati@co.slo.ca.us
 Kate Ballantyne, kballantyne@co.slo.ca.us
 Nola Engelskirger, nengelskirger@co.slo.ca.us
 David Spiegel, dspiegel@co.slo.ca.us
 Art Weldon, art.weldon@att.net
 Perry McBeth, pmcbeth@garingtaylor.com

File: CF 40.100.07

L:\Utilities\2023\June\Weldon Annexation\Plan for Services_memo.docx.FD.sb

**AGREEMENT OF RIGHTS TO WATER SUPPLY
AND FOR ASSUMPTION OF OBLIGATIONS**

This Agreement is made this 17th day of March, 2018, by and between the County of San Luis Obispo acting on behalf of County Service Area No. 12 ("CSA 12") and Art and Karen Weldon (collectively, "Contractor") (collectively, "Parties").

WITNESSETH:

WHEREAS, CSA 12 and the San Luis Obispo County Flood Control and Water Conservation District ("District") entered into a water supply contract dated November 21, 1966, and amendments and restatements thereto dated July 19, 1968, November 12, 1986, and August 19, 2000 (said water supply contract and all past and future amendments thereto are hereinafter collectively referred to as the "Water Supply Contract"); and

WHEREAS, the Water Supply Contract gives CSA 12 an entitlement to 337 acre-feet of water annually from the Lopez Reservoir, subject to the terms and conditions set forth therein; and

WHEREAS, the lands of Contractor are within the boundaries of CSA 12 and the inhabitants of such lands who are and will be served by Contractor are in need of additional water for beneficial uses; and

WHEREAS, said lands of Contractor are as depicted in Exhibit A, attached hereto and incorporated herein by this reference ("Property"); and

WHEREAS, Contractor desires to contract with CSA 12 for a water supply for the use and benefit of the Property and for which Contractor will make payments upon the terms and conditions hereinafter set forth; and

WHEREAS, Contractor acknowledges receipt of a certified copy of the Water Supply Contract from the County Clerk-Recorder's office.

NOW, THEREFORE, it is hereby mutually agreed by the Parties hereto as follows:

1. Contractor's Entitlement. Subject to the terms and conditions of the Water Supply Contract and this Agreement, including but not limited to CSA 12's termination rights as set forth below, CSA 12 hereby assigns to Contractor its rights to 1.78 percent of CSA 12's annual entitlement to water under the Water Supply Contract. If CSA 12 receives its full annual water entitlement of 337 acre-feet under the Water Supply Contract, the Contractor's rights to 1.78 percent would equal 6.0 acre-feet of water from CSA 12's annual entitlement to water under the Water Supply Contract.

2. Point of Delivery. All water to be furnished to Contractor pursuant to this Agreement shall be delivered to Contractor at a point on Contractor's property to be mutually agreed upon by CSA 12 and Contractor. All costs and expenses of any required connection at said delivery point shall be the sole responsibility of the Contractor and shall be prepaid to CSA 12 by Contractor. Any and all water furnished to Contractor pursuant to this Agreement shall be used within CSA 12 and none of the said water shall be used outside the boundaries of said CSA 12.

3. Payments.

3.1 Contractor hereby agrees to assume the obligation of, and shall pay to CSA 12, its proportionate share of the payments due from CSA 12 to District under the Water Supply Contract for Units A through J, as described in the attached Exhibit B.

3.2 Contractor shall make all payments required hereby on or before the date such payments become due as outlined herein. A late penalty of one percent (1%) per month or the maximum allowed by law on the unpaid balance shall accrue on all overdue payments.

3.3 In addition to the above payments, Contractor shall pay to CSA 12 such service charges as CSA 12 may impose on Contractor in order that CSA 12 recovers

its total and complete costs, including, but not limited to, direct, indirect and administrative costs.

3.4 At any time during the term of this Agreement, CSA 12 shall have the right to make changes in the annual water entitlement assignments delivered to Units A through J. In the event that such changes alter Contractor's proportionate share of all annual entitlements to be delivered to Units A through J, then Contractor's obligations and payments for Units A through J shall be adjusted in direct proportion.

4. Primacy of Water Supply Contract. This Agreement is subject to the obligations and limitations imposed by the Water Supply Contract, including all amendments thereto, and is intended to be in conformance and harmony with same. The Water Supply Contract, and all amendments thereto, are hereby incorporated herein by this reference in all respects as though set forth in full. Contractor hereby expressly agrees to the provisions of the Water Supply Contract imposing obligations and limitations upon it and further expressly agrees that nothing in this Agreement shall be deemed to require CSA 12 to perform any obligation in conflict with the Water Supply Contract. Contractor further agrees that CSA 12 shall have the right to enter into such future amendments to the Water Supply Contract as CSA 12 may deem reasonable and necessary.

5. Termination. CSA 12 shall have the right to terminate this Agreement and the assignment described in Paragraph 1 of this Agreement. CSA 12 may exercise said right by giving to Contractor notice in writing thereof; and the right to the water assigned pursuant to this Agreement shall automatically revert to and become the property of CSA 12 thirty (30) days after the giving of such notice; provided further, however, that if Contractor is not in default of any of the provisions of this Agreement, CSA 12 shall, at Contractor's request, thereafter sell water to Contractor at retail as determined by CSA 12, with Contractor paying therefore to CSA 12 such periodic service charges as may be deemed by CSA 12 to be necessary to recover CSA 12's total and complete costs and expenses thereof, including, but not limited to, direct, indirect and administrative costs;

and, provided further, that the quantity of water which CSA 12 shall be obligated to sell to Contractor at retail pursuant hereto shall not exceed the quantity of water to which Contractor was entitled under this Agreement prior to the giving of the thirty (30) day notice referred to hereinabove.

6. Failure to Make Payments. Contractor's failure to make payments in accordance with the provisions of this Agreement shall constitute a breach of this Agreement and CSA 12 shall have the right to terminate the delivery and supply of water hereunder and to terminate this Agreement and the assignment described in Paragraph 1 of this Agreement without future obligation to sell water to Contractor. This provision shall apply whether or not Contractor has physically connected to, or taken delivery from CSA 12 and upon Contractor's receipt of thirty (30) days' notice from CSA 12.

7. Monitoring. Contractor's water use shall be monitored by CSA 12 on a monthly basis and CSA 12 shall inform Contractor on a bi-monthly schedule of any and all water used during the previous two months.

8. Overuse of Contractor's Entitlement. If at any point in time during the fiscal year (billing period), CSA 12 anticipates or determines the Contractor may utilize or is utilizing more than said water entitlement, CSA 12 shall immediately notify Contractor in writing. CSA 12's notification to Contractor shall notify that, commencing thirty (30) days after Contractor's receipt of CSA 12's notice, CSA 12 may cease all deliveries of CSA 12's water to Contractor for the remainder of the fiscal year if or when Contractor begins utilizing more than said water entitlement. Contractor shall be liable for payment of the overuse of water entitlement in the following manner: at the end of the fiscal year, CSA 12 shall determine the overuse through the end of the fiscal year; CSA 12 shall bill the Contractor for the overuse; Contractor will have thirty (30) days to make payment.

9. Water Delivery Schedule. On or before December 1 of each year, Contractor shall submit in writing to the District a water delivery schedule, subject to the provisions of this Agreement, indicating the amounts of water desired by Contractor for each property receiving water pursuant to this Agreement during each month of the

succeeding water year (April 1 to March 31). Said water delivery schedule may be amended by the District upon the District's initiative or upon the Contractor's written request. Proposed amendments shall be submitted by the Contractor within a reasonable time before the desired change is to become effective, and shall be subject to review and modification by the District in like manner as the schedule itself.

In no event shall Contractor's requested annual deliveries exceed Contractor's total annual entitlement of water as established by contract with the District. Further, in no event shall Contractor's monthly water use exceed Contractor's requested monthly water deliveries as established in said monthly water delivery schedule.

10. Miscellaneous Terms.

10.1. Contractor(s) shall not assign this Agreement or any interest herein without the prior written consent of both CSA 12 and District.

10.2. This Agreement shall be binding on the assigns, transferees and successors of the Parties hereto.

10.3. No waiver by CSA 12 of any failure by Contractor to comply with any term or condition hereof, shall be construed to be a waiver by CSA 12 of any similar or other failure by Contractor to comply with any term or condition hereof.

10.4. All notices to Contractor hereunder shall be delivered by first class mail, postage prepaid, to the following address, to-wit:

Art and Karen Weldon
P.O. Box 369
Arroyo Grande, California 93421

10.5. All notices to CSA 12 hereunder shall be sent by first class mail, postage prepaid, to the following address, to-wit:

Utilities Division
County of San Luis Obispo
Department of Public Works
County Government Center, Room 206

San Luis Obispo, CA 93408

10.6. This Agreement shall not be valid until and unless approved by
District.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the dates set forth below.

COUNTY OF SAN LUIS OBISPO, ACTING ON
BEHALF OF COUNTY SERVICE AREA NO. 12

ATTEST:

Tommy Gong, County Clerk-Recorder and
Ex-Officio Clerk of the Board of Supervisors

By: Jamdy Cummings
Deputy Clerk

By: J. [Signature]
Chairperson of the Board of Supervisors

Dated: June 5, 2018

(Contractor)

By: [Signature]

Date: 3-12-18

(Contractor)

By: [Signature]

Date: 3-12-18

Pursuant to Article 27 of the Water Supply Contract, this Agreement is hereby approved by the San Luis Obispo County Flood Control and Water Conservation District.

By: J. [Signature]
Chairperson of the Board of Supervisors

Dated: June 5, 2018

ATTEST: TOMMY GONG
County Clerk and Ex-Officio Clerk
of the Board of Supervisors

By: Jamdy Cummings
Deputy County Clerk

Dated: June 5, 2018

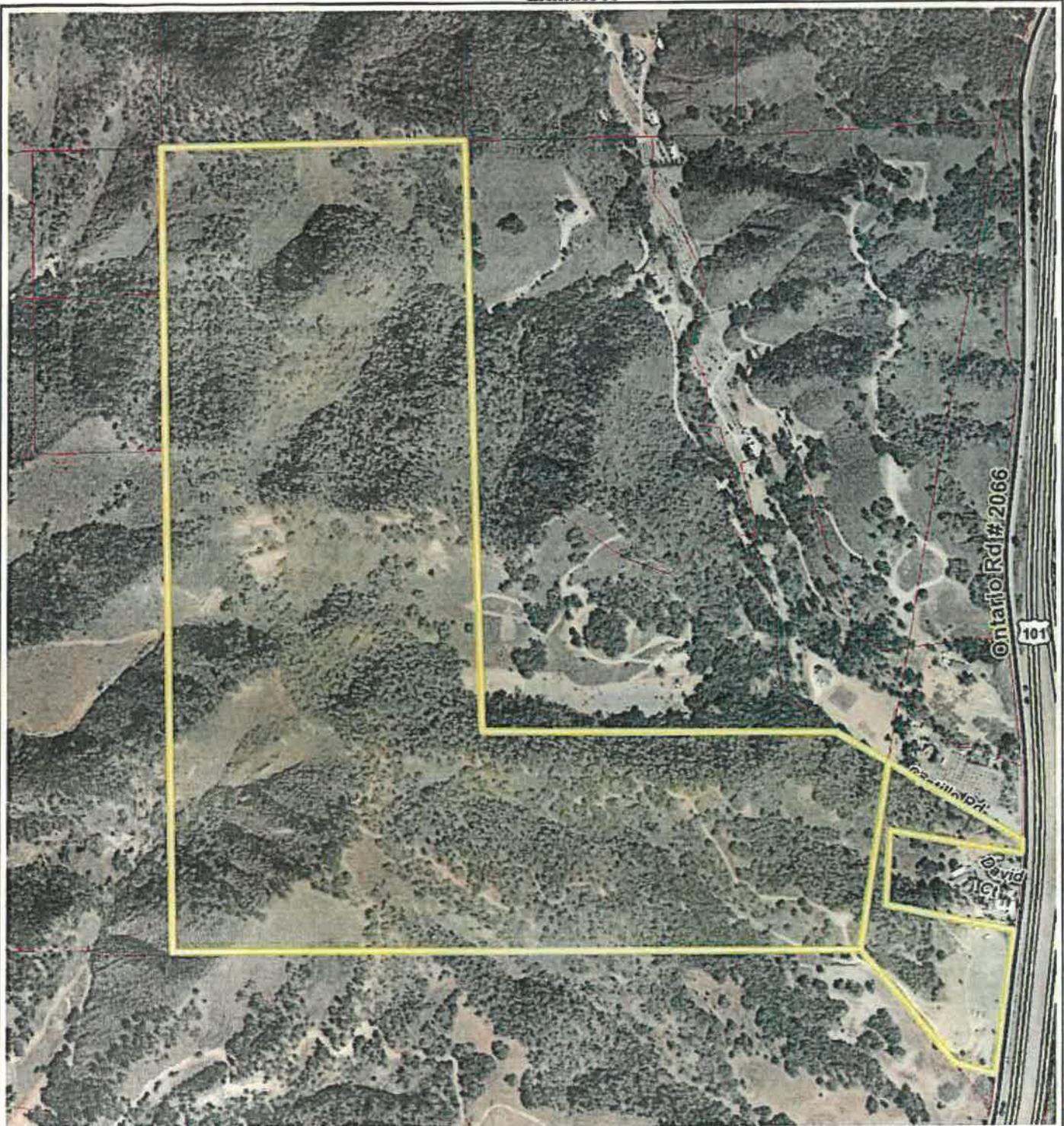
APPROVED AS TO FORM AND LEGAL EFFECT:
RITA NEAL, County Counsel

By: 
Deputy County Counsel

Dated: MARCH 1, 2018

G:\Utilities\CSA 12 Avila Area Water\Avila Valley Water Contracts\Weidon\csa 12 Agreemt_Weidon_DRAFT_AMM

Exhibit A

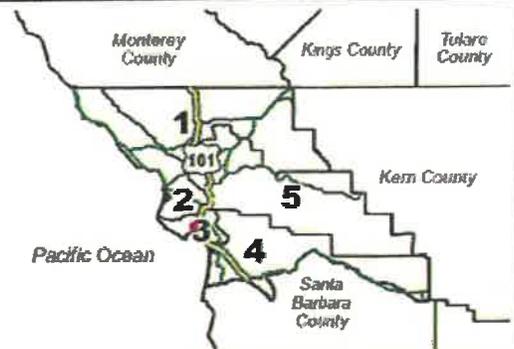


VICINITY MAP

6226 Ontario Road
076-114-052, 076-241-016

COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF PUBLIC WORKS

1: 7,362



ORIGINAL

San Luis Obispo County

**Utilities Division
ENGINEERING REIMBURSEMENT AGREEMENT**

This Agreement is entered into on this 15TH day of NOVEMBER 2016 by and between Art Weldon (hereinafter referred to as "Applicant") and the County of San Luis Obispo on behalf of County Service Area No. 12 (hereinafter collectively referred to as "CSA").

WITNESSETH

WHEREAS, Applicant has requested the annexation of the property commonly known as APN 076-114-052 ("Subject Property") into the CSA; and

WHEREAS, the Subject Property is a portion of a single existing legal parcel ("Existing Parcel") consisting of the Subject Property and the property commonly known as 076-241-016 (already located within the CSA) totaling one hundred seventy-seven (177) acres; and

WHEREAS, Applicant is requesting annexation of the Subject Property, because he desires to subdivide the Existing Parcel into two (2) legal parcels, one (1) eighty (80) acre parcel and one (1) ninety-seven (97) acre parcel and construct one (1) home on the ninety-seven (97) acre parcel which would receive water service from the CSA (the annexation, subdivision and connection to the CSA water facilities, including construction of all necessary infrastructure, are referred to collectively as the "Project"); and

WHEREAS, the County Board of Supervisors of San Luis Obispo County authorized the Director of Public Works to execute and enter into Engineering Reimbursement Agreements on April 7, 2015 per Resolution No. 2015-82; and

WHEREAS, the purpose of this Agreement is to set forth the terms and conditions under which the Applicant will reimburse the CSA for all staff time, outside consultant time, and any and all other costs relating to CSA's review, analysis, recommendations, comments, critiques, inspection, consultations, meetings, any and all agreements/contracts and development of the same related to the requested annexation and provision of the requested water service, or other related work in connection with the Project that is deemed necessary by the Director of Public Works for proper review and analysis of the Project, including, but not limited to the items described herein below in Sections A, B and C.

NOW, THEREFORE, in consideration of the mutual covenants, conditions, promises and agreements herein set forth, Applicant and CSA mutually covenant and agree as follows:

A. TYPES OF ACTIVITIES ELIGIBLE FOR REIMBURSEMENT

Applicant currently has a contractual entitlement to receive six (6) acre feet of water per

year from the CSA to serve the Existing Parcel ("Existing Entitlement"). Applicant wishes to subdivide the Existing Parcel into two (2) legal parcels, one (1) eighty (80) acre parcel and one (1) ninety-seven (97) acre parcel. Applicant desires to sell the eighty (80) acre parcel with a contractual entitlement to receive one (1) acre-foot of water for domestic purposes from the Existing Entitlement. Applicant further desires to construct one (1) home on the ninety-seven (97) acre parcel that would utilize one (1) acre foot per year of the Existing Entitlement for domestic purposes. The remaining four (4) acre feet per year from the Existing Entitlement would also be available for use on the ninety seven (97) acre parcel.

Applicant will provide reimbursement to CSA for any and all expenses incurred by CSA related to its review, analysis, recommendations, comments and critique in connection with any and all staff work efforts, analysis, inspection, consultations, meetings or other related work deemed necessary by the Director of Public Works for review and engineering analysis relating to the Project, that may include but not be limited to, the following items: 1.) proposed Project configuration, including conceptual layout of any proposed water infrastructure, any and all associated appurtenances and point of connection to existing CSA water facilities; 2.) proposed changes to the existing CSA water facility necessary to accommodate sufficient flows for the proposed development; 3.) conceptual analysis of associated facilities along with any and all improvements required to adequately provide the requested service while taking into account the CSA's existing obligations for provision of service to those properties within the CSA boundaries; 4.) a preliminary cost estimate for any improvements contemplated as described herewith or as determined by the Director of Public Works; 5.) Applicant's construction of any and all improvements as identified and approved by the Director of Public Works including any and all Applicant's On-Site (on Applicant's property) improvements and any and all Off-Site (on property other than Applicant's) improvements; and 6.) any and all agreements/contracts/Local Agency Formation Commission (LAFCO) application materials and development of the same related to the requested annexation and provision of the requested water service. All construction work, design work and plan and construction submittals and inspections will be conducted by qualified firm(s) hired and paid for by Applicant. Additionally, all work products developed herein including those identified above shall be subject to both County review and other agency review(s) as determined by the Director of Public Works and paid for by the Applicant.

B. OBLIGATIONS

1. Applicant shall submit to CSA and maintain a deposit account in the amount of \$2,000.00. Applicant shall maintain a minimum balance of \$2,000.00 in this account at all times during which this Agreement is in effect. CSA will provide a monthly invoice to Applicant for costs incurred by CSA which amount shall become due and payable within fifteen (15) days. If Applicant fails to make the requisite payment within thirty (30) days of the CSA's invoice, the CSA, in its sole discretion, may terminate this Agreement, impose a late fee equal to one half of one percent per month of the outstanding balance and/or utilize the deposit to reimburse the CSA for work performed in accordance with the provisions of this Agreement. Upon termination or completion of the work performed in accordance with the provisions of this Agreement, the CSA will return any remaining portion of the deposit to Applicant.

2. For all services rendered by CSA personnel, Applicant shall be charged and pay CSA the actual cost.

3. Applicant shall defend, indemnify and save harmless CSA, its officers, agents and employees from any and all claims, demands, costs, expenses, or liability occasioned by the performance or attempted performance of the provisions hereof, or in any way arising out of this Agreement, including, but not limited to, inverse condemnation, equitable relief, or any wrongful act or any negligent act or omission to act on the part of Applicant or of his agents, employees, or independent contractors directly responsible to Applicant, providing further that the foregoing shall apply to any wrongful acts, or any actively or passively negligent acts or omissions to act, committed jointly or concurrently by Applicant, Applicant's agents, employees, or other representatives. Nothing contained in the foregoing indemnity provisions shall be construed to require Applicant to indemnify CSA against any responsibility or liability in contravention of Section 2782 of the Civil Code.

4. Applicant shall be responsible for acquiring any landowner permission needed to accomplish any work related to the Project.

C. GENERAL TERMS

1. Applicant's obligation to reimburse CSA is not contingent or in any way dependent on any approval by the CSA, the County, LAFCO or any other regulatory body required in connection with the Project. Any approval of an engineering study of the proposed Project configuration including conceptual layout of proposed water facilities, and any and all associated appurtenances and point(s) of connection to the existing CSA 12 facility pursuant to this Agreement shall not be deemed an approval of the Project as a whole.

2. Unless otherwise provided, all notices herein required shall be in writing and delivered in person or sent by United States first class mail, postage prepaid. Notices required to be given to CSA shall be addressed as follows: Director of Public Works, County of San Luis Obispo, 1050 Monterey Street, Room 206, San Luis Obispo, California 93408. Notices required to be given to Applicant shall be sent to Applicant's billing address as set forth below. Any party may change such address by notice in writing to the other party and thereafter notices shall be addressed and transmitted to the new address.

3. It is understood and agreed by and between the Parties hereto that this Agreement shall bind the heirs, executors, administrators, successors and assigns of the respective Parties to this Agreement. It is further understood and agreed by and between the Parties, hereto, that certain provisions regarding construction of new facilities or upgrades to existing facilities owned by agencies/organizations other than CSA as described herein may not come under the purview of CSA and in such case shall be excluded by CSA as determined by the Director of Public Works.

4. Subject to Section C.5 below, this Agreement shall remain in effect until the following are determined to be complete by the Director of Public Works: 1.) an engineering study of the proposed Project configuration including a conceptual layout of proposed water main(s) and

any and all associated appurtenances and point(s) of connection to the existing CSA system to obtain water service to the proposed annexed parcel currently located outside the existing CSA 12 boundary, as detailed herein; and 2.) the construction described in Section A hereinabove of any and all improvements as identified and approved by the Director of Public Works. Said determination shall include review for completion of the terms and conditions established of certain other as yet to be executed documents specific to Project including but not limited to (as may be applicable): 1.) Conditional Intent to Serve Water Letter; 2.) Resolution of Application; 3.) Public Works Annexation Agreement; 4.) Pipeline Extension Performance Agreement; and 5.) General Conditions for Additions to District Facilities.

5. Applicant retains the right to terminate Project and this Agreement at any time, effective upon Applicant reimbursing CSA in full for any and all reimbursable costs incurred by CSA, subject to the terms and conditions described herein and in the aforementioned exhibits attached hereto. Notwithstanding the foregoing, the CSA retains the right to terminate this Agreement at any time effective immediately upon notice to Applicant.

IN WITNESS WHEREOF, CSA and Applicant have executed this Agreement on the day and year first hereinabove set forth.

COUNTY OF SAN LUIS OBISPO

By: 
Wade Horton
Director of Public Works
San Luis Obispo County

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By: 

Dated: October 12, 2016

APPLICANT

By: 
Art Weldon
P.O. Box 369
Arroyo Grande, CA 93421

Dated: 10-24-16

- Exhibits: Exhibit A – Sample Conditional Intent to Serve Water Letter
Exhibit B – Sample Resolution of Application
Exhibit C – Sample Public Works Annexation Agreement
Exhibit D – Sample -- Pipeline Extension Performance Agreements

Exhibit E – Sample – General Conditions for Additions to District Facilities

File:

G:\Utilities\Will Serves\CSA12\Will Serve Letters and processing\Weldon - Engineering Reimbursement Agreement 10-3-16_ amontes eas redlines



COUNTY OF SAN LUIS OBISPO

Department of Public Works

John Diodati, Director

February 8, 2023

EMAIL ONLY

Art Weldon
PO Box 369
Arroyo Grande, CA 93421
pmcbeth@garingtaylor.com

Subject: County Service Area No. 12; Conditional Intent to Provide Water Service to APN 076-114-052 (Legal Description: PM 8-89 PTN PAR 2 & RHO SAN MIG PTN LT 39) and APN 076-241-016 (Legal Description: RHO SAN MIG PM 8/89 PTN PAR 2) for a Proposed Subdivision

Dear Mr. Weldon:

The original Conditional Intent to Provide a Water Service Letter dated January 27, 2017, expired on December 31, 2019. The last letter issued expired on 12/31/2022. Accordingly, it is now necessary to issue this new Conditional Intent to Serve letter to support the subdivision of that certain single legal parcel identified by Assessor Parcel Numbers 076-114-052 and 076-241-016 (PM 8-89 PTN PAR 2 & RHO SAN MIG PTN LT 39 and RHO SAN MIG PM 8/89 PTN PAR 2) is a conditional commitment to extend the existing water service assigned to APN 076-241-016 to the larger overall parcel described above. County Service Area 12 (CSA 12) is ready and willing to provide water service to the above-described project site provided the following conditions are met:

1. All work performed by the County of San Luis Obispo (County) Department of Public Works (Public Works) Utilities Division staff for the subject project shall be billed to and reimbursed by the Applicant through and in accordance with the previously issued Engineering Reimbursement Agreement (ERA) dated November 1, 2015, for this project.
2. The Applicant shall formally request, from the San Luis Obispo County Board of Supervisors, and gain approval from the Local Agency Formation Commission, annexation of the entire project site into CSA 12.
3. If annexation to CSA 12 is authorized by the Board of Supervisors and approved by the Local Agency Formation Commission, the Applicant shall formally request, from the San Luis Obispo County Flood Control and Water Conservation District Board of Supervisors, either:
 - 1) a modification to the boundaries of Flood Control Zone 3 to include the project site; or alternately,
 - 2) consent to serve water outside the boundaries of Zone 3.

4. The Applicant has a contractual allocation of 6 acre-feet per year of CSA 12 water as specified in a Water Delivery Contract with CSA 12 dated November 1, 2016.
5. The Applicant is aware that the Water Delivery Contract is for a specific, annual, amount of water. Delivery of such water may be subject to curtailment due to system maintenance needs, shortages, or regulatory actions as described in the August 2000 *Contract Between the San Luis Obispo County Flood Control and Water Conservation District and San Luis Obispo County Service Area #12 for a Water Supply*.
6. Per the terms of the ERA, the Applicant shall be responsible for designing, constructing, and installing water line service lateral(s) necessary to provide water service (including all necessary system improvements) to the proposed project. Said water service laterals shall include, at a minimum, service lines for domestic water use and service lines for fire protection which shall include double detector check backflow preventer assemblies and all necessary related appurtenances as determined by the Public Works Utilities Division Manager (UDM). The number of necessary domestic and fire protection lines shall be as determined by Applicant's Fire Sprinkler Contractor and as approved by the UDM at such time as the Applicant submits plans and specifications for the Project.
7. The Applicant shall employ a Registered Civil Engineer (RCE) to design the water service lines and associated appurtenances and provide inspection during the course of construction to certify to County Public Works that the improvements were installed in accordance with the improvement plans, and to submit as-built plans to Public Works. If the Engineer of Work is other than the designing engineer, or is replaced during the course of construction, the UDM shall be notified in writing; and each such Engineer of Work shall certify as to their respective involvement. The UDM, or his designated representative, may make such additional inspection as is deemed necessary (and shall be available to review field conditions and/or proposed changes with the Engineer of Work).
8. The proposed project will require connection to the existing CSA 12 water system. Construction of the water services connections for the proposed project will be at the Applicant's responsibility and expense. Construction of all facilities shall be in accordance with the San Luis Obispo County Public Improvement Standards and Specifications. The Applicant shall employ a licensed contractor and must submit evidence that the contractor is licensed prior to issuance of a final Will Serve Letter.
9. All work within the public right-of-way will require an Encroachment Permit from Public Works, as described in the attached "General Conditions for Additions to CSA 12 Facilities".
10. The Applicant shall comply with all other conditions described in a previously issued Engineering Reimbursement Agreement and or as detailed in the attached "General Conditions for Additions to CSA 12 Facilities".

11. Prior to issuance of a final water Will Serve Letter, and prior to provision of water service to the project described above, Applicant shall:
- 1) pay to CSA 12 all remaining applicable CSA 12 connection fees, meter charges, other new service-related fees and/or related expenses established by ordinance and/or as described in the attached ERA; and
 - 2) shall comply with any and all conditions of approval established by the County Planning and Building Department as well as any and all conditions of approval established by the County Planning Commission.

The above CSA 12 conditions shall be effective until December 31, 2028, or until some unforeseen event might occur making this presently intended service unusually difficult, or impossible, to provide.

If you have any questions regarding this letter, please feel free to call me at (805) 781-1574.

Sincerely,



FRANCESCA DEVLIN

Utilities Division Program Manager

Attachment: General Conditions for Additions to CSA 12 Facilities

File: CF 320.490.01

- c:
- Nola Engelskirger, Utilities Division Manager
 - David Spiegel, Utilities Senior Engineer
 - David Grim, Development Services Division
 - Kate Shea, County Planning and Building Department
 - Young Choi, County Planning and Building Department
 - County Environmental Health Department

L:\Utilities\2023\February\Conditional Intent To Serve_Weldon.docx.FD.sb

Attachment G

County of San Luis Obispo Negative Declaration & Notice of
Determination

Weldon Parcel Map ED20-179 SUB2015-00070

(Due to file size, we have made this document available on the LAFCO
website at <https://slo.lafco.ca.gov/>)

Attachment H

LAFCO
Proposal
Review of
Factors - GC
56430

Attachment H

LAFCO Proposal Review Factors - Government Code 56430

Sphere of Influence Amendment and Annexation No. 4 to County Service Area 12 (Weldon)

– LAFCO No. 1-R-23

To prepare for the Sphere of Influence (SOI) Amendment for County Service Area 12, the Local Agency Formation Commission (LAFCO) will rely on the Avila Beach Community Plan and the Mitigated Negative Declaration Weldon Parcel Map; ED20-179 SUB2015-00070. Additionally, the Commission as part of this action, will use CSA 12’s latest MSR adopted in August 2017 and provide an updated brief analysis of the seven factors listed in 56430 (a). LAFCO has also analyzed the required SOI factors outlined in gov code section 56425 (e) and provided determinations to be considered and a written statement approved by the Commission. These written statements are provided in the proposal Staff Report dated August 17, 2023.

(1) Growth and population projections for the affected area.

Response. In addition to the analysis conducted through the CSA 12’s 2017 MSR update the following should also be considered as part of this action. The proposed project will create two new residences which will increase the supply of homes in the area leading to negligible population growth. Based on State of California Department of Finance estimates for average household size in the County, this would result in approximately 5 new persons and a <1% increase in the County unincorporated population of 121,133¹. This is in line with County and Local plans to increase housing availability. The proposed project would not result in new jobs in the area that would require new housing. The project does not propose new roads or infrastructure to undeveloped or underdeveloped areas that would indirectly result in population growth. Therefore, no significant impacts would occur.

(2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

Response. In addition to the analysis conducted through CSA 12’s 2017 MSR update the following should also be considered as part of this action. In summary, a disadvantaged community is defined as a community with an annual median household income (MHI) that is less than 80 percent of the statewide annual median household income of \$84,097². CSA 12 is within the Avila Beach Census Designated Place which had an estimated MHI of \$113,704³. Therefore, the existing SOI and proposed SOI amendment for CSA 12 does not have any disadvantaged communities that have a present and probable need for public facilities and services nor do the areas contiguous to the SOI qualify as a disadvantaged community.

¹ Department of Finance, Population and Housing Estimates for Cities, Counties, and the State, 2020-2023

² US Census, California Median Household Income 2017-2021

³ 2021 American Community Survey 5-Year Estimates

(3) 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.

Response. In addition to the analysis conducted through CSA 12's 2017 MSR update, the following should also be considered as part of this action. As stated in the Plan for Services, the owner of the property has a contractual entitlement to receive six-acre feet of water per year from CSA 12, which is considered sufficient to allow build out of the proposed parcels as specified in the plans for the subdivision. The parcel is currently served by a 6" lateral that reduces to a 2" and serves two water meters. No new San Luis Obispo County Utilities infrastructure is required for the subdivision. CSA 12 is willing and able to provide the requested services, subject to terms and conditions of any and all annexation agreements, the Engineering Reimbursement Agreement dated November 1, 2016, and the Conditional Intent to Provide Water letter dated February 8, 2023. The applicant shall design, construct, and install the conveyance mechanisms beyond the aforementioned water meters. The applicant shall accept responsibility for the property's lateral and all infrastructure beyond the water meters.

(4) Financial ability of agencies to provide services.

Response. In addition to the analysis conducted through CSA 12's 2017 MSR update the following should be considered as part of this action. As previously mentioned in response (3), any and all costs associated with provision of water services by CSA 12 after completion and connection of the subject properties to the CSA 12 water system will be paid by the applicant and/or future owners of said properties, and shall include system buy-in fees, and all applicable connections fees for each lot shall be paid in full prior to the provision of water service.

(5) Status of, and opportunities for, shared facilities.

Response. No additional analysis was included to this section of CSA 12's 2017 MSR update.

(6) Accountability for community service needs, including governmental structure and operational efficiencies.

Response. No additional analysis was included to this section of CSA 12's 2017 MSR update.

(7) Any other matter related to effective or efficient service delivery, as required by commission policy.

Response. No additional analysis was included to this section of CSA 12's 2017 MSR update.

Attachment I

LAFCO
Proposal
Review of
Factors -
GC 56668

Attachment I

LAFCO Proposal Review of Factors - Government Code 56668

LAFCO File No. 1-R-23 | Sphere of Influence Amendment and Annexation No. 4 to County Service Area 12 (Weldon)

Factor (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.

Response.

Population and Population density:

A Parcel Map SUB2015-00070 was approved by San Luis Obispo County to subdivide one 177-acre parcel into two parcels of 80.67 and 96.35 acres. The project includes two designated “building envelopes”. Each building envelope can adequately support development of a single-family residence and its allowable accessory uses with the Residential Rural land use category. Based on State of California Department of Finance estimates for average household size in the County, this would result in approximately 5 new persons and a <1% increase in the County unincorporated population of 121,133¹.

Land Area and Land Use:

The annexation area is within the County’s Rural Lands land use category. No zoning changes are proposed.

Per Capita Assessed Valuation:

The total assessed value of the parcels as determined by the County Assessor is \$889,035. The amount of property tax revenue to be transferred between the County of San Luis Obispo and CSA 12 shall be zero. This is due to the fact that water service provided by CSA 12 is financed by connection fees and charges and not by property taxes.

¹ Department of Finance, Population and Housing Estimates for Cities, Counties, and the State, 2020-2023

Topography, Natural Boundaries, and Drainage Basins:

The topography of the parcels is moderate to steeply sloping. The site is characterized by oak woodland, grasses, and shrubs. The project includes a preliminary grading and drainage plan which shows runoff from the buildings will be collected and conveyed to two retention basins where the runoff water will percolate into the ground.

Proximity to Other Populated Areas:

The project site is located at 6226 Ontario Road, approximately 0.5 miles north of community of Avila Beach. The parcels are in a predominately rural area, characterized by expansive lots with few, small structures. Surrounding lots have minimal development or maintain agricultural uses as well as single-family residences. The existing parcels are directly adjacent to a mobile home park.

Likelihood of Significant Growth in the Area, and in Adjacent Incorporated and Unincorporated Areas, During the Next 10 Years:

The proposed project will create two new residences which will increase the supply of homes in the area leading to potential, very small population growth. This is in line with County and Local plans to increase housing availability. The project would not result in new jobs in the area that would require new housing. The project does not propose new roads or infrastructure to undeveloped or underdeveloped areas that would indirectly result in population growth. Significant increases in population are not anticipated to occur in this area over the next 10 years.

Factor (b)

1) The **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; and

Response.

CSA 12 is a dependent special district and single-purpose agency authorized to provide water service to a large eastern section of Avila Beach and two smaller areas to the north and west of the community. In order for the applicant to proceed with applying for grading or construction permits, the applicant would need to comply with the County's Notice of Final action conditions of approval.

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.

2) "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.

Condition 14 states the need for the applicant to meet the conditions of the Conditional Intent to Provide Water Service letter form CSA 12 dated March 21, 2020, or the applicable equivalent conditions of any later or revised Conditional Intent to Provide Water Service letters. The new Conditional Intent to Provide Water Service letter, dated February 8, 2023, requires the applicant to request and gain approval for annexation of the project site into CSA 12 from LAFCO.

Initially, the applicant proposed to annex the entirety of the remaining portion of the parcel (~165.65 acres), however, in order to stay consistent with LAFCO Policy 2.4.1 and 2.4.2, which require a demonstrated need for the required services and a logical and reasonable expansion of the district, the applicant revised the application to only include annexation of the areas in which services are needed. The need for services is limited to and can only occur within the building envelopes. The landowner has therefore applied for sphere of influence amendment and annexation of only the building envelopes, which are approximately 1.49 acres and 0.55 acres, into CSA 12 to meet water needs associated with the proposed development of two single family residences. The proposed annexation is consistent with the requirements of Section 56668(b) of state law, and LAFCO policies.

CSA 12 is willing and able to provide the requested services, subject to terms and conditions of any and all annexation agreements, the Engineering Reimbursement Agreement dated November 1, 2016, in interest and the Conditional Intent to Provide Water Service letter dated February 8, 2023.

The present cost and adequacy of governmental services and controls in the area are the County's responsibility. As mentioned in the County Public Works Plan for Services memo dated June 8, 2023, the cost of all services for the subject annexation will be paid by the applicant in accordance with CSA 12's existing fee structure per the terms and conditions of the Engineering Reimbursement Agreement dated November 1, 2016. All costs associated with the design, inspection, plan check, and review and

	<p>construction inspection by CSA 12 staff will be paid by the applicant. Any and all costs associated with provision of water services by CSA 12 after completion and connection of the subject properties to the CSA 12 water system will be paid by the applicant and/or future owners of said properties, and shall include system buy-in fees, and all applicable connection fees for each lot that shall be paid in full prior to provision of water service.</p>
<p>Factor (c)</p> <p>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>Response.</p> <p>The proposed action would allow the annexation proposal to be implemented upon compliance with LAFCO's & the County's conditions of approval. The area would continue to be located within the County's unincorporated area and be added to CSA 12's service area for water service only. The project site is located within two "building envelopes" for future development of single-family residences. The eventual impact could be a small increase of population for the CSA.</p>
<p>Factor (d)</p> <p>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.</p>	<p>Response.</p> <p>The annexation provides for the planned, orderly, and efficient development of the area. After all conditions of approval have been met the proposal will be consistent with Commission policy and with the policies of the County. The County's General Plan, Plan for Services, and Conditional Intent to Provide Water Service letter demonstrate that the project would result in orderly and efficient development of the area and potential impacts would be mitigated accordingly.</p>

<p>Factor (e)</p> <p>The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.</p>	<p>Response.</p> <p>The annexation area does not include land within the Agriculture land use designation or land subject to a Williamson Act contract. There are soils elsewhere on the site classified as Prime Farmland, however development in the proposed annexation area (the two building envelopes) will not result in impacts to soils designated as Prime Farmland. Therefore, the project would not result in a conflict with existing zoning for agricultural use or a Williamson Act contract and no impacts would occur.</p>
<p>Factor (f)</p> <p>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.</p>	<p>Response.</p> <p>The boundaries of the proposed annexation are known and definite as per the map and legal descriptions provided and included in this report.</p>
<p>Factor (g)</p> <p>A regional transportation plan adopted pursuant to Section 65080.</p>	<p>Response.</p> <p>The 2023 SLOCOG Regional Transportation Plan (RTP) was adopted pursuant to requirements of Californian Government Code section 65080. The closest highway to the annexation area is U.S. Highway 101 which is included in the RTP as a priority area.</p> <p>U.S. 101 is the most important highway in the region. Major concerns for the future of the South County subregion include increased congestion and delays and a physically constrained right of way that offers limited room for expansion. The route provides connections to major recreational travel destinations in beach communities, giving rise to seasonal variations in traffic and heavy Friday and weekend recreational traffic. Weekday peak period</p>

	<p>congestion is attributed primarily to commuters driving to and from work in the City of San Luis Obispo or northern Santa Barbara County. Key highway improvements on U.S. 101 to improve traffic flow and support housing production are expected to be constructed by 2028. No significant transportation related impacts are expected to occur as a result of this project.</p>
<p>Factor (h)</p> <p>The proposal's consistency with city or county general and specific plans.</p>	<p>Response.</p> <p>The proposal is consistent with applicable county general and specific plans because it complies with applicable area plan standards and is being subdivided in a consistent manner with the Rural Lands land use category.</p> <p>After all conditions of approval placed by the Subdivision Review Board (documented in the Notice of Final Action letter dated December 15, 2020) have been met, the proposal will be consistent with the County's General Plan.</p>
<p>Factor (i)</p> <p>The Sphere of Influence of any local agency that may be applicable to the proposal being reviewed.</p>	<p>Response.</p> <p>A Sphere of Influence (SOI) means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission. The Weldon annexation area is currently outside of CSA 12's SOI. Prior to the annexation, the SOI must be amended to include the subject territory. To amend a local agency's SOI, the CKH act requires five specific determinations to be considered by LAFCO per gov code section 56425. These five determinations can be found beginning on Page 5 of the staff report. Based on the information, application, studies, and documents provided and approved by the County, the SOI Amendment for CSA 12 is recommended to include the proposed Weldon annexation area.</p>

<p>Factor (j)</p> <p>The comments of any affected local agency or other public agency.</p>	<p>Response.</p> <p>None.</p>
<p>Factor (k)</p> <p>The ability of the newly formed or receiving entity to provide the services that are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.</p>	<p>Response.</p> <p>CSA 12 is willing and able to provide the requested services to the property within the annexation area, subject to the terms and conditions of any and all annexation agreements, the Engineering Reimbursement Agreement dated November 1, 2016, in interest and the Conditional Intent to Provide Water letter dated February 8, 2023. This is also documented in the County Department of Public Works' Plan for Services document included as Attachment F.</p> <p>The cost of all services for the subject annexation will be paid by the Applicant in accordance with CSA 12's existing fee structure and per the terms and conditions of the above referenced Engineering Reimbursement Agreement dated November 1, 2016. All costs associated with the design, inspection, plan check, and review and construction inspection by CSA 12 staff will be paid by the Applicant. Any and all costs associated with provision of water services by CSA 12 after completion and connection of the subject properties to the CSA 12 water system will be paid by the Applicant and/or future owners of said properties, and shall include system buy-in fees, and all applicable connection fees for each lot that shall be paid in full prior to provision of water service.</p>

<p>Factor (l)</p> <p>Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.</p>	<p>Response.</p> <p>Zone 3, which manages the Lopez Water Project, provides surface water supplies to the Cities of Arroyo Grande, Pismo Beach, and Grover Beach; Oceano CSD, and CSA 12. CSA 12 is a single-purpose agency authorized to provide water service only, and subcontracts Zone 3 water to Avila Beach CSD, Port San Luis Harbor District, Avila Valley Mutual Water Company, and residential property owners located in the Avila Beach Region. CSA 12 and the San Luis Obispo County Flood Control and Water Conservation District entered into a water supply contract, dated November 21, 1966, which gives CSA 12 an entitlement to 337 acre-feet of water annually from the Lopez Reservoir. Currently, all water in the Zone 3 system and subsequently in CSA 12 is spoken for. The owner of the property has a contractual entitlement (Attachment F) to receive six AFY or 1.78 percent of CSA 12's annual entitlement of water.</p>
<p>Factor (m)</p> <p>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.</p>	<p>Response.</p> <p>As stated in the Notice of Final Action letter Condition of Approval #25, dated December 15, 2020, subsequent residential development is subject to the inclusionary housing fee pursuant to Section 22.12.080.C.3.a and D.2. As an alternative, prior to filing the final parcel or tract map, the applicant may enter into an inclusionary housing agreement to ensure the construction of inclusionary housing unit(s), in conformance with Section 22.12.080.</p>
<p>Factor (n)</p> <p>Any information or comments from the landowner or landowners, voters, or residents of the affected territory.</p>	<p>Response.</p> <p>Prior to the release of the staff report LAFCO received one public comment from a concerned resident and landowner of property within 300ft of the Weldon Annexation. Their email is included in Attachment J and in summary their concerns related to drainage. As concluded in the MND, the proposed project includes a preliminary grading and drainage plan which shows runoff from the developments</p>

	<p>will be collected and conveyed to two retention basins where the runoff water will percolate into the ground and be retained on the project site. No off-site drainage impacts are expected to occur.</p>
<p>Factor (o)</p> <p>Any information relating to existing land use designations.</p>	<p>Response.</p> <p>The annexation area is within the County’s Rural Lands land use category. No zoning changes are proposed.</p>
<p>Factor (p)</p> <p>The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins, with respect to the location of public facilities and the provision of public services, to ensure a healthy environment for all people such that the effects of pollution are not disproportionately borne by any particular populations or communities.</p>	<p>Response.</p> <p>This proposal makes no representation on exclusion of any race, culture, income and/or national origins. With regard to the location of public facilities and the provision of public services, this project does not affect the fair treatment of people of all races, cultures and incomes. Facilities (pipelines and other infrastructure) associated with development will be located within public roadways or on the site.</p>
<p>Factor (q)</p> <p>Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone pursuant to</p>	<p>Response.</p> <p>The San Luis Obispo County’s Multi-Jurisdictional Hazard Mitigation Plan was adopted October 2019 and establishes the County's emergency policies and procedures in the event of a disaster and addresses allocation of resources and protection of the public in the event of an emergency.</p> <p>The Safety Element of the General Plan for the County of</p>

Section 51178 or maps that identify land determined to be in a state responsibility area pursuant to Section 4102 of the Public Resources Code, if it is determined that such information is relevant to the area that is the subject of the proposal. (Amended by Stats. 2019, Ch. 360)

San Luis Obispo (approved December 1999) addresses a wide range of natural and human caused hazards and consists of goals and policies aimed to reduce the risks associated with these hazards such as loss of life, injuries, property damage, and economic and social dislocation.

The affected territory is within a State Responsibility Area and would be considered “Very High” fire hazard severity zone, pursuant to CAL FIRE’s Fire Hazard Severity Zones maps; predictions are based on factors including fuel availability, topography, fire history, and climate. Based on the County’s fire response time map, it will take approximately 10 to 15 minutes to respond to a call regarding fire or life safety.

The project is designed in accordance with State adopted fire safety standards and would be required to adhere to a project specific fire safety plan, as described in Condition #32 of the Notice of Final Action (Attachment D). These measures will ensure that no people or structures are either directly or indirectly exposed to a significant risk of loss, injury, or death involving wildland fires. Therefore, impacts would be less than significant.

Attachment J

Public
Comment

From: [Gladys Porter](#)
To: [Morgan Bing](#)
Subject: 6226 Ontario Rd Developement
Date: Sunday, August 6, 2023 12:18:21 PM

To whom it may concern.

I want to address the fact that when it rains, water from that hilly property flows across the drive of Castillo Rd to access the culvert under Ontario & 101, eroding the road quite a bit.

If it rains substantially, there is also a strong sewage smell in that drainage.

Is there any way to install a culvert across the entrance to Castillo Rd /Ontario Rd?

Yours,
Gladys Porter. 320 Castillo Rd
Landowner 076-241-013



San Luis Obispo Local Agency Formation Commission

TO: MEMBERS OF THE COMMISSION

**FROM: ROB FITZROY, EXECUTIVE OFFICER
IMELDA MARQUEZ-VAWTER, ANALYST
MORGAN BING, CLERK ANALYST**

DATE: AUGUST 17, 2023

SUBJECT: LAFCO NO. 1-S-22 | MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR TEMPLETON COMMUNITY SERVICES DISTRICT

RECOMMENDATION

Action 1: Motion finding the Municipal Service Review & Sphere of Influence Study prepared for the Templeton Community Services District (LAFCO File No. 1-S-22) to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption section 15306 and CEQA General Rule Exemption 15061(b)(3).

Action 2: Motion to adopt resolution approving the Templeton Community Services District Municipal Service Review and Sphere of Influence Study (LAFCO File No. 1-S-22) found in Attachment A & B, updating the district's sphere of influence to include all existing sphere areas and the addition of Study Area #1 as depicted in Exhibit C of Attachment A, and establishing that the active services provided by the district are water, wastewater, fire, solid waste, parks & recreation, and street lighting, and deeming cemetery power and all remaining powers not already mentioned as latent.

DISCUSSION

Background

The Cortese-Knox-Hertzberg (CKH) Act directs Local Agency Formation Commissions (LAFCO) to regularly prepare municipal service reviews (MSRs) in conjunction with establishing and updating each local agency's sphere of influence (SOI). The legislative intent of MSRs is to proactively assess the availability, capacity, and efficiency of local governmental services prior to

COMMISSIONERS

Chair
DEBBIE ARNOLD
County Member

Vice Chair
MARSHALL OCHYLSKI
Special District Member

JIMMY PAULDING
County Member

ROBERT ENNS
Special District Member

ED WAAGE
City Member

STEVE GREGORY
City Member

HEATHER JENSEN
Public Member

ALTERNATES

DAWN ORTIZ-LEGG
County Member

ED EBY
Special District Member

CHARLES BOURBEAU
City Member

David Watson
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

making SOI determinations. MSRs may also lead LAFCOs to take other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies in addition to any related sphere changes. The Fiscal Year 2022-2023 Work Plan revised the schedule for completion of the next MSR cycle, and an MSR for the Templeton Community Services District (TCSD) has been prepared consistent with the established timeline.

Executive Summary

CKH requires LAFCOs to review and update, as necessary, each agency's SOI every five years, pursuant to Government Code § 56425. Prior to, or in conjunction with an agency's SOI study, LAFCO is required to conduct an MSR for each agency pursuant to Government Code § 56430. When updating an MSR, state law requires that the Commission adopt written MSR determinations for each of the following seven criteria:

1. *Growth and Population projections for the affected area.*
2. *Location and characteristics of any disadvantaged unincorporated communities.*
3. *Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.*
4. *Financial ability of agencies to provide services.*
5. *Status of, and opportunity for, shared facilities.*
6. *Accountability for community service needs including governmental structure and operational efficiencies.*
7. *Any other matter related to effective or efficient service delivery, as required by commission policy.*

The seven criteria, MSR determinations, described above were prepared and included into this staff report as Exhibit B of Attachment A and in the MSR & SOI Study (Attachment B). In summary, TCSD has an estimated population of 8,386, with an estimated build-out population of 9,172. TCSD is authorized to provide water, wastewater, fire, solid waste, parks & recreation, street lighting, and cemetery services. TCSD has the capability and capacity to adequately meet existing demands for water, wastewater, fire, solid waste, parks & recreation and street lighting. TCSD can meet future demands for the previously mentioned services with some limitations on water and fire as was documented in detail in the MSR & SOI Study. Although TCSD is authorized to provide cemetery services, the district has not been exercising this function for approximately eleven years. TCSD has expressed interest in pursuing divestiture of cemetery powers. Given the circumstance, when adopting the proposed SOI for the TCSD, the Commission may deem cemetery power a latent service pursuant to Government Code § 56425(i) as is further discussed later in this report. TCSD appears to have adequate annual revenue and fund balance to provide the services that it currently provides. Overall, TCSD is accountable, transparent, and functions well as a district.

As part of the SOI study, the Commission is required to consider the following five criteria and make appropriate determinations in relationship to each:

1. *The present and planned land uses in the area, including agricultural and open-space lands.*
2. *The present and probable need for public facilities and services in the area.*
3. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
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.*
5. *For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection. . . the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.*

The five criteria, SOI determinations, described above were prepared and included into this staff report as Exhibit B of Attachment A and in the MSR & SOI Study (Attachment B). No reductions and one expansion area are proposed for the TCSD SOI; the one expansion area is referred to as Study Area #1. Study Area #1 consists of two parcels of approximately 27.96 acres, (APNs 040-211-027 and 040-211-028), located adjacent to TCSD's existing Creekside Well site. Staff's preparation of the SOI written statement of determination spoke to the existing SOI and the proposed inclusion of Study Area #1.

Existing SOI

In summary, land uses within TCSD's existing SOI are predominantly residential, commercial, and agriculture. Other land uses include industrial, public facilities, office and professional, and recreation. There is a present need and anticipated continued need for the services being provided by the TCSD in the existing SOI area. TCSD has capability and capacity to adequately meet existing service demand and some level of increased future service demand within the existing SOI area.

Proposed inclusion of Study Area #1

In summary, Study Area #1 is zoned Agriculture and is largely undeveloped. Study Area #1 would not need services as typically expected with an SOI amendment due to the nature of the anticipated future project on the site. The property within Study Area #1 is owned by TCSD, and the district has begun exploring the potential of using the two parcels as a new location for a discharge pond of Lake Nacimiento water. The project site would help TCSD better serve the existing community and increase water availability. Including Study Area #1 to the SOI would also help the district move forward with an eventual annexation that would help better serve the community and alleviate the district from paying property and improvement tax. There are no capacity or adequacy concerns identified in relation to the SOI Study Area #1. Inclusion of this SOI area may in fact lead to increased capacity in water services, as the district plans to utilize the site to develop additional water resources. It is recommended that the district's sphere of

influence be updated to include all existing sphere areas and the addition of Study Area #1 as depicted in Exhibit C of Attachment A.

Authorized Powers

In addition, Government Code § 56425 (i) provides that “[w]hen adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts.” Government Code § 56050.5 defines a latent service or power as “those services, facilities, functions, or powers authorized by the principal act under which the district is formed, but that are not being exercised, as determined by the commission pursuant to subdivision (i) of Section 56425.”

Therefore, once the Commission has established what services are being provided pursuant to Government Code § 56425 (i), all other services, functions and powers become “latent services or powers” by operation of law. TCSO is authorized to provide water, wastewater, fire, solid waste, parks & recreation, street lighting, and cemetery services. Given the situation pertaining to TCSO not exercising cemetery powers for approximately eleven years and TCSO’s interest to seek divestiture, it is recommended that when the Commission considers adopting an updated SOI for the TCSO, the Commission deem cemetery power a latent service pursuant to Government Code § 56425(i).

Agency Coordination / Public Comments

Staff coordinated with TCSO throughout the preparation of this MSR. Input from TCSO was provided via meetings, questionnaires, email correspondence, and during review of the administrative review draft. A public review and comment period was conducted for the public review draft of the TCSO MSR from July 20, 2023 through August 17, 2023. The draft MSR was published on the SLO LAFCO website. The public review period will run simultaneous to the 21-day noticing requirement for a public hearing. A notice of Public Hearing was published in the newspaper (The Tribune) on July 27, 2023, 21-days in advance of the hearing. Notice was mailed to property owners and registered voters in the proposed SOI expansion area (Study Area #1) and within 300 feet of the proposed SOI exterior boundaries. Email notices were sent to the district, applicable agencies, and other interested parties as required under Government Code section 56660 & 56661. All public comments received prior to the hearing date will be distributed to each Commissioner and become part of the official record of the Commission hearing. No written comments had been received at the publishing of the regular meeting agenda on August 10, 2023.

ENVIRONMENTAL REVIEW

LAFCO is the Lead Agency for the proposed MSR and SOI Study. The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by LAFCO and to comply with the California Environmental Quality Act (CEQA).

MSRs are categorically exempt under Class 6, Section 15306, which states: "*Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities*

which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded." MSRs collect data for the purpose of evaluating municipal services provided by the agencies. There are no land use changes or environmental impacts created by such studies.

Furthermore, this MSR & SOI qualifies for a general rule exemption under Section 15061(b)(3), which states: "*The activity is covered by the commonsense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.*" Additionally, the SOI update qualifies for the same general exemption from environmental review based upon CEQA Regulation section 15061(b)(3).

There is no possibility that this MSR and SOI update may have a significant effect on the environment because there are no land use changes associated with the documents. If the Commission approves and adopts the MSR and SOI study, staff will file the Notice of Exemption (Exhibit A of Attachment A) as required by CEQA, Regulation section 15062.

RECOMMENDATION

If your Commission moves to approve the Municipal Service Review and Sphere of Influence Study, staff recommends that roll call vote be taken for each of the following actions:

Action 1: Motion finding the Municipal Service Review & Sphere of Influence Study prepared for the Templeton Community Services District (LAFCO File No. 1-S-22) to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption section 15306 and CEQA General Rule Exemption 15061(b)(3).

Action 2: Motion to adopt resolution approving the Templeton Community Services District Municipal Service Review and Sphere of Influence Study (LAFCO File No. 1-S-22) found in Attachment A & B, updating the district's sphere of influence to include all existing sphere areas and the addition of Study Area #1 as depicted in Exhibit C of Attachment A, and establishing that the active services provided by the district are water, wastewater, fire, solid waste, parks & recreation, and street lighting, and deeming cemetery power and all remaining powers not already mentioned as latent.

Attachment A: Draft LAFCO Resolution No. 2023-_____

Exhibit A: Notice of Exemption pursuant to Section 15306 and 15061(b)(3)

Exhibit B: Written Determinations

Exhibit C: TCSD Boundary Map

Attachment B: TCSD Municipal Service Review and Sphere of Influence Study

Attachment A

Draft LAFCO Resolution

No. 2023-____

Exhibit A: Notice of Exemption

Exhibit B: Written Determinations

Exhibit C: TCSD Boundary Map

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

Thursday, August 17, 2023

RESOLUTION NO. 2023-XX

**RESOLUTION APPROVING THE TEMPLETON COMMUNITY SERVICES DISTRICT MUNICIPAL
SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY**

The following resolution is now offered and read:

WHEREAS, the San Luis Obispo Local Agency Formation Commission, hereinafter referred to as the “Commission”, is authorized to conduct municipal service reviews and establish, amend, and update spheres of influence for local government agencies whose jurisdictions are within San Luis Obispo County; and

WHEREAS, the Commission conducted a municipal service review to evaluate availability and performance of governmental services provided by Templeton Community Services District, hereinafter referred to as the “District”, pursuant to California Government Code § 56430, hereby incorporated by reference as contained in LAFCO File No. 1-S-22 Templeton Community Services District Municipal Service Review and Sphere of Influence Study included as Attachment C of the August 17, 2023, LAFCO Staff Report; and

WHEREAS, the Commission conducted a sphere of influence study for the District pursuant to California Government Code § 56425, hereby incorporated by reference as contained in LAFCO File No. 1-S-22 Templeton Community Services District Municipal Service Review and Sphere of Influence Study included as Attachment C of the August 17, 2023, LAFCO Staff Report; and

WHEREAS, Government Code §56425(i) requires that when adopting, amending, or updating a sphere of influence for a special district, the Commission shall establish the nature, location, and extent of any functions or classes of services provided by those districts; and

WHEREAS, Government Code § 56050.5 provides that once the Commission establishes the functions or services being provided by a district pursuant to Government Code § 56425(i), all services, facilities, functions, or powers authorized by the principal act under which the district is formed, but that are not being exercised, are deemed to be latent services or powers; and

WHEREAS, no change in regulation, land use, or development will occur as a result of the adoption of a sphere of influence for the district; and

WHEREAS, the Executive Officer gave sufficient notice of a public hearing to be conducted by the Commission in the form and manner provided by law; and

WHEREAS, the staff report and recommendations on the municipal service review and sphere of influence study were presented to the Commission in the form and manner prescribed by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on the municipal service review and sphere of influence study on August 17, 2023; and

WHEREAS, the Commission considered all of the municipal service review and sphere of influence factors required under California Government Code § 56430 (a) and 56425 (e) and adopts as its written statements of determinations therein, the determinations set in the Public Review Draft of the municipal service review and sphere study titled “Municipal Service Review and Sphere of Influence Study for Templeton Community Services District”, with said determinations being included in Exhibit B of this resolution; and

WHEREAS, the Notice of Exemption, prepared pursuant to § 15062 is adequate as the documentation to comply with the California Environmental Quality Act (CEQA) under the General Rule Exemption § 15061(b)(3) and Categorical Exemption § 15306, for the municipal service review and sphere of influence study for the District; and

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. The municipal service review and sphere study titled “Municipal Service Review and Sphere of Influence Study for Templeton Community Services District”, includes the related statements of determination, and is determined to be exempt from CEQA pursuant to § 15061(b)(3) and § 15306 of the CEQA Guidelines.
3. That the Notice of Exemption prepared for this proposal is complete and adequate, having been prepared in accordance with the provisions of the CEQA and is hereby determined to be sufficient for the Commission’s actions and is incorporated by reference as Exhibit A of this resolution.
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. Pursuant to Government Code § 56430(a), the Commission makes the written statement of determinations for municipal service reviews, included in Exhibit B of this resolution.
6. Pursuant to Government Code § 56425(e), the Commission makes the written statement of determinations for the sphere of influence, included in Exhibit B of this resolution.

7. That the Sphere of Influence for the district be amended and adopted pursuant to the map in Exhibit C of this Resolution, which includes all existing sphere areas and the addition of study area #1.
8. In adopting this sphere of influence for the district, pursuant to Government Code § 56425(i), the Commission establishes that the only function or service provided by the district within its jurisdictional boundaries is water, wastewater, fire, solid waste, parks & recreation, and street lighting.
9. Water, wastewater, fire, solid waste, parks & recreation, and street lighting are considered general terms used to identify the authorized powers of the district and that the powers are further described in Government Code § 61100.
10. Pursuant to Government Code § 56050.5, all other services, facilities, functions, or powers authorized by the Community Services District principal act that are not being exercised are, by operation of law, determined to be latent services or powers, including cemetery power.

Upon a motion of Commissioner _____, seconded by Commissioner _____ and on the following roll call vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby adopted.

Debbie Arnold
LAFCO Chair

Date

ATTEST:

Notice of Exemption

To: Office of Planning and Research
 PO Box 3044, 1400 Tenth Street, Room 222
 Sacramento, CA 95812-3044

From: San Luis Obispo LAFCO
 Rob Fitzroy, Executive Officer
 1042 Pacific St. Suite A
 San Luis Obispo, CA 93401
 (805) 781 – 5795
 rfitzroy@slo.lafco.ca.gov

County Clerk
 County of San Luis Obispo
 County Government Center
 San Luis Obispo, CA 93408

Project Title: LAFCO File No. 1-S-22 | Templeton Community Services District Municipal Service Review and Sphere of Influence Study

Project Location: Templeton Community Services District (TCSD) is located in northern San Luis Obispo County, south of the City of Paso Robles and north of the City of Atascadero.

Description of Nature, Purpose, & Beneficiaries of Project: The Local Agency Formation Commission (LAFCO) has prepared a Sphere of Influence (SOI) Study and Municipal Service Review (MSR) for the Templeton Community Services District pursuant to Government Code § 56425 and § 56430. The SOI is a 20-year growth boundary that includes areas that may be served by the District in the future. State law requires the MSR to be completed either prior to or concurrent with, the SOI study. The MSR evaluates the public services provided by the District and is used as the basis for any changes to the SOI. The Commission took action to update the district’s SOI to include all existing sphere areas and add Study Area #1 as depicted in Exhibit C of Attachment A of the LAFCO August 17, 2023 staff report found on the LAFCO website at <https://slo.lafco.ca.gov/>, and establishing that the active services provided by the district are water, wastewater, fire, solid waste, parks & recreation, and street lighting, and deeming cemetery power and all remaining powers not already mentioned as latent pursuant to government code § 56425 (i).

Name of Public Agency Approving Project: The San Luis Obispo County LAFCO conducted a noticed public hearing on August 17, 2023, at 9:00 a.m. in the Board of Supervisors Chambers in San Luis Obispo at the County Government Center. Additional information is available on the LAFCO website at <https://slo.lafco.ca.gov/>.

Exemption Status: (check one)

<input type="checkbox"/> Ministerial (Sec. 21080(b)(1); 15268);	<input checked="" type="checkbox"/> Categorical Exemption: State type and section number
<input type="checkbox"/> Declared Emergency (Sec. 21080(b)(3); 15269(a));	<input type="checkbox"/> Statutory Exemptions: State code number
<input type="checkbox"/> Emergency Project (Sec. 21080(b)(4); 15269 (b)(c));	<input type="checkbox"/> Other: The activity is not a project subject to CEQA.

Reasons Why Project is Exempt: It has been determined with certainty that the MSR is categorically exempt under Class 6, Section 15306 and the MSR & SOI qualifies for a general rule exemption under Section 15061(b)(3). There is no possibility that this MSR and SOI update may have a significant effect on the environment because there are no land use changes associated with the documents; therefore, the TCSD MSR & SOI Study is found to be exempt from CEQA pursuant to section 15061(b)(3) and section 15306 of the State Guidelines. LAFCO will file this Notice of Exemption upon approval of the MSR and SOI Study.

 Rob Fitzroy, Executive Officer

 Date

Service Review Determinations per Government Code Section 56430 for the Templeton Community Services District

1. Growth and population projections for the affected area

- a. TCSD has an estimated population of 8,386. With an estimated build-out population of 9,172, TCSD is currently approximately 91% built out and could reach full build out by 2050.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence

- a. According to 2020 US Census data, the median household income of Templeton CDP is \$104,340. Therefore, the district does not qualify as a DUC.
- b. TCSD may wish to consider conducting a community survey, that could, in part, more accurately determine the MHI. This information may be helpful with regard to eligibility for grant funding and other planning efforts.

3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

- a. **Water** | TCSD is authorized to provide water service as it is described in government code section 61100 (a). To serve existing and future service demand, the TCSD has established water management policies and comprehensively schedules and finances all capital projects and equipment purchases through their CIP. Planned water system improvements are included in the District's CIP that was adopted by the Board of Directors. The Water Master Plan has prioritized the projects that are most needed to improve the system. The Water Master Plan is due for an update; TCSD have indicated that an update is planned within the next year or two.

TCSD can serve its current 3,000 connections of residential and non-residential/commercial lots with the current 2,066 AFY of water supply plus the

Riparian Agency Water Rights available to the District. The 2013 Water and Wastewater Master Plan projected the total build-out water demand to be 2,512 AFY; although TCSD project 2,476 AFY will be available to the district, leaving a surplus of 327 AFY after serving existing customers and fulfilling Will Serve commitments, as shown in Table 17. The 327 AFY surplus can serve approximately 507 units. LAFCO determines that TCSD has capability and capacity to adequately meet existing water demand and some level of increased future water demand as capital improvement projects are completed.

Table 1: Water Demand Summary

Description	Connections	Available	Predicted	Water Reserved		Water Surplus (AFY)
		Water Supply (AFY) (Excludes Riparian)	20% Buffer (AFY)	Production for Existing Customers (AFY)	through Will Serve Commitments (AFY)	
Existing	3,000	2,066	413	1,294	359	0
Future (2040)	3,507	2,476	496	1,294	359	327

- b. **Wastewater** | TCSD is authorized to provide wastewater service as it is described in government code section 61100 (b). In addition, as part of the wastewater power TCSD manages stormwater in some areas including the District’s municipal operations, facilities, and two parks with retention basins. The Wastewater Master Plan also identifies and prioritizes projects that are most needed to improve District facilities. In 2019, TCSD successfully completed a significant capital improvement project called the ESFM and Lift Stations Project which returned the east side wastewater flows to the District owned Meadowbrook WWTP. Now that the projects identified in the 2013 Master Plan are complete, an update reflecting these major changes to the system would be appropriate. LAFCO

determines that TCSD has capability and capacity to adequately meet the needs existing and future wastewater demand.

Table 2: Wastewater Demand Summary

Description	Number of Connections	Existing Flows (MGD)	Capacity (MGD)
Existing Wastewater	2,309	0.40	0.60
Future Wastewater	3,104 – 3,459	0.60	0.60

- a. **Fire Protection** | TCSD is authorized to provide fire service as it is described in government code section 61100 (d). TCSD has been successful in obtaining voter approval of a special tax assessment that has allowed it to acquire additional full-time personnel. LAFCO determines that TCSD has capability and capacity to adequately provide fire protection service, however as population grows and utilization rates increase, additional staff and improvements to capital facilities and equipment may be necessary to improve the delivery of services to the District.
- b. **Solid Waste** | TCSD is authorized to provide solid waste service as it is described in government code section 61100 (c). TCSD currently collects sufficient fees and has a Franchise Agreement with Mid-State Solid Waste and Recycling to provide solid waste services within the District in its entirety. LAFCO determines that TCSD has capability and capacity to adequately provide solid waste services.
- c. **Parks & Recreation** | TCSD is authorized to provide parks and recreation services as it is described in government code section 61100 (e). TCSD owns, operates, and maintains two parks, three facilities, and one community garden. TCSD has a Parks and Recreation Master Plan, which provides the necessary information to prioritize, sequence, and fund the acquisition and development of desired parks and amenities over the next 10 years (through 2026). The Recreation Facilities Master Plan is used to develop a realistic approach to providing recreation resources that would effectively respond to needs and desires of the community.

The most significant challenge that was identified in the Recreation Facilities Master Plan was TCSD's limited funding for recreation operation and maintenance functions which would conflict with the Districts ability to achieve its master planning goals due to the structure of existing and future revenues and expenditures as is described in the Master Plan. LAFCO determines that TCSD has capability and capacity to adequately provide parks and recreations services to existing facilities, and future facilities identified in the Master Plan would require additional sources of revenue to be realized.

- d. **Street Lighting** | TCSD is authorized to provide street lighting service as it is described in government code section 61100 (g), this is done through a contract with the Pacific Gas and Electric Company. LAFCO determines that TCSD has capability and capacity to adequately provide street lighting.
- e. **Cemetery** | TCSD is authorized to provide cemetery services as it is described in government code section 61100 (ab). TCSD has not been exercising this function for approximately eleven years. TCSD has expressed interest in pursuing deactivation of Cemetery Powers. LAFCO determines that TCSD is authorized to provide Cemetery Powers; however, given the circumstance, when adopting the proposed SOI for the TCSD, the Commission may deem Cemetery Power a latent service pursuant to Government Code § 56425(i).

4. Financial ability of agencies to provide services

- a. TCSD appears to have adequate annual revenue and fund balance to provide the services that it currently provides. At the end of fiscal year 2020-2021, the TCSD had approximately \$55.173 million in cash and long-term investments.
- b. TCSD's net position has increased over the last 5-year audited period ending at 38.945 million in FY 2020-2021 with a 5-year average of 30.579 million. TCSD is financially stable despite increasing costs, limited revenues, and new regulatory requirements. LAFCO determines that TCSD is financially stable.

5. Status of and, opportunities for, shared facilities

- a. The development of areas within the TCSD service boundary may lead to shared

infrastructure with the County. Opportunities for shared facilities may include:

- i. Coordination between the District and nearby private water purveyors
 - ii. Coordinated open space preservation
 - iii. District and County parks and recreational facilities
 - iv. Preservation and enhancement of Agricultural Lands
- b. The potential to create shared relationships for providing some services is suggested and may be appropriate when providing certain services.
 - c. At present, the distinction between District and County services with the service boundary is clear.

6. Accountability for community service needs, including governmental structure and operational efficiencies

- a. TCSD is governed by a five-member Board of Directors that are elected to four-year terms. Regularly scheduled monthly Board meetings are held and all meetings are open to the public and are publicly posted a minimum of 72 hours prior to the meeting in accordance with the Brown Act.
- b. TCSD maintains an up-to-date website compliant with SB929 and posts pertinent District information in accordance with current regulations.
- c. The district has demonstrated accountability and transparency in its disclosure of information and cooperation during the process of this MSR. The district responded to the questionnaires and cooperated with document requests.
- d. LAFCO determines that TCSD is accountable and transparent.

7. Any other matter related to effective or efficient service delivery

- a. There are no other matters related to the efficiency of services.

Sphere of Influence Determinations per Government Code Section 56425 for the Templeton Community Services District

- 1. Present and planned land uses in the area, including agricultural and open-space lands.

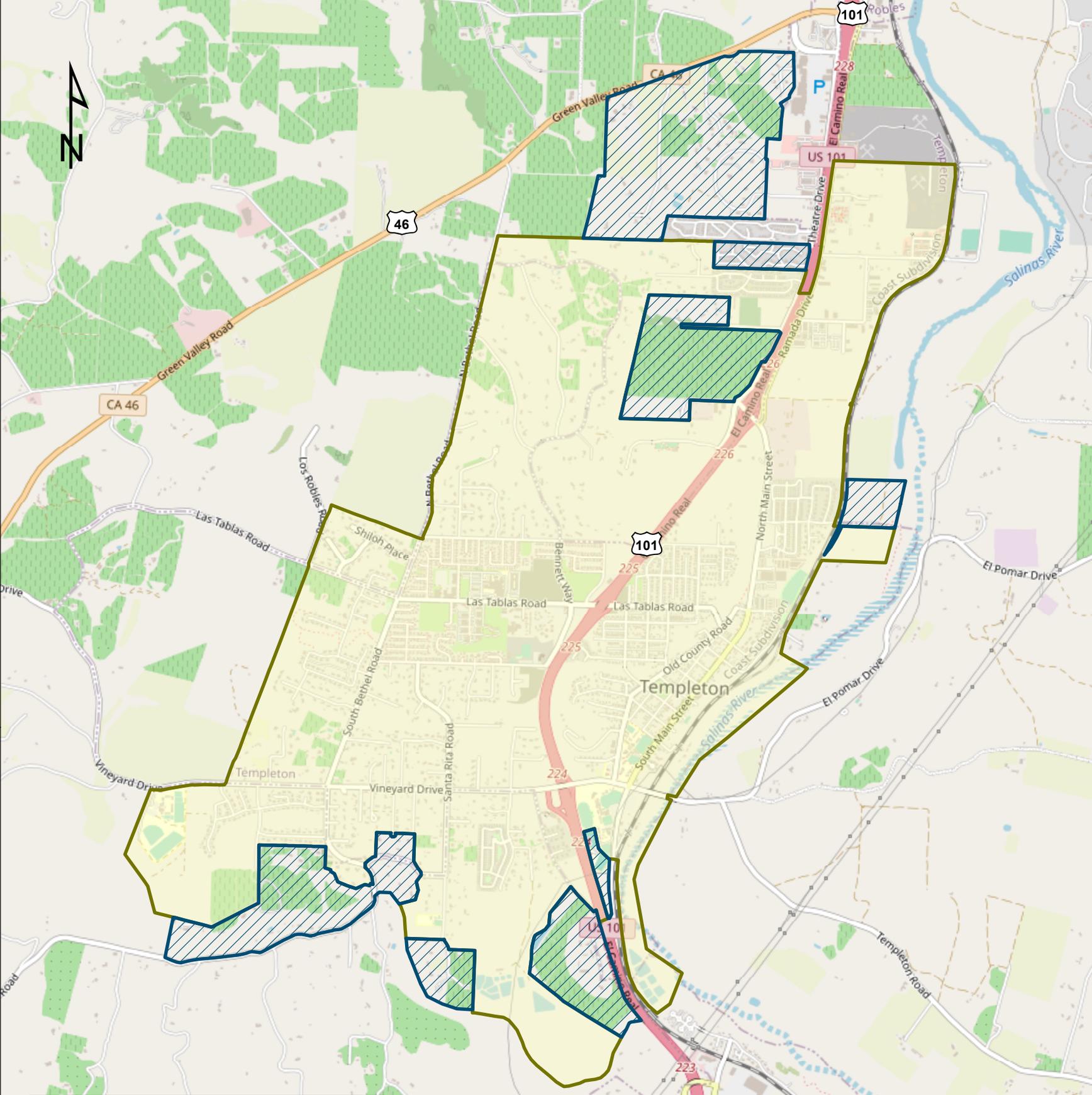
- a. Land uses within the District's existing SOI are predominantly residential, commercial, and agriculture. Other land uses include industrial, public facilities, office and professional, and recreation.
 - b. Study Area #1, which is proposed for inclusion in TCSD's SOI, is zoned Agriculture and is largely undeveloped. According to TCSD, water resources including wells will occupy portions of the site. Later, portions of the land that are not needed for wells may be used for other purposes. This site contains approximately 42% prime agricultural land as defined by government code section 56064, should the District pursue annexation in the future, they may be subject to LAFCO Policy 12 which requires 1:1 mitigation on prime land to be converted from agricultural use.
- 2. Present and probable need for public facilities and services in the area.**
- a. There is a present need and anticipated continued need for the service being provided by the TCSD in the existing SOI area.
 - b. Study Area #1 being proposed for inclusion in the sphere would not need services as typically expected with an SOI amendment due to the nature of the project. Rather, the project site would help TCSD better serve the existing community and increase water availability. The proposed SOI amendment would also be included and eventually annexed to help serve the community and alleviate the District from paying property and improvement tax as allowed under the California Constitution Article 13, Section 1, a local government is exempt and does not pay property taxes once annexed.
- 3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
- a. TCSD has capability and capacity to adequately meet existing service demand and some level of increased future service demand within the existing SOI area.
 - b. There are no capacity or adequacy concerns identified in relation to the SOI Study Area #1 because no future development is intended in this area. Inclusion of this SOI area may in fact lead to increased capacity in water services, as the District plans to utilize the site to develop additional water resources.

4. Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

- a. There are no District relevant social or economic communities of interest in the existing SOI area and the proposed SOI Study Area #1.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

- a. Unincorporated territory surrounding the District may qualify as disadvantaged. Should future annexations or service extensions be proposed, special consideration will be given to any DUCs affected by the annexation consistent with GC §56375(8)(A) and LAFCO policy.



Templeton Community Services District

LAFCO Boundaries

-  Sphere of Influence
-  Service Area

Latest SOI Approval: Aug 2023



Prepared By SLOLAFCO
Name: Templeton CSD
Date: 7/20/2023
A-2-19

Attachment B

TCSD Municipal
Service Review and
Sphere of Influence
Study



Public Review Draft

Templeton Community Services District

**Municipal Service Review
and Sphere of Influence Study**

Prepared by
the San Luis Obispo Local Agency Formation Commission

Adopted _____, 2023

Acknowledgments

San Luis Obispo LAFCO gratefully acknowledges the time and effort of staff with the Templeton Community Services District in assisting in the preparation of this report and includes – but not limited to – the following:

Jeff Briltz, Templeton Community Services District, General Manager

Bettina Mayer, PE, Templeton Community Services District, Engineer

DRAFT

TABLE OF CONTENTS

About LAFCO _____	5
Authority and Objectives _____	5
Regulatory Responsibilities _____	5
Planning Responsibilities _____	6
LAFCO Decision-Making _____	7
SLO LAFCO _____	8
District MSR & Sphere Study _____	10
Overview _____	10
At A Glance _____	11
Boundary Map _____	12
Sphere of Influence _____	13
Accountability _____	16
Population Profile _____	17
Present and Planned Land Use _____	18
Services & Capacity _____	21
Finance _____	41
Determinations _____	49
Service Review Determinations per Government Code Section 56430 _____	49
Sphere of Influence Determinations per Government Code Section 56425 _____	53
Appendix _____	56
Sources _____	56
Written Comments on the Draft Report _____	57

List of Figures

Figure 1: TCSD Boundary Map	12
Figure 2: Study Area #1.....	15
Figure 3: TCSD Land Use Designations	Error! Bookmark not defined.
Figure 4: Firefighters per 1,000 Population	35
Figure 5: Revenue Sources.....	43
Figure 6: Revenue Split by Source.....	44

List of Tables

Table 1: District Profile	11
Table 2: TCSD Board of Directors.....	16
Table 3: TCSD Population.....	17
Table 4: Templeton Urban Reserve Line Land Use Category Acreage.....	19
Table 5: Water Supply Summary.....	26
Table 6: Existing Service Connections	28
Table 7: Existing Water Demand.....	28
Table 8: Existing Water Demand Breakdown.....	28
Table 9: Future Water Supply	30
Table 10: Existing Wastewater Collection	32
Table 11: Future Wastewater Collection	32
Table 12: Operating Expense	42
Table 13: Revenue	42
Table 14: Audited Assets.....	45
Table 15: Audited Liabilities.....	46
Table 16: Audited Net Position	47
Table 17: Water Demand Summary.....	50
Table 19: Wastewater Demand Summary	51

ABOUT LAFCO

Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are considered regional subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs' authority is currently codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) with principal oversight provided by the Assembly Committee on Local Government. LAFCOs are comprised of locally elected and appointed officials with regulatory and planning powers delegated by the Legislature to coordinate and oversee the establishment, expansion, and organization of cities, towns, and special districts as well as their municipal service areas.

Regulatory Responsibilities

LAFCOs' principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts in California. CKH defines "special district" to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO oversight with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts. LAFCOs are also tasked with overseeing the approval process for cities, towns, and special districts to provide new or extended services beyond their jurisdictional boundaries by contracts or agreements or annexation. LAFCOs also oversee special district actions to either activate new service functions and service classes or divest existing services. LAFCOs generally exercise their regulatory authority in response to applications submitted by affected agencies, landowners, or registered voters. Recent amendments to CKH also authorize and encourage LAFCOs to initiate jurisdictional changes to form, consolidate, and dissolve special districts consistent with community needs.

Planning Responsibilities

LAFCOs inform their regulatory actions, in part, through two central planning responsibilities: (a) making sphere of influence determinations and (b) preparing municipal service reviews. With these, and other relevant information in the record, LAFCO makes decisions on a variety of matters, including but not limited to annexations to cities and special districts, city incorporations, activation of powers for special districts, dissolutions of special districts, etc.

Sphere of Influence (SOI)

A SOI is defined by G.C. 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality...". A SOI is generally considered a 20-year, long-range planning tool. LAFCOs establish, amend, and update spheres for all applicable jurisdictions in California every five years, or as necessary. When updating the SOI, LAFCOs are required to consider and prepare a written statement of its determinations with respect to each of the following 5 factors:

- 1) The present and planned land uses in the area, including agricultural and open-space lands.
- 2) The present and probable need for public facilities and services in the area.
- 3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- 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.
- 5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

SOI determinations have been a core planning function of LAFCOs since 1971. The intent in preparing the written statements is to orient LAFCOs in addressing the core principles underlying the sensible development of local agencies consistent with the anticipated needs of the affected communities.

Municipal Service Reviews (MSR)

MSRs in contrast, are intended to inform, among other activities, SOI determinations. LAFCOs also prepare MSRs regardless of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. When updating a MSR, LAFCOs are required to consider and prepare written statements of its determinations with respect to each of the following 7 factors:

- 1) Growth and population projections for the affected area.
- 2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- 3) 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.
- 4) Financial ability of agencies to provide services.
- 5) Status of, and opportunities for, shared facilities.
- 6) Accountability for community service needs, including governmental structure and operational efficiencies.
- 7) Any other matter related to effective or efficient service delivery, as required by commission policy.

LAFCO Decision-Making

LAFCO decisions are legislative in nature and therefore are not subject to an outside appeal process; only courts can overturn LAFCO decisions. LAFCOs also have broad powers with respect to conditioning

regulatory and planning approvals so long as not establishing any terms that directly effects land use density or intensity, property development, or subdivision requirements.

LAFCOs are generally governed by a board comprising of county supervisors, city council members, independent special district members, and representatives of the general public, and an alternate member for each category. SLO LAFCO is governed by a 7-member board comprising of two county supervisors, two city council members, two independent special district members, one representative of the general public and an alternate member for each category. All members serve four-year terms and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests. LAFCOs are independent of local government with their own staff. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the Commission. In addition, all LAFCOs must also appoint their own legal counsel.

SLO LAFCO

Regular Commissioners

Chair Debbie Arnold	County Member
Vice Chair Marshall Ochylski	Special District Member
Jimmy Paulding	County Member
Robert Enns	Special District Member
Steve Gregory	City Member
Ed Waage	City Member
Heather Jensen	Public Member

Alternate Commissioners

Charles Bourbeau	City Member
Dawn Ortiz-Legg	County Member
Ed Eby	Special District Member
David Watson	Public Member

Staff

Rob Fitzroy	Executive Officer
Imelda Marquez-Vawter	Analyst
Morgan Bing	Clerk Analyst
Brian Pierik	Legal Counsel

Contact Information

San Luis Obispo LAFCO's office is located at 1042 Pacific St Suite A in the City of San Luis Obispo. The LAFCO office is open by appointment to discuss proposals or other matters and can be scheduled by calling 805-781-5795. Additional information is also available online by visiting slo.lafco.ca.gov.

DISTRICT MSR & SPHERE STUDY

Overview

This report represents San Luis Obispo LAFCO's scheduled municipal service review for the Templeton Community Services District (TCSD), located in northern San Luis Obispo County. The report has been prepared by staff consistent with the requirements of the CKH Act. The purpose of this report is to produce an independent assessment of municipal services in this area over the next five years or as seen necessary, relative to the Commission's regional growth management duties and responsibilities as established by the State Legislature. This includes evaluating the current and future relationship between the availability, demand, and adequacy of municipal services within the service areas of the TCSD subject to the Commission's oversight. Information generated as part of the report will be used by the Commission in (a) guiding subsequent sphere of influence updates, (b) informing future boundary changes, and – if merited – (c) initiating government reorganizations, such as special district formations, consolidations, and/or dissolutions.

The period for collecting data to inform the Commission's analysis and related projections on population growth and service demands has been set to cover any major updates and changes since the last time the MSR was updated in 2013. The financial analysis has been set to cover the last five-year budgeted and last five-year audited fiscal year period. The timeframe for the report has been generally oriented to cover the next five to seven-year period with the former (ten years) serving as the analysis anchor as contemplated under State law.

The document outline serves to inform all the state mandated requirements outlined in government code sections 56430 and 56425. Written determinations have been included as the concluding chapter of this document.

At A Glance

Table 1: District Profile¹

Agency Name	Templeton Community Services District
Formation	1976
Legal Authority	Government Code §61000- 61850
Office Location	420 Crocker Street, Templeton, CA 93465
Website	https://www.templetoncsd.org/
General Manager	Jeff Briltz
Employees	21 Full-time Employees, 59 Part-time employees
Public Meetings	The Templeton Community Services District (TCSD) Board of Directors holds its regular meetings on the first and third Tuesday of the month at 7 p.m. Special meetings may be scheduled on an as-needed basis.
Board of Directors	Five members elected to four-year terms
Active Powers	Water, Wastewater, Fire Protection, Solid Waste, Parks & Recreation, Street Lighting, Cemetery
District Service Area	5.5 square miles
Population Estimate	8,386 ²
Revenues	\$9,540,785 ³

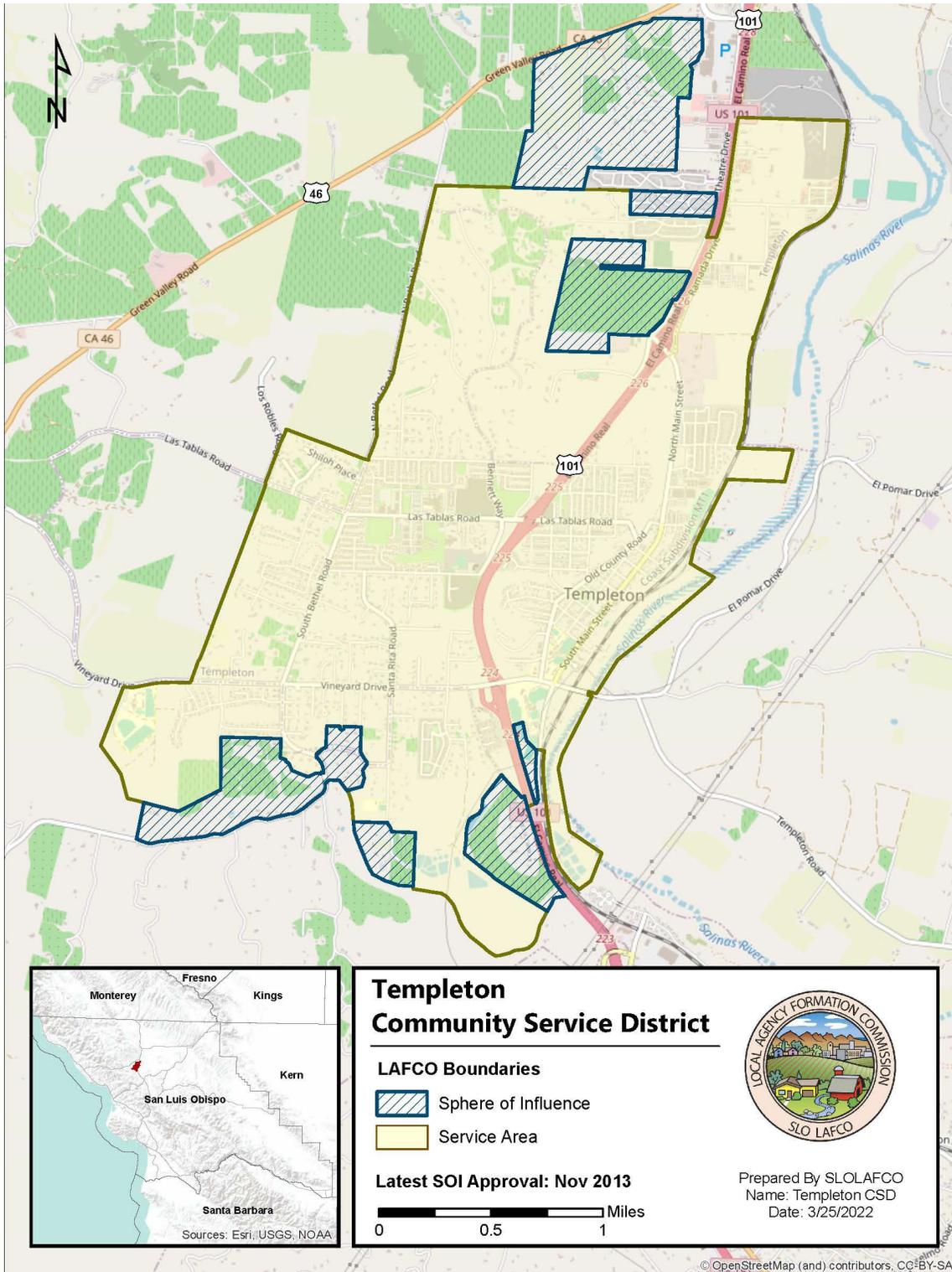
¹ As of submission of MSR-SOI Request for Information Questionnaire, October 2022

² US Census, 2020 Decennial Census, Templeton CSD

³ Templeton Community Services District Operating Budget FY 2022-2023

Boundary Map

Figure 1: TCSD Boundary Map



Sphere of Influence

Existing SOI

TCSD's existing SOI includes approximately 588.9-acres; comprised of a wide variety of land use categories from agricultural, rural residential, rural suburban, residential single family, and public facility parcels. The District's land use categories are shown in Figure 3 within the "[Present and Planned Land Use](#)" Section. The existing SOI areas will remain in the District's SOI and have been within the sphere for approximately 10 to 20 years; if needed, the district is encouraged to review and determine whether areas within the existing SOI should remain in the sphere for eventual annexation to the District or be excluded in the future.

Proposed SOI

No reductions and one expansion area are proposed to the TCSD's SOI. In 2017, the district acquired two parcels adjacent to their existing Creekside Well site and began exploring the potential of using the two parcels as a new location for a discharge pond of Lake Nacimiento water. Nacimiento water would be discharged into a percolation pond and subsequently retrieved through downstream wells. TCSD outlined reasons for the acquisition of property, in a staff report to their Board, in June of 2021, as summarized below:

1. Provides the opportunity to add new river well(s) (which will be needed as the wastewater treatment plant reaches capacity and full Nacimiento water is received).
2. Provides the opportunity to protect existing well.
3. Opportunity to explore a recharge and recovery project for Nacimiento Water.

These two parcels are located on the east side of the TCSD's current service area boundary, north of Phillips Road. The parcels combined are approximately 27.96 acres and currently zoned Agriculture land use category, as shown in Figure 2. As such, at the request of TCSD, LAFCO staff evaluated this Study Area for inclusion into the TCSD's SOI boundary. For the purposes of this document, this area will be referred to as Study Area # 1. The APNs of the parcels are 040-211-027 and 040-211-028.

Preliminary studies and testing conducted on site by GSI Water Solutions, Inc. funded by TCSD, concluded that the site is suitable for a recharge and recovery project. Once the Nacimiento water pipeline is extended to the Creekside site, the District will be able to accommodate all necessary infrastructure and obtain approvals for receiving the full allocation of 406 AFY of Nacimiento Water. Fiscal impacts are to be determined.

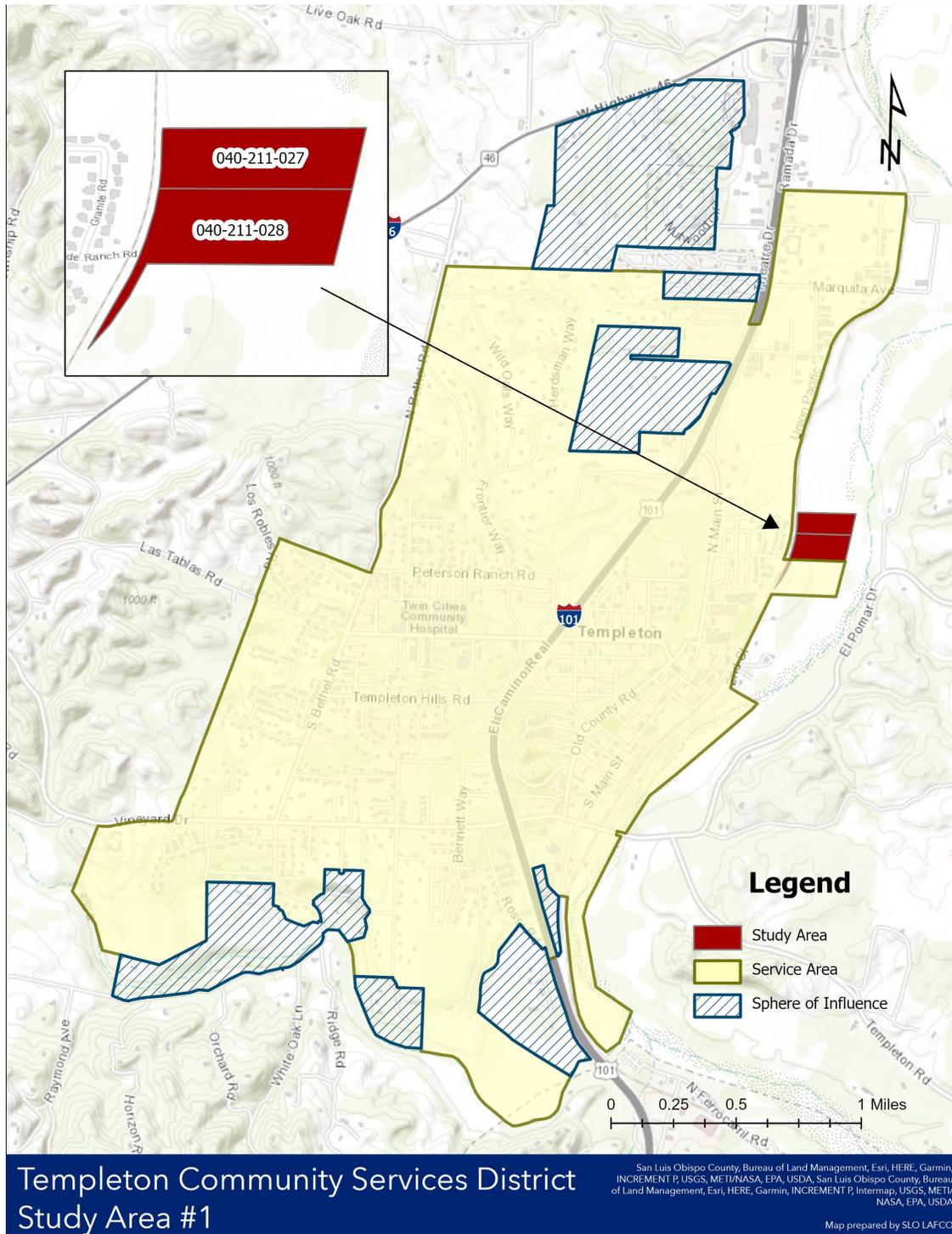
TCSD is interested in including the area into the SOI through this round of MSR updates because it would help TCSD better serve the existing community, increase water availability, and move the district one step closer to annexation, which is their primary goal. In addition, if the TCSD were to annex the property, it would alleviate the district from paying property and improvement tax. When a property is owned by a local government, in this case the TCSD, and per the California Constitution Article 13, Section 1, a local government is exempt and does not pay property taxes once annexed.

None of the land in this area is under a Williamson Act contract or other agricultural preserve program, however approximately 42% of the site does contain prime agricultural land as defined under government code section 56064. If the District pursues annexation in the future, it may prompt LAFCO Policy 12 which requires 1:1 mitigation of prime land when converted from agricultural use. The site is largely undeveloped but does contain a garage, quonset hut, fencing and a partial barn enclosure as it was previously a ranch. Future development of the site would require permit approvals from the County of San Luis Obispo. The County may require TCSD to provide an offer to dedicate an easement for a future trail network along the Salinas River as was done with the Creekside property to the south, that is also owned by the District.

The Templeton Community Plan, last updated in February 2014, identifies the area between Highway 101 and the Salinas River (where Study Area #1 is located) as a long-range industrial reserve area providing for potential expansion of industrial lands designated to the south. That said, Agricultural uses are encouraged to persist until the land is clearly needed for urban expansion after build-out of other areas.

To amend TCSD’s SOI, the CKH Act calls for determinations to be considered and a written statement approved by LAFCO per gov code section 56425 (e). These SOI factors are provided in the “Determinations” section of the MSR. Figure 2 is a vicinity map of Study Area #1.

Figure 2: Study Area #1



Accountability

TCSD is an independent special district governed by a five-member Board of Directors that are elected to four-year terms. Directors receive \$150.00 for each day’s attendance at board meetings or board committee meetings, provided that a board member’s compensation does not exceed \$600.00 in any month. The Board holds regular meetings on the first and third Tuesday of the month at 7:00 PM at the TCSD Board Meeting Room at 206 5th Street, Templeton, CA 93465. Currently, the Board Room is open to the public that wish to attend meetings in-person; however, meetings are also available by teleconference. Agendas and Board Packets are officially posted on the TCSD website and district bulletin boards. Every agenda for a regular meeting provides an opportunity for members of the public to directly address the board.

Table 2: TCSD Board of Directors

Board Member	Title	Term Expiration
Wayne Petersen	President	December 2026
Debra Logan	Vice President	December 2024
Navid Fardanesh	Board Member	December 2024
Pamela Jardini	Board Member	December 2024
Khouloud Pearson	Board Member	December 2026

TCSD currently employs 21 full-time and 59 part-time staff including the general manager, utilities manger, district engineer, finance officer, fire chief, recreation supervisor, and executive assistant/board clerk. Current staffing levels are considered adequate to provide services within the district’s service area. The district reports that all Form 700 financial disclosures are current. The California Special Districts Association (CSDA) awarded TCSD the District of Distinction and Transparency certificate due to the district’s ongoing training and educational efforts.

TCSD maintains an up-to-date website in compliance with Senate Bill 929 which contains contact information for the district, the current agenda, financial transaction reports, compensation reports,

and SB 272 Enterprise System catalog. Approved minutes and audio/visual recordings are also made available for public access on the website.

Population Profile

Historically, Templeton has been one of the fastest growing communities in the County. TCSD is located within the Templeton Census Designated Place (CDP), which has a population of 8,386⁴ according to 2020 US Census data. The build-out population, defined as the maximum population that can occur considering the zoning and land use designations, is established at 9,172 persons⁵ with an estimated build-out year of 2050. Following these projections, TCSD is currently about 91% built out.

Table 3 shows the historical, current, and projected populations for the District. Historical and current populations are calculated for the service area based on US Census data and data developed by the County, and projected populations are calculated from the San Luis Obispo Council of Governments (SLOCOG) data.

Table 3: TCSD Population⁶

Year	Population	Percent Increase
1980	1,216	-
1990	2,887	137%
2000	4,687	62%
2010	7,661	64%
2020	8,386	8%
2030	8,477	1%
2040	8,672	2%
2050	9,017	4%

⁴ US Census, 2020 Decennial Census, Templeton CSD

⁵ San Luis Obispo Council of Governments, 2050 Regional Growth Forecast for San Luis Obispo County.

⁶ US Census Data, Templeton Community Plan, and San Luis Obispo Council of Governments 2050 Regional Growth Forecast.

Disadvantaged Unincorporated Communities

In 2011, SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of SOI determination number five listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited territories (containing 12 or more registered voters) where the annual median household income (MHI) is less than 80 percent of the statewide annual median household income.

CKH Act Section 56375(a)(8)(A) prohibits LAFCO from approving a city annexation of more than 10 acres if a DUC is contiguous to the annexation territory but not included in the proposal, unless an application to annex the DUC has been filed with LAFCO. The legislative intent is to prohibit selective annexations by cities of tax-generating land uses while leaving out under-served, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services. DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(c).

The estimated 2021 MHI for Templeton CDP is \$104,340⁷. This exceeds the estimated California MHI of \$84,097⁸, therefore the District does not qualify as a DUC.

Social or Economic Communities of Interest in the Area

There are no District relevant social or economic communities of interest in the proposed SOI area.

Present and Planned Land Use

Land Use within the District is subject to the Templeton Community Plan, adopted in 1995, which is Part III of the Land Use and Circulation Elements (LUCE) of the SLO County General Plan. The most recent changes to the plan in 2004 were considered “non-substantive” and there are currently no

⁷ 2021 American Community Survey 5-Year Estimates

⁸ UC Census Data QuickFacts, 2017-21

proposals to update this plan⁹. Table 4 summarizes the acreage of each land use category within the Templeton Urban Reserve Line (URL). The County's Land Use Element establishes URLs, which are boundaries separating urban and non-urban areas, and define the proper level of service needed for each. Any changes to an URL requires an amendment to the Land Use Element approved by the County. In addition, any proposed expansion of an URL is required to be within the Sphere of Influence of the community and any separate service districts.

Table 4: Templeton Urban Reserve Line Land Use Category Acreage

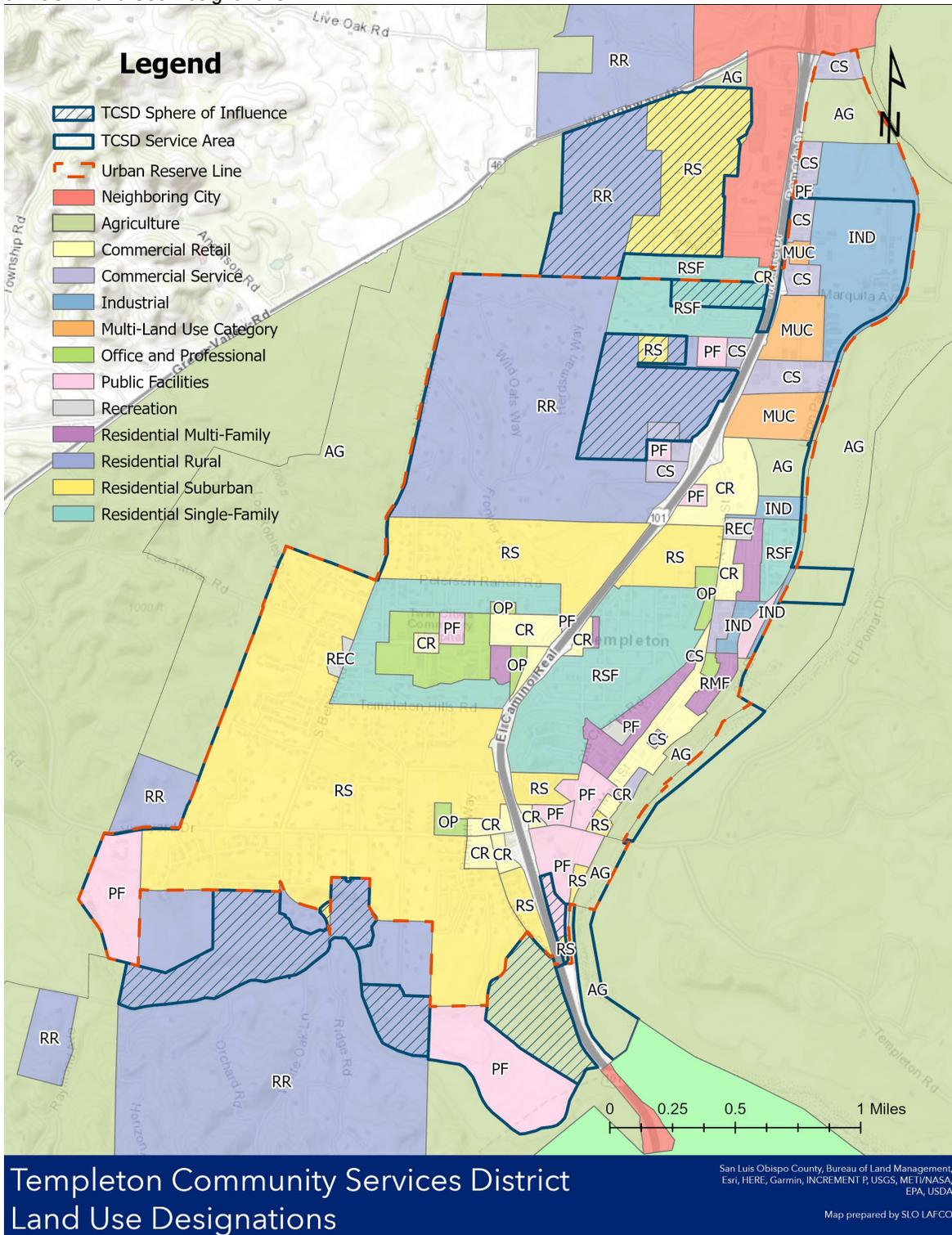
Land Use Category	Acreage
Agriculture	154
Rural Lands	0
Recreation	20
Open Space	0
Residential Rural	679
Residential Suburban	954
Residential Single Family	308
Residential Multi-Family	40
Office and Professional	101
Commercial Retail	216
Commercial Service	72
Industrial	121
Public Facilities	102
Total	2,767

As stated previously, the area within SOI Study Area #1 is currently zoned Agriculture and is largely undeveloped. According to TCSD, water resources including wells will occupy portions of the site. Later, portions of the land that are not needed for wells may be used for other purposes.

⁹ Templeton Fire & Emergency Services, Long-Ranch Fire Department Master Plan

The following map shows the Land Use Categories (zoning) for the community of Templeton as established by the Templeton Community Plan.

Figure 3: TCSD Land Use Designations



Services & Capacity

Authorized Services

In January of 2006, Senate Bill (SB) 135 took effect and revised state laws governing community services districts (CSD). SB 135 consolidated the provisions for CSDs into a list of 31 services and facilities and changed the definition of latent powers. The old CSD Principal Act from 1955 required voter approval of latent powers and predated the statewide creation of LAFCO in 1963. With SB 135, all powers authorized for CSDs but not being exercised became latent powers, regardless of the initial formation petition. SB 135 redefined latent powers as those services and facilities authorized by the new CSD Principal Act that a CSD did not provide before January 1, 2006, as determined by LAFCO. Therefore, SB 135 effectively grandfathered in all services and facilities that CSDs provided before January 1, 2006.

Following such legislative changes, SLO LAFCO passed resolution No. 2006-03 to clearly document which powers were being exercised by Districts in SLO County and deemed all other powers, not mentioned in the resolution, as latent. According to LAFCO resolution no. 2006-03, TCSD's active powers were determined to be as follows: 1) Water, 2) Sewer, 3) Drainage, 4) Fire Protection, 5) Solid Waste, 6) Parks & Recreation, and 7) Street Lighting.

The exercise of a latent service or power requires LAFCO approval. In May of 2006, TCSD applied to LAFCO and received approval to activate and exercise a latent power to provide cemetery services (LAFCO No. 1-E-06).

Government Code § 56425 (i) provides that “[w]hen adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts.” Government Code § 56050.5 defines a latent service or power as “those services, facilities, functions, or powers authorized by the principal act under which the district is formed, but that are not being exercised, as determined by the commission pursuant to subdivision (i) of Section 56425.” Therefore, once the Commission has

established what services are being provided pursuant to § 56425 (i), all other services, functions and powers become “latent services or powers” by operation of law.

The last time the Commission adopted a SOI and MSR Update for TCSD was November 2013. In that update, the Commission determined that TCSD was authorized to provide the following services:

1. Water
2. Wastewater
3. Street Lighting
4. Solid Waste
5. Fire
6. Parks and Recreation
7. Drainage
8. Cemetery

The 2013 MSR identified “Drainage” as a standalone power; although, government code section 61100 does not recognize “Drainage” as a standalone service; TCSD is authorized to provide these services through their wastewater collection power that allows for storm water management as is described in government code section 61100 (b) and the Sanitary District Act of 1923, Division 6 (commencing with Section 6400) of the Health and Safety Code. The 2013 MSR also acknowledged that TCSD had cemetery powers activated and that the district no longer provided the community with that service; no action was taken to formally determine that the power had become latent, as is allowed under Government Code § 56425 (i), therefore it is still being acknowledged as an authorized power and will be discussed in more detail below.

This “Services and Capacity” section analyzes present and long-term infrastructure demands and resource capabilities of the local agency. LAFCO reviews and evaluates 1) the resources and services that are currently available, and 2) the ability of the CSD to expand such resources and services in line with increasing demands. An adequate supply of services should be documented to support areas in the sphere, envisioned for eventual annexation and service by a jurisdiction. As was previously

mentioned, TCSD is proposing an SOI expansion of approximately 28-acres of District owned property which was purchased to develop additional water resources; no SOI reductions are proposed.

Water

Existing Water Supply

TCSD is authorized to provide water service as it is described in government code section 61100 (a). TCSD relies on several different water sources which make up the District's water portfolio. TCSD water comes from deep aquifer groundwater, shallow underflow water, water supply augmentation through treated wastewater retrieval, and importation of Nacimiento raw water. The water enters the system through 12 wells, all located within the Templeton Subunit of the Atascadero Basin. The deep, percolating groundwater wells are generally referred to as 'deep' wells, and wells extracting the underflow from the Salinas River alluvial gravels are referred to as the 'river' wells. Based on a five-year average (2018-2022), the District's available water supply in 2022, excluding riparian water, was approximately 2,066AFY¹⁰. The water supply availability is variable and dependent upon the volume of treated wastewater discharged at the Selby discharge ponds in a given year. Per the February 2022 TCSD's Water Supply Sources Overview, more information on each of the sources is provided below:

1. Templeton Subunit / Percolating Ground Water / Deep Wells:

TCSD extracts percolating groundwater from 9 active deep wells pumping from the Templeton subunit, located throughout the District. A perennial safe yield of 1040 acre-feet per year¹¹ (AFY) may be used as an operational guide for the 9 deep wells. This water is available year-round; however these wells are used primarily to meet summer demands.

The next three sources of water are provided through the Salinas River Underflow. TCSD relies primarily on two river wells, the Smith River well, and the Creekside River Well. A third river well, Platz River Well, is currently unusable and is slated for replacement in the 2023-2024 fiscal year. Each of these

¹⁰ TCSD's Annual Water Supply Update PowerPoint, 2021

¹¹ TCSD's Water Supply Sources Overview, District Engineer, Feb 2022

water sources has specific limitations in regard to the amount that can be extracted and timing of when the water can be pumped.

2. Salinas Underflow - River Wells:

TCSD has several water rights for diversions of water from the Salinas River underflow that includes two State Water Resources Control Board water permits and one water license. These water rights yield up to 602 AFY¹². The TCSD also has several Riparian Agency rights agreements by which it provides water to customers through its system and pumps the same amount of water from the underflow. Over the last 5 years, the riparian water demand to serve these parcels averaged approximately 90 AFY¹³. Altogether, the underflow water supply totals approximately 692 AFY¹⁴. Note that the approximately 602 AFY excludes water diverted for Riparian Agency Agreement parcels because this water right is parcel specific and not available to the District at large.

3. Treated Wastewater Retrieval (also may be called Underflow Augmentation):

TCSD discharges treated wastewater into discharge ponds (Selby ponds) located adjacent to the Salinas River where it is percolated into the underflow of the Salinas River. In 2019, TCSD completed a major wastewater infrastructure project called the East Side Force Main and Lift Stations (ESFM) which increased the total wastewater flows to the Meadowbrook Wastewater Treatment Plant (MWWTP) from approximately 150,000 gallons per day (gpd) to an average of 355,000 gpd¹⁵. Once these flows are available for discharge into the Selby ponds, a total of 428 AFY¹⁶ of water will be available from this source annually. Future water supply is based on 15 connections per year (~ .25 AF)¹⁷ up to the year 2040. Due to the locations of the two wells, all

¹² TCSD's Water Supply Sources Overview, District Engineer, Feb 2022

¹³ TCSD's Water Supply Sources Overview, District Engineer, Feb 2022

¹⁴ TCSD's Water Supply Sources Overview, District Engineer, Feb 2022

¹⁵ TCSD's Water Supply Sources Overview, District Engineer, Feb 2022

¹⁶ Templeton Community Service District Staff, 2023

¹⁷ Templeton Community Service District Staff, 2023

of the water discharged at the Selby ponds can be retrieved during the summer pumping season from April through October.

4. Nacimiento Water:

TCSO began receiving 250 AFY of raw Nacimiento water deliveries on June 23, 2011. An additional 156 AFY was acquired in 2016, increasing the total allocation to 406 AFY¹⁸ annually. Until March of 2019, the raw water was percolated into the underflow at the Selby ponds for subsequent retrieval downstream at the Smith Well and Creekside Wells during the peak summer season. Nacimiento discharges were halted during a recent Nacimiento water line break and resumed again in 2021 with reduced deliveries due to the increased wastewater discharges to the Selby ponds. TCSO is in the planning stages of relocating the Nacimiento water to another site and it is anticipated that this project could be done as early as 2027. Once the Nacimiento water becomes available the TCSO will net approximately 406 AFY, providing additional source capacity for the District.

Actual water use peaks June through September when outdoor use is greatest, and can be two to three times lower during winter water use. Based on a 2022 TCSO Water Supply Sources Overview Memo, TCSO is capable of meeting existing seasonal average daily water demands. As additional wastewater is percolated and subsequently available for retrieval, the amount of water supply will increase. The next largest water supply increase will be realized once a new Nacimiento water delivery location and infrastructure is planned and constructed. Easement acquisition is currently underway with overall project completion targeted for 2027.

¹⁸ Templeton Community Service District Staff, 2023

Table 5: Water Supply Summary¹⁹

Source	Current Water Supply (2022 Estimate Based on 5-year average) (AFY)	Future Water Supply (2040) (AFY)
Percolating Groundwater – Deep Wells	1,040	1,040
Salinas Underflow– River Wells		
Water Rights Permit (Oct – Mar)	500	500
Water Rights License (Apr – Oct 15)	102	102
Riparian Agency Water Rights ²⁰	Varies	Varies
Treated Wastewater Retrieval ^{21 22}	204	428
Nacimiento Water ^{23 24}	220	406
Total	2,066	2,476

Nacimiento Recharge and Recovery Project

Currently the TCSD discharges its allocation of Lake Nacimiento Water into the Selby discharge ponds where it percolates into the Salinas River Underflow and is subsequently retrieved downstream through municipal wells. TCSD currently relies on chlorinated groundwater as the source of potable water, but there isn’t sufficient groundwater to meet future demand at a reasonable cost. TCSD is in process of design development for the Nacimiento Recharge and Recovery Project to be located at the Creekside property (Study Area #1), with the goal of fully utilizing this additional water source to increase supply reliability, particularly during the summer months. The inclusion of Study Area #1 into

¹⁹ Templeton Community Service District Staff, 2023

²⁰ Riparian Agency Rights are parcel specific and are not available as a District-wide supply. The supply varies according to actual demand by riparian parcels with Riparian Agency Agreements.

²¹ Available water supply from Treated Wastewater Retrieval varies from year to year based on actual discharges at Selby percolation ponds 28 & 35 months earlier.

²² Future available water supply from Treated Wastewater Retrieval is estimated based on 15 additional wastewater connections annually.

²³ Future available water supply from Nacimiento Water varies from year to year based on actual discharges at Selby percolation ponds 28 & 35 months earlier.

²⁴ Future available water supply from Nacimiento Water based on Nacimiento Recharge & Recovery Project completion, including new river wells. Estimated completion date in 2027, subject to change.

TCSD's SOI would help TCSD better serve the existing community and increase water availability. As was previously mentioned, the property within Study Area #1 was obtained by the TCSD. The property was obtained for the following reasons:

1. To provide the opportunity to add new river well(s) (which will be needed as the wastewater treatment plant reaches capacity and full Nacimiento water is received)
2. To provide the opportunity to protect existing wells
3. An opportunity to explore a recharge and recovery project for Nacimiento Water

Existing Water Demands

TCSD has allocated its available water supply to 2,602 Residential connections and 398 Non-Residential connections (Commercial, Irrigation, Construction) for a total of 3,000 service connections as seen in Table 6. Of the 2,066 AFY available water supply, 1,294 AFY is reserved for existing customers, 359 AFY is water reserved through will-serve commitments, and 413 AFY is reserved as a 20% buffer²⁵, as seen in Table 7. Table 8 represents TCSD's current water demand breakdown by connection type.

As mentioned previously, Riparian Agency Rights are parcel specific and are not available as a District-wide supply. The Riparian Water supply varies according to actual demand by riparian parcels with Riparian Agency Agreements.

²⁵ Per TCSD's Supply Buffer Policies, the District shall maintain a Water Supply Buffer of not less than 20% of the available water portfolio.

Table 6: Existing Service Connections ²⁶

Connection Type	Number of Service Connections	Number of Service Connections	Total Service Connections
	(Dec 2022) (Groundwater)	(Dec 2022) (Riparian)	
Residential	2,496	106	2,602
Commercial	243	71	314
Irrigation	55	29	84
Construction	Varies	0	Varies
Total	2,794	206	3,000

Table 7: Existing Water Demand ²⁷

2022 Available Water Supply	20% Buffer (AFY)	Predicted Production for Existing Customers (AFY)	Water Reserved through Will Service Commitments (AFY)	Water Surplus (AFY)
2,066	413	1,294	359	0

Table 8: Existing Water Demand Breakdown ²⁸

Connection Type	Number of Service Connections (Dec 2022) (Groundwater)	Existing 2022 Water Demand (Excludes Riparian) (AFY)	Non-Revenue Water (AFY)	2022 Water Production (Excludes Riparian) (AFY)
Residential	2,496	974	125	1,316

²⁶ Templeton Community Service District Staff, 2023

²⁷ Templeton Community Service District Staff, 2023

²⁸ Templeton Community Service District Staff, 2023

Commercial	243	119		
Irrigation	55	90		
Construction	Varies	8		
Total	2,794	1,191	125	1,316

Future Water Supply

According to TCSD, future water supply (Table 9) will be approximately 2,475 AFY by 2040. After serving existing customers (approx. 2,794 connections with a demand of 1,191 AFY, excluding riparian water agreements and 3,000 connections including riparian) and fulfilling Will Serve commitments (approx. 359 AFY), a surplus of 327 AFY will be available and can serve approximately 507 units²⁹. That said, TCSD’s future connections would be estimated at 507 plus the 3,000 current service connections, for a total of 3,507 connections. While future water demands are a result of human behavior and are therefore difficult to predict, the 2013 Water and Wastewater Master Plan projected total build-out water demand to be 2,512 AFY, which is slightly more than the anticipated future water supply of 2,476 AFY as seen in Table 9.

Furthermore, TCSD has a water waitlist that dates back to 1995; 138 parcels are on the wait list requesting a total of 1,033 AFY, or 1,604 units³⁰. The parcels are a mixture of residential and commercial that have not been categorized. It is anticipated that the surplus water in the amount 327 AFY would be used towards the TCSD’s water waitlist. TCSD will most likely be required to meet demand reductions in the future due to the expanding customer base or potential changes in State requirements. As a result, TCSD is planning several projects that will increase water supply and reliability. Table 9 below summarizes TCSD’s future water supply.

²⁹ Templeton Community Service District Staff, 2023

³⁰ Templeton Community Service District Staff, 2023

Table 9: Future Water Supply³¹

Future Water Supply (2040) (AFY)	20% Buffer (AFY)	Predicted Production for Existing Customers (AFY)	Water Reserved through Will Service Commitments (AFY)	Future Water Surplus (AFY)
2,476	496	1,294	359	327

Other Water Providers in the Area

In addition to the TCSD, six other private water purveyors/ Water Mutual Companies and two public water purveyors provide water services to area residents outside of TCSD’s service area; a portion of Walnut Hills Mutual Water Company is within TCSD’S SOI. The primary source for all of these water providers is groundwater pumped water from Paso Robles Groundwater Basin or Atascadero Sub-basin. The list of purveyors includes:

- Almira Water Association
- Santa Ysabel Ranch Mutual Water Company
- Spanish Lakes Mutual Water Company
- Walnut Hills Mutual Water Company
- Los Robles Mobile Estates
- Atascadero Mutual Water Company
- Paso Robles Chevrolet Cadillac
- City of Paso Robles Water Department

Wastewater

Wastewater Treatment Facility

TCSD is authorized to provide Wastewater service as it is described in government code section 61100 (b). Currently, all wastewater flows generated within TCSD are conveyed to the Templeton Meadowbrook Wastewater Treatment Plant, located in the southern end of the District, for treatment and disposal. Until 2019, the east side wastewater flows were sent to the Paso Robles Wastewater Treatment Plant for treatment and disposal. In 2019, the district completed a significant capital improvement project, that was originally identified in the 2013 Wastewater Master Plan, called the

³¹ Templeton Community Service District Staff, 2023

East Side Force Main and Lift Stations Project (ESFM) which returned the east side wastewater flows to the District owned Meadowbrook WWTP. The 2013 Master Plan identifies and discusses the means and methods used to assure that the collection system has adequate hydraulic capacity to convey dry and peak wet weather flows through the system to the ultimate disposal point without upset or discharge to the environment or private property. Now that the projects identified in the 2013 Master Plan are complete, an update reflecting these major changes to the system would be appropriate. The Master Plan Update will include a model of the existing sewer system and the district's future needs.

The TCSD provides stewardship of the community's sanitary sewer assets, which include the 0.6 MGD Meadowbrook Wastewater Treatment Plant (WWTP), 30 miles of collection system mainlines, 5 miles of force mainline, 612 manholes and 6 lift stations. The Utilities Division is responsible for meeting the required level of service in the most cost effective and efficient manner possible to provide for maintaining and improving the condition of the infrastructure to provide reliable service now and into the future.

Existing Wastewater Capacity

TCSD serves 2,309 existing connections for wastewater collection. The Meadowbrook WWTP has an average influent wastewater flow of approximately 400,000 gallons per day³² (gpd), or approximately 0.4 million gallons per day (MGD) and a design capacity of 600,000 gpd or 0.60 MGD³³ based on this design. Higher strength wastewater being received from the east side flows will require process improvements and studies are underway for capital improvements anticipated within the next several years.

³² Sanitary Sewer Management Plan, Templeton Community Service District, Oct 2020

³³ Templeton Community Services District Staff, 2023

Table 10: Existing Wastewater Collection

Description	Number of Connections	Existing Flows (MGD) (3 year average)	Capacity (MGD)
Existing Wastewater Collection	2,309	0.40	0.60

Future Wastewater Capacity

The wastewater service area is much smaller than the water service area due to many large lot parcels utilizing septic tanks. The TCSD identified probable areas of development and/or sewer conversion for the planning process. Many of these areas will not be added unless the residents or developers fund the infrastructure to connect to the wastewater system. However, they are identified by the District as possible additions by ultimate build-out and therefore included in the planning area.

TCSD estimate the number of future connections to be between 3,104 and 3,459, which is roughly based on current connections accounting for 2/3 current wastewater treatment plant capacity, or approximately 1,150 additional connections. Each wastewater connection is based on 176 gpd. It is noted that planning for a WWTP expansion would need to begin at 90% capacity (540,000 gpd) representing approximately 795 units.

Table 11: Future Wastewater Collection

Description	Number of Connections	Future Flows (MGD)	Capacity (MGD)
Future Wastewater Collection	3,104 - 3,459	0.60	0.60

Drainage

The 2013 TCSD MSR and SOI update recognized “Stormwater and Drainage” as one of the powers authorized to the district. Although, government code section 61100 does not recognize “Stormwater and Drainage” as a standalone service; TCSD is authorized to provide these services through their wastewater collection power that allows for storm water management as is described in government

code section 61100 (b) and the Sanitary District Act of 1923, Division 6 (commencing with Section 6400) of the Health and Safety Code.

TCSD manages stormwater areas including the District's municipal operations, facilities, and two parks with retention basins. The balance of the stormwater system is owned and maintained by either the County or private property owners. The State Water Resources Control Board (SWRCB) has determined that the District is subject to NPDES Phase II requirements under the Non-traditional MS4 General Permit. TCSD is therefore required to submit a Storm Water Management Program (SWMP) to comply with mandatory regulations pertaining to stormwater pollution prevention.

TCSD's SWMP was developed and approved in 2009 by the Central Coast Regional Water Quality Control Board and is written to establish and implement Best Management Practices (BMPs) to reduce the discharge of storm water pollutants to receiving waters. Each year since, TCSD prepares a Program Effectiveness Assessment and Improvement Plan (PEIAP) Annual Report which evaluates the effectiveness of the SWMP.

The strongest elements of the TCSD's program are the Public Education and Outreach, and Public Involvement and Participation programs. Other program components include Illicit Discharge Detection and Elimination, Construction Site Runoff Control, Post-Construction Storm Water Management, Pollution Prevention and Good Housekeeping for Municipal Operations, and Trash Implementation Plan. The TCSD also participates regularly with the County and other local agencies in annual stormwater awareness and clean-up programs through Central Coast Partners for Water Quality.

The most challenging issue with respect to the District's implementation of the SWMP is in regards to budget, with its related issues regarding staffing, inventory, and available resources. TCSD maintains a Drainage Fund which is funded through fees and charges paid by those who receive services. The Drainage Fund provides for the construction and maintenance of both the Bethel Road Regional Retention Basin and the Evers Detention Basin. According to TCSD's FY 2023-23 Operating Budget, the

Drainage Funds annual operations and maintenance expenses exceeds its ongoing revenue by more than a third. TCSD is considering several options that will improve the financial performance of the fund including the possibility of rate increases and determining if additional properties can be served by the facilities. The proposed SOI Study Area #1 would not impact the adequacy and capacity of wastewater and drainage services in the District.

Fire Protection

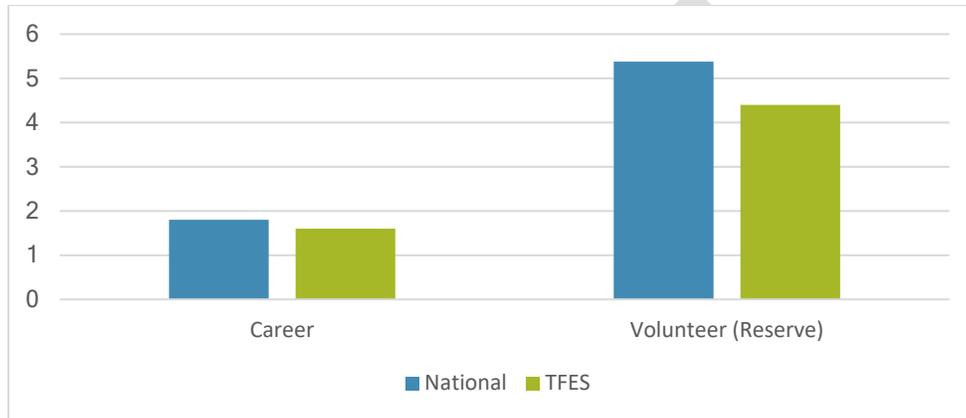
TCSD is authorized to provide Fire service as it is described in government code section 61100 (d). The TCSD Fire and Emergency Services (TFES) Department is responsible for providing fire protection and life safety services for all areas within the District boundaries, as well as participating in automatic and mutual aid with neighboring agencies. In 2021, the Department responded to 936 calls for service, for an average of 78 calls per month. The Department is capable of providing protection on most incidents encountered within the TCSD. Additional apparatus, equipment and staffing are available through Automatic or Mutual Aid agreements with CAL Fire/SLO County Fire, Paso Robles Department of Emergency Services, and Atascadero Department of Fire and Emergency Services as well as other agencies in San Luis Obispo County and statewide. TCSD is a member (through a Joint Power Agreement) of the SLO County Hazardous Materials Team. This team maintains a fully outfitted response vehicle in Paso Robles and is available at the request of any jurisdiction requiring the tools and specialized trained personnel.

Staffing & Personnel

TFES has had a long tradition of dedicated volunteers. In 2011, the Department began to hire full-time firefighters and officers, yet retaining active reserve firefighters. With approval from the electorate in 2019 (Measure A), TFES was able to generate sufficient funding to hire enough personnel to ensure 24-hour daily staffing and a full-time Fire Chief. In addition to the five-full time response personnel, TFES utilizes 18 reserves with various levels of certifications and ability to operate on the fireground. In comparing the number of firefighters on staff per 1,000 population of the service area, the following figure illustrates the current comparison of TFES staffing compared to the national averages within the

2018 United States Fire Department Profile³⁴ published by NFPA. The career staffing level for TFES is 1.6 per 1,000 population, which falls below the national average of 1.8. Volunteer/Reserve staff available for emergency operations is 4.4 and below the national average of 5.38. TFES may consider increasing staffing and further utilizing reserve firefighter to stabilize scheduling and enhance crew effectiveness³⁵.

Figure 4: Firefighters per 1,000 Population



Capital Facilities & Equipment

In March of 2023, TCSD adopted the TCSD Fire and Emergency Services Master Plan for the purpose of identifying the department’s long-term needs, particularly in the area of facilities and apparatus. The Templeton Fire & Emergency Services deploys its apparatus and personnel from a single fire station located on the corner of 5th and Crocker streets in a predominately residential neighborhood. After many years of additions to the facility, the TFES fire station was finally completed in 1996, making it more than 25 years old. It is a two-story, 4,150 square foot building with offices on the first floor and living quarters on the second floor. With 86% of current call density less than six minutes of travel from the existing station, and with the District 91% built out, the need for a second station in the foreseeable future is unwarranted³⁶.

³⁴ Templeton Fire and Emergency Services, Long-Range Fire Department Master Plan, July 2021.

³⁵ Templeton Fire and Emergency Services, Long-Range Fire Department Master Plan, July 2021.

³⁶ Templeton Fire and Emergency Services, Long-Range Fire Department Master Plan, July 2021.

TFES maintains one “Type 1” engine and one “Type 3” engine and a rescue with an auxiliary pump and the capacity to carry 300 gallons of water. The Department’s newest “Type 3” engine is considered to be in “Excellent” condition, with the “Type 1” engine considered to be in “Poor” condition. Though the apparatus was refurbished in 2015, the work did not include a repower, drive train update, or replacement of other key components. As a result, Engine 7195’s motor, transmission, pump, wiring, valves, and gauges are all still original, and the apparatus now has almost 200,000 miles of critical service use.

Service Delivery & Performance

Over the last five years, the utilization rate of the fire department per 1,000 population had been increasing. However, the COVID-19 pandemic in 2020 reduced this rate. In addition, many EMS systems across the country experienced a reduction in demand due in part to reduced traffic incidents with work-from-home situations and the fear of transmission of the virus when going out in public, including the hospital. As a result, the rate during 2020 was 108.7 incidents per 1,000 population. Despite the recent dip in utilization, if the utilization rate trend resumes, it could reach 169 per 1,000 persons by 2050.

Turnout time is the period between when dispatchers notify response personnel of the incident and when response crews begin to travel towards the incident location. The recommended performance goal for turnout time is within 80 seconds, 90% of the time for fire and special operations incidents, and within 60 seconds, 90% of the time for all other incidents. TFES’s overall turnout time performance is currently within 2 minutes, 55 seconds, 90% of the time for priority incidents.

Response time is defined as that period between the notification of response personnel by the dispatch center that an emergency is in progress until the arrival of the first fire department response unit. When turnout time and travel time are combined, the performance goal for response time is within 5 minutes, 20 seconds, 90% of the time for fire and special operations incidents, and within 5 minutes, 90% of the time for all other priority incidents. Overall, response time for all priority incidents was within 7 minutes, 48 seconds, 90% of the time.

As discussed in the population section of this report, population in TCSD is projected at 9,017 residents in 2050. The increased utilization rate, plus expected population growth, will potentially increase TFES's workload. Response workload could reach over 1,000 incidents per year by 2050, driven primarily by requests for emergency medical services. It should be noted that as call volume increases, reliance on volunteers or reserves will be challenging. The proposed SOI Study Area #1 would not impact the adequacy of fire protection services in the District.

Solid Waste

TCSD is authorized to provide solid waste service as it is described in government code section 61100 (c). TCSD has a Franchise Agreement with Mid-State Solid Waste and Recycling to provide solid waste services within the District. The current agreement was set as a ten-year term, having commenced July 1, 2012; said term was set to be automatically extended for an additional one-year period on July 1 of each year, with the first extension having occurred as of July 1, 2013, subject to the provisions of the agreement. The agreement allows the Mid-State Solid Waste and Recycling to include the furnishing of all labor, supervision, equipment, materials, supplies, and all other items necessary to perform the services (refuse collection, disposal and recycling activities). TCSD reserves the right to revise its laws and regulations pertaining to solid waste collection and disposal in order to protect public health, safety and welfare. The most recent amendment to the franchise agreement, between both parties, was adopted in March of 2022. Funding for solid waste collection and disposal activities comes primarily from fees charged to residents. The area being served with solid waste service is consistent with the boundaries of the district. The proposed SOI Study Area #1 would not impact the adequacy and capacity of solid waste services in the District.

Parks & Recreation

Background

TCSD is authorized to provide Parks and Recreation services as it is described in government code section 61100 (e). TCSD has implemented a Recreation Department to provide quality recreational

services that enhance the quality of life and well-being of their community. TCSD has a Recreation Facilities Master Plan, that helps guide the development and improvement of parks, open space, recreational facilities, recreational programs, and identify maintenance needs, new projects, and sources of funding. The Master Plan was last adopted April 11, 2016, with the intent to establish a vision of the future over the next 25 years (through 2041).

Community services district authority is limited; since they have no land use or zoning authority. However, the District has the authority to create parks and recreation plans, make policies, acquire property, and provide recreational facilities and programs. The District may issue bonds or form an improvement district for the purpose of issuing bonds. The Templeton Recreation Department identified several objectives and policies that would support the Park and Recreation Element of the San Luis Obispo County General Plan dated December 19, 2006, and operate a sound park and recreation system for the community.

Operations

Templeton CSD owns, operates and maintains two parks, three facilities, and one community garden. A third park, located in the center of the District, is owned and operated by the County of San Luis Obispo. The primary recreation facilities are located on Main Street about two blocks away from District offices. TCSD administers year-round recreational programs for a variety of age and interest groups including youth athletic programs, senior programs, fitness classes, special events, and Senior Club activities.

TCSD funds its Recreation operations through the CIP which provides the necessary information to prioritize, sequence, and fund the acquisition and development of desired parks and amenities over the next 10 years (through 2026). The CIP assumes a level of improvement and states the TCSD's intent to aggressively compete for state and federal grants and other outside funding opportunities.

The Recreation Facilities Master Plan did identify a weakness in the funding and maintenance portion of this document. In summary, the most significant challenge for the district is to achieve its master

planning goals and its “inadequate” funding for operation and maintenance functions. It was recommended that because a detailed analysis of TCSD’s existing and future revenues and expenditures was not included in the scope of this Master Plan, that TCSD conduct the analysis internally. They recommended the analysis identify all existing personnel, contracting, construction, administrative, etc., costs as well as all existing sources of revenue for each category and project the same analysis into future years based on information in this Master Plan and any other relevant sources. The proposed SOI Study Area #1 would not impact the adequacy and capacity of Parks and Recreation services in the District.

Street Lighting

TCSD is authorized to provide street lighting services as it is described in government code section 61100 (g). TCSD provides street lighting service to the district through a contract with the Pacific Gas and Electric Company. PG&E operates and maintains approximately 140 streetlights on major fares throughout the District. There are two primary sources of revenue for the Street Lights fund—property taxes and lighting assessment districts. For the four Lighting assessment districts, the amount assessed and collected is designed to match the expected expenditures in each District as billed directly by PG&E. All other streetlights within TCSD's oversight are paid for with general property tax proceeds. The proposed SOI Study Area #1 would not impact the adequacy of street lighting services within the District.

Cemetery

TCSD is authorized to provide cemetery services as it is described in government code section 61100 (ab). The Templeton Cemetery District, formed in 1938, experienced issues providing service to its service area. As a result, in 2006, TCSD requested to exercise cemetery powers to help aid the Templeton Cemetery District. It was agreed upon that the TCSD would contract with the Templeton Cemetery District to provide cemetery services. The action was deemed complete after a Certificate of Approval was filed with the Clerk Recorder on May 15, 2006. After six and a half years of assistance from TCSD, the Cemetery District felt they were in a position to independently manage the cemetery

operation. On December 18, 2012, the TCSD Board took action to terminate the management agreement between the two districts. The termination was mutually agreed upon by both parties to be effective January 1, 2013. TCSD no longer provides cemetery service.

On August 3, 2021, TCSD Board considered resolution No. 15-2021 to seek divestiture of Cemetery Powers. It was not approved, at that time, as the TCSD Board was opposed to paying the filing fee for the application. No application was formally submitted to LAFCO. Although, TCSD is still interested in pursuing divestiture, as was indicated in the district's response to LAFCO's MSR-SOI Information Questionnaire for this report.

As discussed earlier, Government Code § 56425(i) provides that “[w]hen adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts.” Government Code § 56050.5 defines a latent service or power as “those services, facilities, functions, or powers authorized by the principal act under which the district is formed, but that are not being exercised, as determined by the commission pursuant to subdivision (i) of Section 56425.” Therefore, once the Commission has established what services are being provided pursuant to § 56425(i), all other services, functions, and powers become “latent services or powers” by operation of law.

Given the situation pertaining to TCSD not exercising cemetery powers for approximately eleven years and their interest to seek divestiture, when the Commission considers adopting an updated SOI for the TCSD, the Commission would have an opportunity to deem Cemetery Power a latent service pursuant to Government Code § 56425(i).

Shared Facilities

There are opportunities for continued shared relationships between agencies for services within the TCSD boundary. The County and the District coordinate to provide services and avoid a duplication of

effort. The relationship between the District and the County could be enhanced by continued improvement of the lines of communication.

Development in Templeton can lead to shared infrastructure between the County, the District, and the Cities. At present, the distinction between District and County services in the area is clear. The opportunities for more coordination may include:

- Coordination between the District and nearby private water purveyors
- Coordinated open space preservation
- District and County parks and recreational facilities
- Preservation and enhancement of Agricultural Lands

Finance

District Budget

TCSD adopts the budget each year and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: reserves, revenues, expenditures, transfer authority, fiscal management, investments, capital improvements, rates and fees. The TCSD Budget is divided into the following Fund categories:

1. **Water Fund:** All water related revenue and expense is presented in its own section of the budget.
2. **Wastewater Fund:** All wastewater related revenue and expense is presented in its own section of the budget.
3. **Drainage Fund:** All drainage related revenue and expense is presented in its own section of the budget.
4. **Administrative Fund:** All administrative related revenue and expense is presented in its own section of the budget.
5. **Fire Fund:** All fire related revenue and expense is presented in its own section of the budget.
6. **Community Facilities District (CFD) Fund:** Any revenue and expense for specific CFD projects and/or equipment is presented in its own section of the budget.

7. **Streetlights Fund:** All street lighting-related revenue and expense is presented in its own section of the budget.
8. **Parks, Recreation & Solid Waste Fund:** All parks, recreation, and solid waste related revenue and expense is presented in its own section of the budget.

TCSD summarizes all of the District’s budget categories into a Summary of Fund Balances. The table below shows the District’s operating total expenses for the 5 most recent adopted budgets. Data was pulled from the “Summary of Fund Balances” section of the budget for each corresponding FY.

Table 12: Operating Expense

Category	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Total Operating Expense	\$5,619,685	\$5,803,099	\$5,972,343	\$7,201,943	\$7,658,299

Revenues

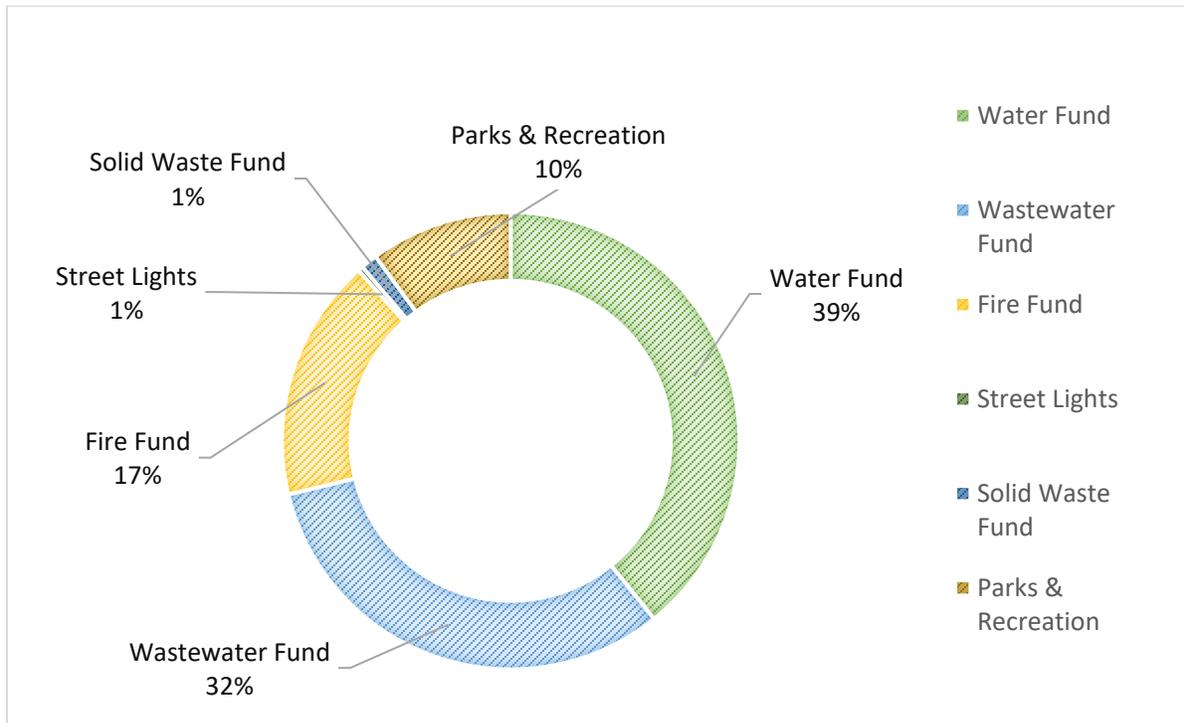
TCSD is funded by a variety of revenue sources separated out into separate budget categories (Water, Wastewater, Drainage, Administrative, Fire, Community Facilities, Streetlight, Parks & Recreation, and Solid Waste Fund). Each budget fund receives revenue from service fees, inspection fees, property taxes, interest, use of reserves etc. The total revenue amounts for the 5 most recent adopted budgets are documented in the table below.

Table 13: Revenue

Category	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Total Revenue	\$6,024,734	\$7,506,801	\$8,165,846	\$9,076,203	\$9,540,783

LAFCO used TCSD’s most recent adopted budgets to determine the average primary source of revenue over the past 5-years. The Drainage, Administrative, and Community Facilities District Fund revenue amounts were all under 1% and therefore omitted from the pie chart below. About 39% of the TCSD’s revenue comes from the Water Fund and about 32% from the Wastewater Fund, which combined is 71% of the Districts total revenue source, as seen in the pie chart below.

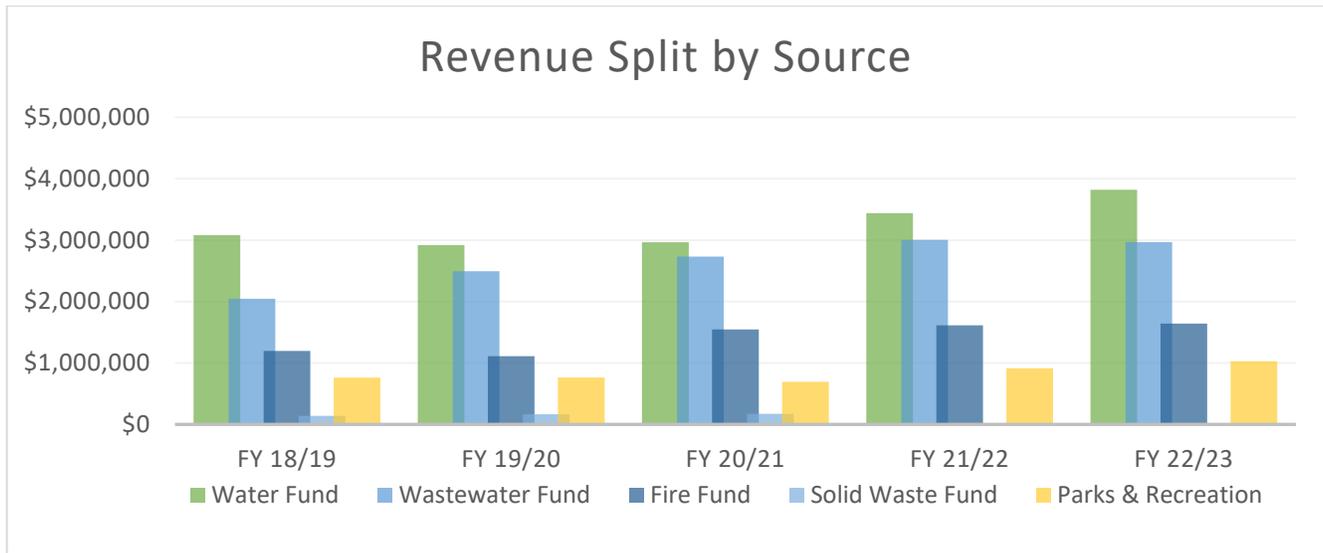
Figure 5: Revenue Sources



Revenue Trend Analysis

The bar graph below represents revenue sources by year. As depicted, the water fund was the primary source of revenue throughout the previous five-year period with a slight increase each year. Similarly, the wastewater fund was the second highest revenue source with a slight increase throughout FY 2018-2019 to FY 2021-2022, and a slight decrease between FY 2021-2022 to FY 2022-2023. The overall increase in revenue may be attributed to increased water and sewer rates and due to the passage of Measure A (parcel tax). The district conducted a rate study in 2018 for utilities to maintain balanced budgets, fund infrastructure improvements, and comply with new regulations followed by Proposition 218 requirements. The last approved increase was implemented in 2022.

Figure 6: Revenue Split by Source



Financial Statements / Audits

The TCSD hires an outside accounting firm to perform the annual audit in accordance with established governmental accounting standards. This includes auditing TCSD’s statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing TCSD’s short and long-term fiscal health with specific focus on delivering its active service functions. LAFCO has used the five most recent audited financial statements to conduct its evaluation of the District’s Financial Health; separated into three categories (Agency Assets, Agency Liabilities, and Agency Net Position). Financial Conclusions have also been included, based on the most recent audited Fiscal Year ending on June 30, 2021.

Agency Assets

An agency’s assets provide current, future, or potential economic benefit for the entity. An agency asset is therefore something that is owned by the agency, or something that is owed to the agency. In this section agency assets will be reviewed in two separate categories as defined below:

- 1) *Current Assets*: cash and other assets that are expected to be converted to cash within a year.

- 2) *Non-Current Assets*: long-term investments that are not expected to become cash within an accounting year.

TCSD’s audited assets at the end of 2020-2021 totaled \$55.173 million and are 10% higher than the average year-end amount of \$49.406 million documented during the previous five-year audited period. Assets classified as current, with the expectation they could be liquidated within a year, represented 41% of the total amount, or \$22.688 million, and primarily tied to cash and cash equivalents. Assets classified as non-current make up the remainder of the total, \$32.484 million, and primarily attributed to property, plant, and equipment capital. Overall, all assets for TCSD have increased by 25% over the corresponding 5-year audited period.

Table 14: Audited Assets

Category	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	5-yr % Change	5-yr Average
Current Assets	16,537,488	16,987,753	16,435,635	21,300,225	22,688,863	37%	18,789,993
Non-Current Assets	27,575,351	28,068,270	33,046,616	31,908,392	32,484,451	18%	30,616,616
Total Assets	44,112,839	45,056,023	49,482,251	53,208,617	55,173,314	25%	49,406,609

Agency Liabilities

An agency’s liability is something the agency owes, usually a sum of money. Liabilities are settled over time through the transfer of economic benefits including money, goods, or services. In this section agency liabilities will be reviewed in two separate categories as defined below:

- 1) *Current Liabilities*: are an agency's short-term financial obligations due to be paid within a year.
- 2) *Other Non-Current Liabilities*: are an agency’s long-term financial obligations that are due more than a year away.

TCSD’s audited liabilities at the end of FY 2020-2021 totaled \$17.941 million and were 9.5% lower than the average year-end amount of \$19.638 million documented during the previous five-year audited period. Liabilities classified as current and representing obligations owed in the near-term account for 52%, or \$9.371 million, of the total and largely tied to prepaid capacity fees. Non-current liabilities represent the remaining total, or \$8.569 million, and are largely tied to payments on liabilities due after one year. Overall, all liabilities have decreased by 9% over the corresponding 5-year audited period.

Table 15: Audited Liabilities

Category	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	5-yr % Change	5-yr Average
Current liabilities	11,382,788	11,904,600	10,999,532	9,593,457	9,371,907	-18%	10,650,457
Non-Current Liabilities	8,262,433	11,173,891	8,157,400	8,774,585	8,569,731	4%	8,987,608
Total Liabilities	19,645,221	23,078,491	19,156,932	18,368,042	17,941,638	-9%	19,638,065

Agency Net Position

The agency’s net position is the difference between (1) total assets, and (2) total liabilities. Net position should be displayed in three categories which focus on the accessibility of the underlying assets:

- Net investment in capital assets
- Restricted for Debt Service
- Unrestricted

TCSD’s audited net position or equity at the end of FY 2020-2021 totaled \$38.945 million and represents the difference between the district’s total assets and total liabilities. The most recent year-end amount is 21.5% higher than the average year-end sum of \$30.579 million documented during the previous 5-year audited period. More than half of the ending net investment 71%, or \$27.656 million, is tied to capital assets with the remainder categorized as restricted for debt service, at \$3.678 million, and \$7.610 million as unrestricted. Overall, the net position for TCSD has increased by 68% through the corresponding 5-year audited period.

Table 16: Audited Net Position

Category	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	5-yr % Change	5-yr Average
Net Investment in Capital Assets	22,618,111	23,884,821	29,075,454	27,439,383	27,656,676	22%	26,134,889
Restricted for Debt Service	1,783,415	2,700,846	3,146,204	3,474,867	3,678,651	106%	2,956,797
Unrestricted	(1,272,761)	(2,588,747)	(1,050,716)	4,740,007	7,610,617	-698%	1,487,680
Total Net Position	23,128,765	23,996,920	31,170,942	35,654,257	38,945,944	68%	30,579,366

Financial Conclusions

Statements made in this section are sourced from the TCSD Financial Audit for Fiscal Year Ending June 30, 2021, and help explain financial trends that have been identified in the tables above. It is also important to note that the districts audits do not express an opinion or provide any assurance on information because the limited analysis/procedures do not provide sufficient evidence. TCSD’s net position, the difference between assets and liabilities, is one way to measure the District’s financial health, or financial position. Over time, increases or decreases in the District’s net position is one indicator of whether its financial health is improving or deteriorating. TCSD’s net position has increased over the last 5-year audited period ending at 38.945 million in FY 2020-2021 with a 5-year average of 30.579 million.

Other nonfinancial factors, such as changes in the District’s property tax base and the condition of the District’s assets should also be considered to assess the overall health of the District. The TCSD separates its summary statements into two kinds of categories:

1. **Governmental Activities:** relates to general fund, fire protection, parks and recreation, streetlights, community facilities, taxes & assessments, program fees, rental, grant and interest income finance most of these activities.
2. **Business-type Activities:** relates to fees charged to customers to help cover cost for water, sewer, drainage and solid waste services.

Government Activities

Revenues for the District's governmental activities increased by \$303,079 principally due to the passage of Measure A, total expenses increased \$579,492 between 2021 and 2020. Changes in actuarial assumptions result in a significant increase in the net OPEB expense. As a result of Measure A, the fire department is now staffed around the clock.

Business-Type Activities

Revenues of the District's business-type activities decreased (\$702,115) and expenses increased by \$213,100 between 2021 and 2020. The TCSD recognized nearly \$800,000 more in fees and charges for revenues but saw a decrease of nearly \$1.2 million in capital grants and contributions. The TCSD recognized \$1.4 million in debt forgiveness in the prior year.

Economic dependency is based upon the TCSD's water supply; the TCSD extracts approximately 31% of its water supply from the underflow of the Salinas River, 10% from reclaimed water from the Selby Ponds, 40% from groundwater wells located in the Atascadero sub basin, and 19% from Nacimiento recharge. Interruption of these sources would impact the District negatively.

DETERMINATIONS

Service Review Determinations per Government Code Section 56430

As set forth in Section 56430(a) of the CKH Act—In order to prepare and to update the SOI in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for a service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

1. Growth and population projections for the affected area

- a. TCSD has an estimated population of 8,386. With an estimated build-out population of 9,172, TCSD is currently approximately 91% built out and could reach full build out by 2050.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence

- a. According to 2020 US Census data, the median household income of Templeton CDP is \$104,340. Therefore, the district does not qualify as a DUC.
- b. TCSD may wish to consider conducting a community survey, that could, in part, more accurately determine the MHI. This information may be helpful with regard to eligibility for grant funding and other planning efforts.

3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

- a. **Water** | TCSD is authorized to provide water service as it is described in government code section 61100 (a). To serve existing and future service demand, the TCSD has established water management policies and comprehensively schedules and finances all capital projects and equipment purchases through their CIP. Planned water system improvements are included in the District's CIP that was adopted by the Board of Directors. The Water Master Plan has prioritized the projects that are most needed to

improve the system. The Water Master Plan is due for an update; TCSD have indicated that an update is planned within the next year or two.

TCSD can serve its current 3,000 connections of residential and non-residential/commercial lots with the current 2,066 AFY of water supply plus the Riparian Agency Water Rights available to the District. The 2013 Water and Wastewater Master Plan projected the total build-out water demand to be 2,512 AFY; although TCSD projects 2,476 AFY will be available to the district, leaving a surplus of 327 AFY after serving existing customers and fulfilling Will Serve commitments, as shown in Table 17. The 327 AFY surplus can serve approximately 507 units. LAFCO determines that TCSD has capability and capacity to adequately meet existing water demand and some level of increased future water demand as capital improvement projects are completed.

Table 17: Water Demand Summary

Description	Connections	Available	20% Buffer (AFY)	Predicted	Water Reserved	Water Surplus (AFY)
		Water Supply (AFY) (Excludes Riparian)		Production for Existing Customers (AFY)	through Will Serve Commitments (AFY)	
Existing	3,000	2,066	413	1,294	359	0
Future (2040)	3,507	2,476	496	1,294	359	327

- b. **Wastewater** | TCSD is authorized to provide wastewater service as it is described in government code section 61100 (b). In addition, as part of the wastewater power TCSD manages stormwater in some areas including the District’s municipal operations, facilities, and two parks with retention basins. The Wastewater Master Plan also identifies and prioritizes projects that are most needed to improve District facilities. In 2019, TCSD successfully completed a significant capital improvement project called the ESFM and Lift Stations Project which returned the east side wastewater flows to the

District owned Meadowbrook WWTP. Now that the projects identified in the 2013 Master Plan are complete, an update reflecting these major changes to the system would be appropriate. LAFCO determines that TCSD has capability and capacity to adequately meet the needs existing and future wastewater demand.

Table 18: Wastewater Demand Summary

Description	Number of Connections	Existing Flows (MGD)	Capacity (MGD)
Existing Wastewater	2,309	0.40	0.60
Future Wastewater	3,104 – 3,459	0.60	0.60

- a. **Fire Protection** | TCSD is authorized to provide fire service as it is described in government code section 61100 (d). TCSD has been successful in obtaining voter approval of a special tax assessment that has allowed it to acquire additional full-time personnel. LAFCO determines that TCSD has capability and capacity to adequately provide fire protection service, however as population grows and utilization rates increase, additional staff and improvements to capital facilities and equipment may be necessary to improve the delivery of services to the District.
- b. **Solid Waste** | TCSD is authorized to provide solid waste service as it is described in government code section 61100 (c). TCSD currently collects sufficient fees and has a Franchise Agreement with Mid-State Solid Waste and Recycling to provide solid waste services within the District in its entirety. LAFCO determines that TCSD has capability and capacity to adequately provide solid waste services.
- c. **Parks & Recreation** | TCSD is authorized to provide parks and recreation services as it is described in government code section 61100 (e). TCSD owns, operates, and maintains two parks, three facilities, and one community garden. TCSD has a Parks and Recreation Master Plan, which provides the necessary information to prioritize, sequence, and fund the acquisition and development of desired parks and amenities over the next 10 years (through 2026). The Recreation Facilities Master Plan is used to develop a realistic approach to providing recreation resources that would effectively respond to needs and

desires of the community. The most significant challenge that was identified in the Recreation Facilities Master Plan was TCSD's limited funding for recreation operation and maintenance functions which would conflict with the District's ability to achieve its master planning goals due to the structure of existing and future revenues and expenditures as is described in the Master Plan. LAFCO determines that TCSD has capability and capacity to adequately provide parks and recreations services to existing facilities, and future facilities identified in the Master Plan would require additional sources of revenue to be realized.

- d. **Street Lighting** | TCSD is authorized to provide street lighting service as it is described in government code section 61100 (g), this is done through a contract with the Pacific Gas and Electric Company. LAFCO determines that TCSD has capability and capacity to adequately provide street lighting.
- e. **Cemetery** | TCSD is authorized to provide cemetery services as it is described in government code section 61100 (ab). TCSD has not been exercising this function for approximately eleven years. TCSD has expressed interest in pursuing deactivation of Cemetery Powers. LAFCO determines that TCSD is authorized to provide Cemetery Powers; however, given the circumstance, when adopting the proposed SOI for the TCSD, the Commission may deem Cemetery Power a latent service pursuant to Government Code § 56425(i).

4. Financial ability of agencies to provide services

- a. TCSD appears to have adequate annual revenue and fund balance to provide the services that it currently provides. At the end of fiscal year 2020-2021, the TCSD had approximately \$55.173 million in cash and long-term investments.
- b. TCSD's net position has increased over the last 5-year audited period ending at 38.945 million in FY 2020-2021 with a 5-year average of 30.579 million. TCSD is financially stable despite increasing costs, limited revenues, and new regulatory requirements. LAFCO determines that TCSD is financially stable.

5. Status of and, opportunities for, shared facilities

- a. The development of areas within the TCSD service boundary may lead to shared

infrastructure with the County. Opportunities for shared facilities may include:

- i. Coordination between the District and nearby private water purveyors
 - ii. Coordinated open space preservation
 - iii. District and County parks and recreational facilities
 - iv. Preservation and enhancement of Agricultural Lands
- b. The potential to create shared relationships for providing some services is suggested and may be appropriate when providing certain services.
- c. At present, the distinction between District and County services with the service boundary is clear.

6. Accountability for community service needs, including governmental structure and operational efficiencies

- a. TCSD is governed by a five-member Board of Directors that are elected to four-year terms. Regularly scheduled monthly Board meetings are held and all meetings are open to the public and are publicly posted a minimum of 72 hours prior to the meeting in accordance with the Brown Act.
- b. TCSD maintains an up-to-date website compliant with SB929 and posts pertinent District information in accordance with current regulations.
- c. The district has demonstrated accountability and transparency in its disclosure of information and cooperation during the process of this MSR. The district responded to the questionnaires and cooperated with document requests.
- d. LAFCO determines that TCSD is accountable and transparent.

7. Any other matter related to effective or efficient service delivery

- a. There are no other matters related to the efficiency of services.

Sphere of Influence Determinations per Government Code Section 56425

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local agency, as defined by G.C. Section 56036, and enact policies designed to

promote the logical and orderly development of areas within the sphere. In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to the following:

1. Present and planned land uses in the area, including agricultural and open-space lands.

- a. Land uses within the District's existing SOI are predominantly residential, commercial, and agriculture. Other land uses include industrial, public facilities, office and professional, and recreation.
- b. Study Area #1, which is proposed for inclusion in TCSD's SOI, is zoned Agriculture and is largely undeveloped. According to TCSD, water resources including wells will occupy portions of the site. Later, portions of the land that are not needed for wells may be used for other purposes. This site contains approximately 42% prime agricultural land as defined by government code section 56064, should the District pursue annexation in the future, they may be subject to LAFCO Policy 12 which requires 1:1 mitigation on prime land to be converted from agricultural use.

2. Present and probable need for public facilities and services in the area.

- a. There is a present need and anticipated continued need for the service being provided by the TCSD in the existing SOI area.
- b. Study Area #1 being proposed for inclusion in the sphere would not need services as typically expected with an SOI amendment due to the nature of the project. Rather, the project site would help TCSD better serve the existing community and increase water availability. The proposed SOI amendment would also be included and eventually annexed to help serve the community and alleviate the District from paying property and improvement tax as allowed under the California Constitution Article 13, Section 1, a local government is exempt and does not pay property taxes once annexed.

3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

- a. TCSD has capability and capacity to adequately meet existing service demand and some level of increased future service demand within the existing SOI area.

- b. There are no capacity or adequacy concerns identified in relation to the SOI Study Area #1 because no future development is intended in this area. Inclusion of this SOI area may in fact lead to increased capacity in water services, as the District plans to utilize the site to develop additional water resources.
- 4. **Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**
 - a. There are no District relevant social or economic communities of interest in the existing SOI area and the proposed SOI Study Area #1.
- 5. **For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.**
 - a. Unincorporated territory surrounding the District may qualify as disadvantaged. Should future annexations or service extensions be proposed, special consideration will be given to any DUCs affected by the annexation consistent with GC §56375(8)(A) and LAFCO policy.

APPENDIX

Sources

General

1. Sphere of Influence Update and Municipal Service Review for Templeton CSD, San Miguel CSD and Heritage Ranch CSD, 2013
2. TCSD Response to LAFCO MSR-SOI Request for Information Questionnaire, October 2022
3. TCSD Staff Report to the TCSD Board of Directors, Workshop and Discussion for the Nacimiento Water Recharge and Recovery Project at the Creekside Site, June 9, 2021
4. TCSD Website

Accountability

1. TCSD Website
2. TCSD District Code

Population Profile

1. 2020 Decennial US Census Data
2. San Luis Obispo Council of Governments 2050 Regional Growth Forecast
3. Templeton Community Plan
4. 2021 American Community Survey 5 Year Estimates

Present and Planned Land Use

1. Templeton Community Plan
2. Templeton Fire and Emergency Services, Long-Range Fire Department Master Plan

Water

1. TCSD Staff, 2023
2. TCSD Water Supply Sources Overview, February 15, 2022
3. TCSD Water Supply Update Presentation, 2021
4. TCSD Water and Wastewater Master Plan Update, October 2013

Wastewater

1. TCSD Sanitary Sewer Management Plan, October 2020

2. TCSD Water and Wastewater Master Plan Update, October 2013

Fire

1. Templeton Fire and Emergency Services, Long-Range Fire Department Master Plan, July 2021

Finance

1. TCSD Approved Fiscal Year 18-19 Operating Budget
2. TCSD Approved Fiscal Year 19-20 Operating Budget
3. TCSD Approved Fiscal Year 20-21 Operating Budget
4. TCSD Approved Fiscal Year 21-22 Operating Budget
5. TCSD Approved Fiscal Year 22-23 Operating Budget
6. TCSD Financial Statements June 30, 2021
7. TCSD Financial Statements June 30, 2020
8. TCSD Financial Statements June 30, 2019
9. TCSD Financial Statements June 30, 2018
10. TCSD Financial Statements June 30, 2017

Written Comments on the Draft Report

(None at this time)



San Luis Obispo Local Agency Formation Commission

COMMISSIONERS

Chair

DEBBIE ARNOLD
County Member

Vice-Chair

MARSHALL OCHYLSKI
Special District Member

JIMMY PAULDING
County Member

ROBERT ENNS
Special District Member

ED WAAGE
City Member

STEVE GREGORY
City Member

HEATHER JENSEN
Public Member

ALTERNATES

DAWN ORTIZ-LEGG
County Member

ED EBY
Special District Member

CHARLES BOURBEAU
City Member

David Watson
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

TO: MEMBERS OF THE COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: AUGUST 17, 2023

SUBJECT: POLICIES, PROCEDURES & BY-LAWS MANUAL UPDATES

RECOMMENDATION

Action 1: Motion to approve the proposed updates to the Policies, Procedures & By-Laws Manual.

Other Options:

The Commission may provide direction to include the proposed clarifying language to Policy 3.2.2(c) described in the staff report.

The Commission may also wish to provide additional feedback on the Policy & Procedures Manual. Depending on the complexity of the comments, staff can take direction and make the changes accordingly, or if warranted staff can return at a later date with revisions for further Commission review.

CONTINUED ITEM

The Commission continued this item on May 18, 2023, to allow for additional time for review. Since the item's continuance, Nipomo Community Services District provided comment on the proposed updates to the Policies, Procedures and By-Laws document, see Attachment B. Further discussion and recommendations related to this comment are included in this report.

BACKGROUND

The Fiscal Year 2022-2023 Budget and Work Plan prioritized a work effort to update the Policies & Procedures Manual and By-Laws. The primary purpose of the update was to address policies that relate to LAFCO's indemnification policies as a result of the decision of the Court of Appeal in the case of San Luis Obispo Local Agency

Formation Commission et. al. v. *City of Pismo Beach, et.al.* 61 Cal. App. 5th 595., a lawsuit which initially began in 2013 and fully concluded in 2023.

In this case, the City of Pismo Beach and Central Coast Development Company (“Central”) applied to the San Luis Obispo LAFCO to annex a parcel of real property to the city. LAFCO denied the application and the City and Central brought an action to challenge that decision. LAFCO prevailed and brought an action to recover attorney fees under an indemnity agreement contained in the annexation application. The trial court granted the city and developer judgment on the pleadings because the Court found that LAFCO has no authority to require such fees. LAFCO and the Special District Risk Management Authority filed an appeal.

The Court of Appeal affirmed the trial court judgment holding that: (1) the agreement was not supported by consideration, as required for a contract; (2) The Cortese-Knox-Hertzberg Act authorizing LAFCO to charge fees does not apply to post-administrative matters and (3) LAFCO had no authority under the Cortese-Knox-Hertzberg Act to require the agreement.

The results of this case necessitated various changes related to LAFCO’s proposal application packets and the Policy & Procedures Manual. The LAFCO application packets have been updated accordingly, and the final necessary update to address the results of the case was to update the Policy and Procedures Manual among other updates to streamline and modernize the document. Similarly, in an effort to modernize and enhance usability, we have merged the By-Laws manual with the Policies & Procedures manual to create one document. No substantive changes to the By-Laws were made.

KEY CHANGES

The most substantive change to the Policy & Procedures Manual was specifically related to the aforementioned indemnification issue. Any policies related to indemnification in context to the application packet or cost accounting agreement have been permanently removed. Specifically, policies under Section 2.11.6 have been modified, and Policies 2.11.7, 2.11.8 (a-d) have been fully removed. Policy 2.11.6 retains some language related to indemnification because it still remains the policy of the Commission to indemnify when appropriate and allowed by law. Again however, LAFCOs are no longer allowed to require indemnification as a prerequisite for submitting an application.

The policy changes are shown below, underlined shows additions and strike-through shows permanent removals. Changes specific to indemnification can be found beginning on Page 25 of Attachment A. In addition, any substantive changes within Attachment A are shown in red for ease, and similarly, underlined shows additions and strike-through shows permanent removals.

2.11.6. To the extent allowed by law, it is the policy of this Commission that applicants for LAFCO actions shall defend, indemnify and hold harmless LAFCO, ~~to the fullest extent allowed by law,~~ at the sole expense of the applicant, against any and all claims, demands, actions

~~and/or lawsuits that may be filled against LAFCO which challenges any Commission action including, but not limited to, action on an application or proposal. (“Claims”). The application shall also include an agreement by the applicant to defend, indemnify and hold harmless LAFCO to the fullest extent allowed by law, at the sole expense of the applicant, against any and all Claims (“Indemnification Agreement”). The Agreement must be signed by the applicant(s) for the application to be deemed complete.~~

~~2.11.7. Prior to the Executive Officer deeming an application complete, the applicant(s) shall submit a signed Cost Accounting and Indemnification Agreement.~~

~~2.11.8. The following policy shall be applied to any applicant and/or jurisdiction that is not in compliance with an existing LAFCO Cost Accounting and Indemnification Agreement as determined by the Executive Officer and Legal Counsel:~~

~~a. The LAFCO Executive Officer (EO), in consultation with Legal Counsel, shall determine, on review of an application, whether an applicant and/or jurisdiction has previously failed to comply with the LAFCO Indemnification Policy and/or the LAFCO Cost Accounting and Indemnification Agreement.~~

~~b. Prior to acceptance for processing of an application from an applicant and/or jurisdiction, which the EO determines to have failed to comply with the Policy and Agreement referenced in paragraph a. of this policy above, the LAFCO Executive Officer shall advise the Commission at a regularly scheduled meeting regarding the applicant’s prior breach of the obligations of the Policy, Agreement, or both. The Executive Officer, in consultation with Legal Counsel, shall make a recommendation to the Commission regarding the amount of a bond or other commercially reasonable undertaking to be required of the applicant before the application will be accepted.~~

~~c. On the basis of the Executive Officer’s recommendation, the Commission shall establish a bond or other commercially reasonable undertaking as a condition for acceptance of the application. The purpose of this security requirement is secure the obligation of the applicant to indemnify LAFCO from future liability in connection with the application. In addition, the applicant shall be required to satisfy any past due obligation owed to LAFCO from previous applications, prior to processing any new application.~~

~~d. Compliance with this policy does not relieve the applicant of responsibility to submit other information as requested by LAFCO to process the application, to otherwise comply with applicable law and these policies, and cure any outstanding non-compliance with the Policy and Indemnification Agreement referenced in paragraph 8 a. of this policy above.~~

Additional changes were made to the Procedures section titled “Preliminary Steps” Section 3.1.1, to align with the adopted Comprehensive Application and Minor Fee Schedule Updates that were approved by the Commission at the LAFCO April 20, 2023, meeting.

OTHER CHANGES

Other changes to the Policy & Procedures Manual generally relate to rearranging content to make the document easier to read and other formatting changes to match the new standard of LAFCO.

We have also included LAFCO’s By-Laws in the Policy & Procedures Manual. No changes have occurred to any of the By-Laws, they have simply been merged into this document for ease of use and to better connect our policies with our procedures and modes of operation as required by the Cortese, Knox, Hertzberg Act.

AGENCY COMMENT

As noted above, Nipomo Community Services District provided comment on the proposed Policy, Procedures, and By-Laws document, see Attachment B. The comment was regarding Policy 3.2.2(c), which currently states:

A satisfactory exchange of property tax has taken place. Master property tax agreements may be applicable or separate property tax exchange resolutions may be required. If negotiations leading to adoption of separate resolutions are required, either the County or any affected municipality must agree to a tax exchange, or the County negotiates a property tax exchange on behalf of any Special District (Revenue and Taxation Code Section 99).

In context, Policy 3.2.2(c) relates to a list of items the Executive Officer must have for any annexation application. Policy 3.2.2(c) relates to any tax exchange agreement necessary for LAFCO action. This includes tax exchanges for cities, districts or county service areas. The comment from Nipomo Community Services District requests clarification to Policy 3.2.2(c) to note that special districts may also negotiate on their own behalf under certain circumstances, consistent with the provisions of Revenue & Taxation Code Section 99.01.

Revenue & Taxation Code 99 provides extensive detail as to how tax negotiations and agreements are to take place. Depending on the circumstance and whether the proposal involves a city or a district, certain procedures must be followed. Generally speaking, when a tax exchange

involves a city, the affected county and city must come to an agreement prior to LAFCO action, and each agency negotiates on its own behalf. With regard to districts, under certain circumstances, the County may negotiate on behalf of the district (Revenue & Taxation Code 99(b)(5). Additionally, under certain circumstances, a district may negotiate on its own behalf if it so chooses (Revenue & Taxation Code 99.01(a)(3). A district may negotiate on its own behalf when there is a “jurisdictional change that will result in a special district providing one or more services to an area where those services have not been previously provided by any local agency” (Revenue & Taxation Code 99.01(a).

Policy 3.2.2(C) was not proposed to change as it was not included in the scope of work directed by the Commission. Though the existing policy as it exists above is consistent with Revenue & Taxation Code Section 99 and 99.01, additional clarification on this distinction would be beneficial to those agencies involved in tax negotiations that include special districts.

Should the Commission wish to add this clarification, LAFCO staff and legal counsel have proposed the revisions below. If the Commission wishes to add this language, it will be added to the proposed changes to the Policy, Procedures, & By-Laws document as contained in Attachment A in addition to other changes as proposed therein. Changes to Policy 3.2.2(c) are shown in red underline and strikethrough.

3.2.2 (C) A satisfactory exchange of property tax has taken place (Revenue and Taxation Code Section 99). Master property tax agreements may be applicable or separate property tax exchange resolutions may be required. ~~If negotiations leading to adoption of separate resolutions are required, either the County or any affected municipality agency must agree to a tax exchange (Revenue and Taxation Code Section 99), or~~ When a property tax exchange involves a district, the County may negotiates a property tax exchange on behalf of the ~~any~~ Special District, or when a Special District that will provide one or more services to the area where those services have not been previously provided, the Special District may negotiate with the County on its own behalf if it so chooses (Revenue and Taxation Code Section 99.01).

STAFF RECOMMENDATION

Recommended Action and Options

Action 1: Motion to approve the proposed updates to the Policies, Procedures & By-Laws Manual. (Attachment A)

Other Options:

The Commission may provide direction to include the proposed clarifying language to Policy 3.2.2(c) described above in the staff report.

The Commission may also wish to provide additional feedback on the Policy & Procedures Manual. Depending on the complexity of the comments, staff can take direction and make the changes accordingly, or if warranted staff can return at a later date with revisions for further Commission review.

Attachment A: Policies, Procedures & By-Laws 2023

Attachment B: Nipomo Community Services District Correspondence

Attachment A

Policies, Procedures & By-Laws
2023



San Luis Obispo Local Agency Formation Commission

DRAFT Policies, Procedures and Bylaws

Adopted _____, 2023

TABLE OF CONTENTS

Chapter 1	4
Introduction	4
Authority and Mandate	4
San Luis Obispo LAFCO Members	5
San Luis Obispo LAFCO Staff	6
Chapter 2	7
Commission Policies	7
2.1 General Policies	7
2.2 City Annexation Policies	9
2.3 Special District Annexation Policies	11
2.4 City Incorporation Policies	12
2.5 Special District Formation Policies	14
2.6 Sphere of Influence Policies	14
2.7 Municipal Service Review Policies	19
2.8 Memorandum of Agreement Policies	19
2.9 Agricultural Policies	20
2.10 California Environmental Quality Act Policies	22
Commission Administrative Policies	24
2.11 Application and Indemnification Policies	24
2.12 Budget Policies	26
2.13 Credit Card Policies	27
2.14 Legislative Process Participation	30
2.15 Document Retention & Destruction Policy	31
2.16 Social Media Policy	33
Chapter 3	36
Procedures	36

3.1 Preliminary Steps	36
3.2 LAFCO Proceedings	40
3.3 Conducting Authority Proceedings	45
3.4 Completion and Effective Date	46
3.5 Municipal Service Review Guidelines	47
3.6 Agricultural Goals & Guidelines	50
Chapter 4	57
Bylaws	57
ARTICLE I - GENERAL PROVISIONS	57
ARTICLE II – ORGANIZATION	57
ARTICLE III – MEETINGS	60
ARTICLE IV - COMMISSION RECORDS	62

CHAPTER 1

Introduction

Local Agency Formation Commissions (LAFCOs) were created to help organize, manage, and regulate the provision of public services to development. LAFCOs were created in 1963 in response to the post World War II development boom and the proliferation of development and local agencies providing public services to California’s fast-growing communities. The results of this development boom became evident as more of California’s agricultural land was converted to urban uses. This premature and unplanned development pattern created inefficient and expensive systems of delivering public services using multiple small units of local government and private companies. Over the years legislation has been passed to help manage this situation. The most recent legislation is the Cortese-Knox-Hertzberg Act of 2000 (CKH Act). The Act has been amended numerous times since 2000 and is reviewed and amended each year.

Authority and Mandate

State law provides for the basic purposes of the Commission powers and duties, establishment of policies, procedures, and regulations, in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code sec. 56000 et seq., also “CKH”), as amended. Other sections of the Government Code (hereafter “GC”) also describe the Commission responsibilities. In many cases, the pertinent GC sections are cited in this Manual to explain the authority for a particular policy, standard, and procedure.

San Luis Obispo (SLO) LAFCO’s Policies & Procedures document is broken into three different sections: (1) Policies, (2) Procedures, and (3) LAFCO Bylaws. These policies and procedures reflect the legislative intent of the CKH Act and provide for its consistent implementation based upon local conditions and circumstances.

San Luis Obispo LAFCO Members

The Commission is comprised of seven regular members (two County Board of Supervisors, two City Council Members, two Special District Members, and one Public Member) and four Alternate Commissioners (one County Board of Supervisor, one City Council Member, one Special District Member, and one Public Member). The County Board of Supervisors appoints two regular representatives and one alternate representative from the County. The cities convene a special committee composed of the mayors from each city to appoint two regular and one alternate representative. The Special Districts elect representatives through a process implemented by the Executive Officer pursuant to the CKH Act. The LAFCO Commission appoints the public member representatives to serve on the Commission. The CKH Act calls upon members to use their “independent judgment” when considering LAFCO decisions. Current membership is shown below:

Regular Members	Type	Term Expiration
Robert Enns	Special District Member	December 2024
Marshall Ochylski	Special District Member	December 2022
Debbie Arnold	County Member	December 2025
Lynn Compton	County Member	December 2023
Heather Jensen	Public Member	December 2024
Ed Waage	City Member	December 2023
Steve Gregory	City Member	December 2025
Alternate Members	Type	Term Expiration
Ed Eby	Special District Member	December 2021
Dawn Ortiz-Legg	County Member	December 2023
David Watson	Public Member	December 2024
Charles Bourbeau	City Member	December 2022

San Luis Obispo LAFCO Staff

The Commission’s staff serves in an administrative capacity reviewing proposals, preparing special studies, and acting as the liaison with state and local agencies as well as the public. Staff may be contacted by phone at (805) 781-5795, through the Commission’s website at slo.lafco.ca.gov, or by the e-mail addresses listed below:

Rob Fitzroy, Executive Officer

rfitzroy@slo.lafco.ca.gov

Imelda Marquez-Vawter, Analyst

imarquez@slo.lafco.ca.gov

Morgan Bing, Clerk Analyst

mbing@slo.lafco.ca.gov

Brian Pierik, Legal Counsel

Burke, Williams & Sorensen

DRAFT

CHAPTER 2

Commission Policies

State law requires the Commission to review and make determination on all changes of organization or reorganization, determinations of spheres of influence, city protests to land conservation contracts; review general plans for cities and county; and to do studies of local agencies, recommending governmental reorganizations. The following policies have been adopted by the Commission to assist in the review of proposals and plans, and preparation of studies as necessary. The policies are addressed by issue topic. The Commission has existing policies, standards and procedures. Therefore, to the extent that CKH requires the Commission to adopt policies and procedures, the Commission already is in compliance with CKH. In furtherance of CKH, these policies, standards and procedures have been further amended as provided herein to allow the Commission to continue to exercise its powers in a manner that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space lands within those patterns (Code sec. 56300(a)(b)).

2.1 General Policies

- 2.1.1. The Commission shall endeavor to balance the need to efficiently provide public services with the sometimes-competing interests of discouraging urban sprawl, preserving prime agriculture land and open space (CKH Act 56001 and 56301).
- 2.1.2. While serving on the Commission, all members shall exercise their independent judgment on behalf of the interests of residents, property owners, and the public as a whole, to implement the CKH Act (CKH Act 56325.1).
- 2.1.3. Cities and Special Districts are discouraged from annexations outside of their Sphere of Influence unless the need for services is clearly demonstrated (CKH 56375.5).

2.1.4. Jurisdictions are encouraged to create places to live that integrate various land uses as a way of providing for a diverse social and economic community.

2.1.5. The Commission prefers urban development within Cities and the Urban Reserve Line of unincorporated communities as opposed to development in the unincorporated area (CKH 56001).

2.1.6. The Commission will recognize and preserve clearly defined, long-term agricultural and open space areas established by the County or other jurisdictions to preserve critical environmental areas and to bolster local economies (CKH 56001). This may be accomplished using agricultural easements, open space easements, conservation easements, or other mechanisms, that preserve agricultural or open space lands in perpetuity.

2.1.7. The Commission discourages special districts from extending services by agreement without annexation. A municipality or district may provide new or extended services by contract or agreement outside its boundaries only if it requests and receives written approval from LAFCO (CKH 56133).

2.1.8. The Commission normally will require annexation to a municipality rather than annexation to a sanitation, sanitary, community service or water district in the unincorporated area (CKH 56001).

2.1.9. The Commission prefers the merger of a special district with a municipality upon incorporation, whenever possible, as being in the best interest of the local citizens.

2.1.10. In any proposal, the impacts on affordable housing must be considered. The Commission will consider the impact of the creation of new jobs on affordable housing stock, not only in the jurisdiction to which the annexation is proposed, but also in neighboring jurisdictions. The

agency to which the annexation is proposed should demonstrate to the Commission that the effects of the proposed project on affordable housing have been mitigated (CKH 56001).

The Commission recognizes that providing a range of housing opportunities for persons and families of all incomes is an important factor in promoting orderly development.

2.1.11. In any proposal requiring water service, the Commission requires that the agency to which the annexation is proposed should demonstrate the availability of an adequate, reliable and sustainable supply of water. In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase. In cases where a proposed annexation will be served by an onsite water source, the proponent should demonstrate its adequacy (CKH 56668 (k)).

2.1.12. The Commission shall review and update the spheres of influence for all applicable jurisdictions in the County every five years, or as necessary, pursuant to the CKH Act and an approved annual local work plan. (CKH 56425 (g))

2.1.13. A municipal service review shall be prepared to update the SOIs using the guidelines adopted by San Luis Obispo LAFCO and in accordance with the CKH Act.

2.1.14. The Commission shall give “great weight” to a proposal that is supported by a community’s long-range vision for its growth and development. This may include a Memorandum of Agreement that has been approved by the County and another jurisdiction regarding a Sphere of Influence or other proposal.

2.2 City Annexation Policies

2.2.1. Cities are encouraged to annex unincorporated islands as well as land that is mostly surrounded by a jurisdiction. (CKH 56001, & 56375.3).

- 2.2.2. The Commission encourages development of vacant land within a municipality over development in fringe areas and discourages strip or noncontiguous annexations to Cities (CKH 56301).
- 2.2.3. The Commission will require, as a condition to city annexation, detachment of the annexed territory from the special district where appropriate (CKH 56001).
- 2.2.4. Prior to annexation of territory within an agency's Sphere of Influence, the Commission encourages development on vacant or underutilized parcels already within the boundaries of a jurisdiction. The agency should provide LAFCO with a build-out estimate or inventory and document how it was prepared.
- 2.2.5. The boundaries of a proposed annexation must be definite and certain and must conform to lines of assessment whenever possible.
- 2.2.6. The boundaries of an area to be annexed will not result in any areas difficult to serve.
- 2.2.7. There is a demonstrated need for governmental services and controls in the area proposed for annexation.
- 2.2.8. The municipality has the resources capable of meeting the need for services in the area proposed for annexation and has submitted studies and information documenting its ability to serve.
- 2.2.9. There is a mutual social and economic community of interest between the residents of the municipality and the proposed territory.
- 2.2.10. The proposed annexation is compatible with the municipality's general plan. The proposed annexation represents a logical and reasonable expansion of the annexing municipality.

2.2.11. The Commission shall determine if a disadvantaged unincorporated community is associated with an application. If a disadvantaged unincorporated community does exist, the procedures for processing the annexation as outlined in the CKH Act shall be implemented.

2.2.12. That the City Prezone the area to be annexed and complete CEQA as the Lead Agency for the proposal and/or project. LAFCO should in most instances act as the Responsible Agency with regard to an annexation and CEQA.

2.3 Special District Annexation Policies

2.3.1. Special districts are encouraged to annex unincorporated islands as well as land that is mostly surrounded by a jurisdiction. (CKH 56001, & 56375.3).

2.3.2. Prior to annexation of territory within an agency's Sphere of Influence, the Commission encourages development on vacant or underutilized parcels already within the boundaries of a jurisdiction. The agency should provide LAFCO with a build-out estimate or inventory and document how it was prepared.

2.3.3. A demonstrated need exists for the required services and there is no reasonable alternative manner of providing these services.

2.3.4. The proposed annexation represents a logical and reasonable expansion of the district.

2.3.5. The proposed annexation reflects the plans of the adjacent governmental agencies.

2.3.6. The proposed annexation does not represent an attempt to annex only revenue producing property.

2.3.7. The proposed boundaries must be definite and certain and conform to lines of assessment whenever possible.

2.3.8. The district has the capability of meeting the need for services and has submitted studies and information documenting its capabilities.

2.4 City Incorporation Policies

2.4.1. The Commission favors annexation to an existing agency over creation of a new agency. When the formation of a new government entity is proposed, the Commission shall make a determination as to whether existing agencies can feasibly provide the service in a more efficient manner (CKH 56301).

2.4.2. Incorporation will be discouraged where a municipal government already exists adjacent to the area. Existing jurisdictional boundaries of other agencies shall be recognized and evaluated.

2.4.3. When other municipalities are adjacent, the Commission will consider as preferable, in the order listed, the following actions:

- a. Annexation to an existing municipality.
- b. Reorganization, consolidating one or more of the municipalities and the unincorporated area.
- c. Incorporation.

2.4.4. Incorporation will be given more favorable consideration if:

- a. A community is geographically located some distance from any other municipality.
- b. There is a demonstrated public need for additional governmental services and controls or a need for a higher level of some or all of those services being provided.
- c. The needed governmental services can be shown to be most quickly and economically provided by incorporation.

- d. The area to be incorporated is compact, contiguous, possesses a community identity and includes a variety of land uses that provides for a balanced community.
- e. The proposed incorporation must reflect and consider the general plan of the County and affected Cities.
- f. The proposed incorporation must not conflict with the logical growth of adjacent cities as reflected in Commission approved spheres of influence.
- g. The proposed incorporation does not represent an attempt to incorporate only revenue-producing territories to preempt neighboring cities from receiving those revenues.
- h. The proposed boundaries do not create or result in areas that are difficult to serve.
- i. The proposed boundaries must be definite and certain and wherever possible, should conform to lines of assessment and consider topographic, geographic, and historic boundaries.
- j. The effect of incorporation on a special district must be considered.
- k. Within the proposal there must be a cost-versus-benefits justification of the proposed incorporation.
- l. Sufficient revenue to supply required municipal services is evident in the incorporation proposal.
- m. Consideration will be given to the effect of incorporation upon adjacent landowners, governmental agencies, and the County.
- n. A Comprehensive Fiscal Analysis (CFA) must be completed pursuant to CKH Act 56800 and the LAFCO incorporation guidelines prepared by the State Office of Planning and Research.
- o. The incorporation would result in a similar exchange of both revenue and responsibility for service delivery between the County, the proposed municipality and other involved agencies (CKH 56815).
- p. The incorporation proposal shall fully consider the State Guidelines for incorporation. These guidelines are advisory to the Commission in the review of an incorporation proposal and should be used in preparing any incorporation proposal.

2.5 Special District Formation Policies

- 2.5.1. The Commission favors annexation to an existing agency over creation of a new agency. When the formation of a new government entity is proposed, the Commission shall make a determination as to whether existing agencies can feasibly provide the service in a more efficient manner (CKH 56301).
- 2.5.2. There is a demonstrated need for services or controls which can be provided by a special district.
- 2.5.3. There is no alternative which would provide for the required service in a more reasonable manner.
- 2.5.4. There will be sufficient revenue to adequately finance the required services or controls.
- 2.5.5. The proposal does not represent a conflict with the reasonable and logical expansion of adjacent governmental agencies.
- 2.5.6. The boundary configuration will not create or result in areas difficult to serve.
- 2.5.7. The boundaries of the proposed formation must be definite and certain and must conform to lines of assessment whenever possible. The boundaries must not conflict with boundaries of other public agencies possessing the same powers unless properly justified.

2.6 Sphere of Influence Policies

The CKH Act provides the legislative authority and intent for establishing a Sphere of Influence and is included by reference in these policies. A Sphere of Influence is the probable 20-year growth boundary for a jurisdiction's physical development. These policies are intended to be consistent with the CKH Act and take into consideration local conditions and circumstances. All procedures and definitions in the CKH Act are incorporated into these policies by reference.

- 2.6.1. 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 and the proliferation of local governmental agencies and to encourage efficiency, economy, and orderly changes in local government.
- 2.6.2. The Sphere of Influence lines shall be a declaration of policy which shall be a primary guide to LAFCO in the decision on any proposal under its jurisdiction. Every determination made by the Commission shall be consistent with the spheres of influence of the agencies affected by those determinations.
- 2.6.3. No proposal which is inconsistent with an agency's adopted Sphere of Influence shall be approved until the Commission, at a noticed public hearing, has considered an amendment or revision to that agency's Sphere of Influence.
- 2.6.4. The adopted Sphere of Influence shall reflect city and county general plans, growth management policies, annexation policies, resource management policies, and any other policies related to ultimate boundary area of an affected agency unless those plan or policies conflict with the legislative intent of the CKH Act (Government Code Section 56000 et seq.).

Where inconsistencies between plans exist, LAFCO shall rely upon that plan which most closely follows the legislature's directive to discourage urban sprawl, direct development away from prime agricultural land and open space lands, and encourage the orderly formation and development of local governmental agencies based upon local conditions and circumstances.

In accordance with the CKH Act a municipal service review shall be conducted prior to the update of a jurisdiction's Sphere of Influence. The service review is intended to be a basis for updating a jurisdiction's Sphere of Influence.

2.6.5. LAFCO will designate a Sphere of Influence line for each local agency that represents the agency's probable physical boundary and includes territory eligible for annexation and the extension of that agency's services within a zero to twenty-year period.

2.6.6. LAFCO shall consider the following factors in determining an agency's Sphere of Influence:

- a. Present and future need for agency services and the service levels specified for the subject area in applicable general plans, growth management plans, annexation policies, resource management plans, and any other plans or policies related to an agency's ultimate boundary and service area (CKH 56425 (e)(1)).
- b. Capability of the local agency to provide needed services, taking into account evidence of resource capacity sufficient to provide for internal needs and urban expansion (CKH 56425 (e)(2)).
- c. The existence of agricultural preserves, agricultural land and open space lands in the area and the effect that inclusion within a Sphere of Influence shall have on the physical and economic integrity of maintaining the land in non-urban use (CKH 56426.5 (a)).
- d. Present and future cost and adequacy of services anticipated to be extended within the Sphere of Influence.
- e. Present and projected population growth, population densities, land uses, and area, ownership patterns, assessed valuations, and proximity to other populated areas.
- f. The agency's capital improvement or other plans that delineate planned facility expansion and the timing of that expansion.
- g. Social or economic communities of interest in the area (CKH 56425 (e)(4)).
- h. For an update of a Sphere of Influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, a written determination regarding the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing Sphere of Influence shall be prepared.

2.6.7. LAFCO may adopt a zero Sphere of Influence encompassing no territory for an agency. This occurs if LAFCO determines that the public service functions of the agency are either nonexistent, no longer needed, or should be reallocated to some other agency of government. The local agency which has been assigned a zero Sphere of Influence should ultimately be dissolved.

2.6.8. Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an agency's Sphere of Influence unless the area's exclusion would impede the planned, orderly and efficient development of the area.

2.6.9. LAFCO may adopt a Sphere of Influence that excludes territory currently within that agency's boundaries. This occurs where LAFCO determines that the territory consists of agricultural lands, open space lands, or agricultural preserves whose preservation would be jeopardized by inclusion within an agency's Sphere of Influence. Exclusion of these areas from an agency's Sphere of Influence indicates that detachment is appropriate.

2.6.10. Where an area could be assigned to the Sphere of Influence of more than one agency providing needed service, the following hierarchy shall apply dependent upon ability to serve:

- a. Inclusion within a municipality Sphere of Influence.
- b. Inclusion within a multipurpose district Sphere of Influence.
- c. Inclusion within a single-purpose district Sphere of Influence.

In deciding which of two or more equally capable agencies shall include an area within its Sphere of Influence, LAFCO shall consider the agencies' service and financial capabilities, social and economic interdependencies, topographic factors, and the effect that eventual service extension will have on adjacent agencies.

- 2.6.11. Sphere of Influence boundaries shall not create islands or corridors unless it can be demonstrated that the irregular boundaries represent the most logical and orderly service area of an agency.
- 2.6.12. Nonadjacent publicly owned properties and facilities used for urban purposes may be included within that public agency's Sphere of Influence if eventual annexation would provide an overall benefit to agency residents.
- 2.6.13. At the time of adoption of a city Sphere of Influence LAFCO may develop and adopt in cooperation with the municipality, an urban area boundary pursuant to policies adopted by the Commission in accordance with Government Code Section 56080. LAFCO shall not consider any area for inclusion within an urban service area boundary that is not addressed in the general plan of the affected municipality or is not proposed to be served by urban facilities, utilities, and services within the first five years of the affected city's capital improvement program.
- 2.6.14. LAFCO shall review Sphere of Influence determinations every five years or when deemed necessary by the Commission consistent with an adopted work plan. If a local agency or the County desires amendment or revision of an adopted Sphere of Influence, the local agency, by resolution, may file such a request with the LAFCO Executive Officer. Any local agency or county making such a request shall reimburse the Commission for the actual and direct costs incurred by the Commission. The Commission may waive such reimbursement if it finds that the request may be considered as part of its periodic review of spheres of influence.
- 2.6.15. LAFCO shall adopt, amend, or revise Sphere of Influence determinations following the procedural steps set forth in CKH Act 56000 et seq.

2.7 Municipal Service Review Policies

The following policies are meant to guide San Luis Obispo LAFCO in the preparation of the municipal service review for jurisdictions:

- 2.7.1. The Commission shall use the Municipal Service Review Guidelines found in Chapter 3 as a framework for preparing a municipal service review for a jurisdiction.
- 2.7.2. In order to prepare an update of spheres of influence in accordance with Section 56425, the Commission shall conduct a municipal service review of the municipal services provided by the local agency or service jurisdiction.
- 2.7.3. LAFCO shall complete a municipal service reviews consistent with the provisions contained in the CKH Act including identification of disadvantaged unincorporated communities located contiguous to the Sphere of Influence of a jurisdiction.

2.8 Memorandum of Agreement Policies

- 2.8.1. LAFCO shall work together with the affected jurisdictions and facilitate a constructive dialogue of the issues related to a service review with the goal of achieving an agreement which can be given “great weight” by the Commission in its deliberations. The following steps shall be taken to encourage such discussions and develop a memorandum of agreement (MOA) between a city (or district if applicable) and the County regarding a jurisdiction’s Sphere.
 - a. Prepare agendas and facilitate initial meetings between representatives of the City, District and the County to identify potential Sphere of Influence areas and possible land use development standards. The County Agriculture Commissioner’s Office and the property owners should be included in these discussions as appropriate.
 - b. The negotiation period shall begin when the preparation of the Municipal Service Review is initiated prior to adoption of the resolution of application.

- c. LAFCO staff shall prepare a draft memorandum of agreement that includes a map of the proposed Sphere of Influence along with provisions which address development processes and/or zoning requirements.
- d. Conduct a series of meetings to discuss issues and agree to specific language provisions and SOI boundaries, if possible.
- e. Provide the jurisdictions and County with a final memorandum of agreement for a public hearing and consideration by the respective legislative bodies.
- f. If the jurisdiction and County Board of Supervisors approve the memorandum of agreement, the Commission is required to give the agreement “great weight” in making a decision regarding the Sphere of Influence.
- g. If the Sphere of Influence approved by the Commission is consistent with the agreement, the city and the county shall implement the provisions of the agreement by amending their respective general plans.
- h. If the Commission changes the Sphere of Influence agreed upon by the city and the County, the agreement shall not be implemented; however, it may be renegotiated if both parties agree to further discussions.

2.9 Agricultural Policies

The policies in this section are designed to assist LAFCO in making decisions that achieve the Goals stated in the previous section. A policy is a statement that guides decision making by indicating a clear direction on the part of LAFCO. The following policies support the goals stated above and shall be used by San Luis Obispo LAFCO when considering a proposal that would involve agricultural resources:

- 2.9.1. Vacant land within urban areas should be developed before agricultural land is annexed for non-agricultural purposes.
- 2.9.2. Land substantially surrounded by existing jurisdictional boundaries should be annexed before other lands.

- 2.9.3. In general, urban development should be discouraged in agricultural areas. For example, agricultural land should not be annexed for nonagricultural purposes when feasible alternatives exist. Large lot rural development that places pressure on a jurisdiction to provide services and causes agricultural areas to be infeasible for farming should be discouraged.
- 2.9.4. The Memorandum of Agreement between a city and the County should be used and amended as needed to address the impacts on and conversion of Agricultural Lands on the fringe of a city.
- 2.9.5. The continued productivity and sustainability of agricultural land surrounding existing communities should be promoted by preventing the premature conversion of agricultural land to other uses and, to the extent feasible, minimizing conflicts between agricultural and other land uses. Buffers should be established to promote this policy.
- 2.9.6. Development near agricultural land should not adversely affect the sustainability or constrain the lawful, responsible practices of the agricultural operations.
- 2.9.7. In considering the completeness and appropriateness of any proposal, the Executive Officer and this Commission may require proponents and other interested parties to provide such information and analysis as, in their judgment, will assist in an informed and reasoned evaluation of the proposal in accordance with these policies.
- 2.9.8. No change of organization, as defined by Government Code 56021, shall be approved unless it is consistent with the Spheres of Influence of all affected agencies.
- 2.9.9. Where feasible, and consistent with LAFCO policies, non-prime land should be annexed before prime land.
- 2.9.10. The Commission will consider feasible mitigation (found in the following guidelines) if a proposal would result in the loss of agricultural land.

2.9.11. The Commission encourages local agencies to adopt policies that result in efficient, coterminous and logical growth patterns within their General Plan and Sphere of Influence areas and that encourage protection of prime agricultural land in a manner that is consistent with this Policy.

2.9.12. The Commission may approve annexations of prime agricultural land only if mitigation that equates to a substitution ratio of at least 1:1 for the prime land to be converted from agricultural use is agreed to by the applicant (landowner), the jurisdiction with land use authority. The 1:1 substitution ratio may be met by implementing various measures:

- a. Acquisition and dedication of farmland, development rights, and/or agricultural conservation easements to permanently protect farmlands within the annexation area or lands with similar characteristics within the County Planning Area.
- b. Payment of in-lieu fees to an established, qualified, mitigation/conservation program or organization sufficient to fully fund the acquisition and dedication activities stated above in 12a.
- c. Other measures agreed to by the applicant and the land use jurisdiction that meet the intent of replacing prime agricultural land at a 1:1 ratio.

2.9.13. Property owners of agricultural lands adjacent to a LAFCO proposal shall be notified when an application is submitted to LAFCO.

2.10 California Environmental Quality Act Policies

The following policies shall be used to guide LAFCO with regard to implementing the California Environmental Quality Act (CEQA) for proposals evaluated by LAFCO.

2.10.1 The Commission shall take actions that maintain a high-quality and healthful environment for the people of San Luis Obispo County now and in the future.

- 2.10.2 The Commission shall take actions necessary to protect and enhance the environmental quality of San Luis Obispo County.
- 2.10.3 The Commission shall take actions that will provide the people of San Luis Obispo County with clean air and water, a vibrant and diverse economy, and enjoyment of aesthetic, natural, scenic, and historic environmental qualities.
- 2.10.4 The Commission shall carry out the environmental review process in an efficient, expeditious manner in order to conserve the available financial and governmental resources with the objective that these resources may be better applied toward the mitigation and avoidance of significant effects on the environment.
- 2.10.5 The Commission shall organize and write environmental documents in such a manner that they will be meaningful and useful to decision-makers and the public and consistent with CEQA guidelines.
- 2.10.6 The Commission shall consider the involvement of the public in actions affecting the environment as an essential and indispensable element of the decision-making process.
- 2.10.7 The Commission shall prefer avoidance of adverse impacts over mitigation. If, however, mitigation is necessary onsite or offsite mitigation should be fully implemented.
- 2.10.8 The Commission shall help prevent the elimination of the County's fish and wildlife species and preserve for future generation's sustainable representations of the County's native plant and animal communities.
- 2.10.9 The Commission shall balance preventing negative environmental effects while providing a decent home and satisfying living environment for every San Luis Obispo County resident.

Commission Administrative Policies

This section includes general policies, requirements and criteria, regarding the preparation and submission of an application to San Luis Obispo LAFCO.

2.11 Application and Indemnification Policies

- 2.11.1. No proposal shall be deemed complete that does not include a completed San Luis Obispo LAFCO application form accompanied by the required fees, supporting documentation, and maps as specified in the LAFCO filing requirements found in the application.
- 2.11.2. The Executive Officer or designee may, prior to deeming an application complete, require additional information, including but not limited to, complete details for plans for service, property tax redistribution agreements, and similar information necessary for the San Luis Obispo LAFCO to make informed decisions on the factors and determinations required by law.
- 2.11.3. Applications to the Commission must contain all the information and materials required by the CKH Act (G.C. §56652 and 56653), including a plan for services, as well as the applicable fees or deposit toward fees as specified by the LAFCO Fee Schedule.
- 2.11.4. Except when the Commission is the Lead Agency pursuant to the CEQA (as defined in Public Resources Code §21067) an application must also contain complete documentation of the Lead Agency's environmental determination.
- 2.11.5. Tax Exchange Agreement
 - a. No application for a change of organization or reorganization will be deemed complete and scheduled for public hearing until proof of a property tax exchange agreement, in the form of adopted resolutions, is provided by the local agencies whose service area or service responsibility will be altered by the proposed jurisdictional change pursuant to Revenue and Taxation Code Section 99(b)(6).

- b. To facilitate the tax exchange process, upon receipt of applications requiring the tax exchange agreement, LAFCO staff will provide notification of the application to the County CEO, Auditor and Assessor, the Board of Supervisors, and all affected agencies.
- c. LAFCO may request information or studies regarding the property tax exchange agreement and/or process to support the processing of the any proposal that requires such an agreement. Studies or additional information may include, but are not limited to: revenue analysis and projections, future land use studies, buildout projections, and/or other fiscal analysis.

2.11.6. ~~To the extent allowed by law, it is the policy of this Commission that applicants for LAFCO actions shall defend, indemnify and hold harmless LAFCO to the fullest extent allowed by law, at the sole expense of the applicant, against any and all claims, demands, actions and/or lawsuits that may be filled against LAFCO which challenges any Commission action including, but not limited to, action on an application or proposal (“Claims”). The application shall also include an agreement by the applicant to defend, indemnify and hold harmless LAFCO to the fullest extent allowed by law, at the sole expense of the applicant, against any and all Claims (“Indemnification Agreement”). The Agreement must be signed by the applicant(s) for the application to be deemed complete.~~

~~2.11.7. Prior to the Executive Officer deeming an application complete, the applicant(s) shall submit a signed Cost Accounting, and Indemnification Agreement.~~

~~2.11.8. The following policy shall be applied to any applicant and/or jurisdiction that is not in compliance with an existing LAFCO Cost Accounting and Indemnification Agreement as determined by the Executive Officer and Legal Counsel:~~

- ~~a. The LAFCO Executive Officer (EO), in consultation with Legal Counsel, shall determine, on review of an application, whether an applicant and/or jurisdiction has previously failed to comply with the LAFCO Indemnification Policy and/or the LAFCO Cost Accounting, and Indemnification Agreement.~~
- ~~b. Prior to acceptance for processing of an application from an applicant and/or jurisdiction, which the EO determines to have failed to comply with the Policy and~~

~~Agreement referenced in paragraph a. of this policy above, the LAFCO Executive Officer shall advise the Commission at a regularly scheduled meeting regarding the applicant's prior breach of the obligations of the Policy, Agreement, or both. The Executive Officer, in consultation with Legal Counsel, shall make a recommendation to the Commission regarding the amount of a bond or other commercially reasonable undertaking to be required of the applicant before the application will be accepted.~~

~~c. On the basis of the Executive Officer's recommendation, the Commission shall establish a bond or other commercially reasonable undertaking as a condition for acceptance of the application. The purpose of this security requirement is secure the obligation of the applicant to indemnify LAFCO from future liability in connection with the application. In addition, the applicant shall be required to satisfy any past due obligation owed to LAFCO from previous applications, prior to processing any new application.~~

~~d. Compliance with this policy does not relieve the applicant of responsibility to submit other information as requested by LAFCO to process the application, to otherwise comply with applicable law and these policies, and cure any outstanding non-compliance with the Policy and Indemnification Agreement referenced in paragraph 8 a. of this policy above.~~

2.12 Budget Policies

Government code 56381, et seq., and the following procedures guide the LAFCO Budget process:

2.12.1. The Commission shall consider and adopt annually following noticed public hearings, a proposed budget by May 1 and if necessary, a final budget by June 15.

2.12.2. The Executive Officer shall transmit the Proposed and Adopted Budgets to the various jurisdictions (Cities, County, and Special Districts) as required in the Cortese-Knox-Hertzberg Act.

2.12.3. LAFCO will annually review and adopt a work plan to fulfill the purposes and programs of state law and local policy.

2.12.4. The Executive Officer shall submit quarterly budget reports to the Commission at LAFCO's regular meetings. A Year-End Budget Report shall be prepared and submitted to the Commission for its review. All reports shall be submitted to the County Auditor.

2.12.5. The LAFCO Executive Officer shall serve as budget administrator to prepare, present, transmit, review and monitor the LAFCO Budget.

2.12.6. The annual budget shall endeavor to include a contingency fund of at least 15% of total operating expense.

2.13 Credit Card Policies

The following conditions must be met when using the Credit Card:

2.13.1. Each single purchase may be comprised of multiple items, but the total cannot exceed the single purchase dollar limit on the Credit Card. Use of the Credit Card shall be reflected in the quarterly financial reports to the Commission.

2.13.2. The Credit Card must not be used for purchases when the Cardholder has a personal interest, or knowledge, regarding any vendor which would create a conflict of interest. An example is buying from a relative or close friend.

2.13.3. Intentional use of the Card for other than official LAFCO purposes is not allowed and such use will result in immediate cancellation of your Credit Card, possible referral to the District Attorney, disciplinary action as authorized by applicable LAFCO procedures, and personal liability to LAFCO for the amount of the purchase.

Authorized Uses

2.13.4. The Credit Card may be used to pay for authorized purchase transactions, up to \$5,000, and are made through any legal means: over the counter, by telephone, or online.

2.13.5. The Credit Card may be used to pay for purchases that are certain high value (over \$1,000) equipment (e.g. business computing devices or software); leased equipment; fixed assets; maintenance services; professional services, etc.

2.13.6. Authorized uses may be limited by the Executive Officer to specific categories or merchant types, single purchase dollar limit, and monthly spending limits.

2.13.7. The Credit Card must not be used in a manner intended to circumvent the formal procurement process or other limits imposed on the Card.

Responsibilities

2.13.8. ~~Individual~~ Authorized staff cardholders ~~s, Executive Officer, Senior Analyst, Commission Clerk,~~ are responsible for:

- a. Maintaining proper documentation and supporting receipts for all transactions.
- b. Reviewing and certifying the correctness and the business necessity of transactions listed on the monthly statements.
- c. Resolving exceptions and disputes directly with the vendors.
- d. Notifying the Executive Officer of any suspicious transactions.
- e. Establishing internal controls to ensure the proper use of Credit Cards within LAFCO, including additional restrictions on the types of purchases and dollar limits that apply to individual cardholders, and other review procedures.
- f. Reviewing monthly transaction reports to ensure overall compliance with policy, including proper disposition of exceptions.
- g. Selecting the financial institution (the bank) which provides the most cost-effective purchase card services and maintaining optimal relations with such institution. This responsibility includes regular communication and proper follow up with the bank.
- h. Administering the Credit Card Program to ensure that it is fully used and results in efficiencies in procurement and spending.

- i. Prescribing and maintaining adequate internal control over the Credit Card Program to ensure accountability. This responsibility includes setting LAFCO criteria for proper usage and regular monitoring of usage to ensure compliance with policies.

Emergency Use

- 2.13.9. The Credit Card may provide a mechanism for procuring goods and/or services during an emergency, disaster response, or other unforeseen events.
- 2.13.10. An emergency purchase may be warranted to prevent a hazard to life, health, safety, welfare, property, or to avoid undue additional cost to LAFCO, and/or disruption of service.
- 2.13.11. Emergency purchases of goods and services should not exceed the scope or duration of the emergency.
- 2.13.12. In view of the potential use of the purchase card during emergency conditions, the Executive Officer may authorize higher limits and wider purchasing scope for certain LAFCO staff who may be called on during emergencies.
- 2.13.13. Failure to plan for normal operations does not constitute an emergency use. Failure to plan refers to circumstances in which LAFCO personnel, in the normal course of their activities, have reasonable knowledge of a need but did not take the proper action to procure for the needs. This does not refer to unforeseen circumstances that are clearly beyond their control or knowledge.

Suspension and Revocation

- 2.13.14. Upon the discovery of an unusual spending pattern, the Executive Officer may temporarily suspend a cardholder's privilege until investigations are complete or exceptions are resolved.
- 2.13.15. LAFCO Staff are notified of all cases of suspension or revocation.

2.13.16. In addition to the revocation, the Executive Officer may authorize the referral of the case to Internal Audit or the District Attorney for investigation and/or other actions as appropriate.

List of Prohibited Purchases

2.13.17. These items are prohibited:

- Wire Transfer-Money Orders
- Cash Advances
- Convenience Checks
- Non-Financial Institutions-Foreign Currency, Money Orders, Travelers Checks
- Digital Currency
- Security Brokers/Dealers
- Savings Bonds
- Timeshares
- Betting, Casino Gaming Chips, Off Track Betting
- Fines
- Bail and Bond Payments
- Ammunition and weapons
- Hazardous materials (other than gasoline for business use)

Restricted Uses

2.13.18. The Credit Card is restricted from being used to purchase the following items:

- Splitting of purchases to circumvent the dollar limitation
- Payment of existing invoices
- The Credit Card may never be used for personal purchases

2.14 Legislative Process Participation

- 2.14.1. In situations when a legislative bill affecting LAFCO cannot be considered by the full Commission due to timing, the Executive Officer, in consultation with Legal Counsel, is authorized to provide written or email comments communicating the Commission's position.
- 2.14.2. The Chair and Legal Counsel would review the letter or email prior to it being submitted for consideration.
- 2.14.3. The Executive Officer will forward the email or letter to the Commissioners as soon as possible.
- 2.14.4. The item will be discussed at the Commission's next regular meeting.

2.15 Document Retention & Destruction Policy

2.15.1. Document Retention:

- a. Except as otherwise provided herein, and subject to the conditions contained in this policy, all original records and documents maintained by LAFCO will be retained for a period of five (5) years. A true copy of all documents shall be kept in a safe and separate place for security purposes.
- b. As used in this policy, the term "record" (or "record of proceedings") is defined to mean documents that show decisions or actions taken by the Commission in fulfillment of its statutory responsibilities. Records maintained by the Commission include the following: Records of proceedings (LAFCO application, petition or other initiating documents; statement of property valuation; statement of tax rate area assignment; indemnification and agreements to pay; Certificates of Filing and Completion; copies of public hearing notice; environmental review documents prepared for purposes of complying with the California Environmental Quality Act ("CEQA"); plan for service; map and legal description; staff reports; impartial analysis; order for change of organization/reorganization; documentation of election and results; Statement of Boundary Change; State Board of Equalization acknowledgement letter, LAFCO meeting minutes, Municipal Service Reviews) ; and Administrative/Financial documents (budgets,

accounts payable, accounts receivable, audits, invoices, ledgers, registers, reimbursements, Commissioner policies and procedures, agreements, contracts, leases, purchase orders, requisitions, recruitment/selection/resumes, claims).

2.15.2. Limited Exceptions to Five Year Retention Period:

- a. Original statements of economic interest (Form 700) will be retained by the Commission for a period of seven (7) years. Environmental review documents that are prepared by a lead agency other than LAFCO (i.e., Environmental Impact Reports and other CEQA documents that are approved or adopted by LAFCO but are not prepared by LAFCO as the lead agency for the project), will be retained by the Commission for a period of two (2) years. Environmental review and CEQA documents prepared by LAFCO as the lead agency for the environmental review of the project will be retained for a period of (5) five years.

2.15.3. Destruction Authorized Following Required Retention Period:

- a. At the conclusion of the applicable required retention period, the Executive Officer is authorized to destroy records as needed, provided that a photographic or electronic copy of the original record is first made and preserved in the manner specified in Government Code section 56382. The reproductions must be made as accessible for public reference as the original records were.

2.15.4. Social Media Records Retention Period:

- a. Social media site content is not (1) “kept”, (2) required to be kept by law, and (3) is not necessary to be kept in discharge of a public official’s duties or made/retained for the purposes of preserving content for future reference. If SLOLAFCO as a public agency is using social media for public input (for example, to solicit public input on LAFCO issues) SLOLAFCO will capture the input provided for the administrative record.

2.16 Social Media Policy

2.16.1. Purpose:

- a. To establish guidelines for the Commission's use of social media sites as a means of conveying information, including information concerning mission, meetings, activities, events, services, and current issues.

2.16.2. Definitions:

- a. The following words have the meaning as described:
 - i. "Social media sites" refers to online platforms used to create accessible, expandable, and upgradable publishing technologies through and on the internet.
 - ii. "Commission" means the San Luis Obispo Local Agency Formation Commission.
 - iii. "Commission social media sites" means social media sites including the Facebook page and Twitter page that the Commission will use to convey information.
 - iv. "Posts" or "postings" mean information, articles, pictures, videos or any other form of communication posted on Commission social media sites.
 - v. "Comment" or "Comments" mean and include any information, articles, words, pictures, videos or any other form of communicative content posted by others on Commission social media sites.

2.16.3. General Guidelines:

- a. The Commission's website (slo.lafco.ca.gov) will continue to serve as the Commission's primary location of electronic information. When possible, Commission social media sites will link to the official Commission website for documents, online services, and other necessary information.
- b. The establishment of a social media site is subject to approval by the Executive Officer, consistent with this policy. Social media site accounts will be created using an official Commission email account and will bear the name and official seal of the Commission

as applicable to the social media site. All Commission social media sites will use authorized Commission contact information for account set-up, monitoring, and access. Use of personal email accounts or phone numbers by Commission employees for the purpose of setting-up or administering a Commission social media site is prohibited.

- c. Content posted on City social media sites is subject to oversight by the Executive Officer or his designee(s).
- d. All Commission social media sites must adhere to applicable federal and state laws, and Commission regulations and policies. This includes but not limited to the California Public Records Act, the Ralph M. Brown Act, and laws and policies regarding records retention, conflicts of interest and copyright. Any content maintained on Commission social media sites that is related to Commission business, including a list of subscribers and posted communication may be considered a public record and subject to public disclosure.
- e. Commission social media sites must comply with usage rules and regulations required by the site provider, including privacy policies.
- f. Rules applicable to the use of Commission social media sites, as determined appropriate by the Executive Officer, must be made available to all Commission social media site users on each Commission social media site and on the Commission's website.

2.16.4. Content Standards and Guidelines:

- a. Any employee authorized by the Executive Officer to post items on Commission social media sites must review, be familiar with, and comply with the social media site's use policies and terms and conditions.
- b. Any employee authorized by the Executive Officer to post items on Commission social media sites must not express his or her own personal views or concerns through such postings. Postings on Commission social media sites by an authorized Commission employee must only present factual information regarding the Commission's policies and programs.

- c. Content posted to Commission social media sites should contain hyperlinks directing users to the Commission's official website for in-depth information, forms, documents or online services whenever possible.
- d. Postings may be made primarily during normal business hours. After-hours or weekend postings may be made when the news or information is relevant to an event or activity occurring, or as otherwise authorized by the Executive Officer.
- e. Postings must not contain information that is confidential as defined by any Commission policy, state law, or federal law.
- f. Postings must not contain any employee's personal information, except for the names of employees whose job duties include being available for contact by the public.

2.16.5. Comment Guidelines:

- a. Commission social media sites are intended to disseminate information and direct viewers to more in-depth information or resources on the Commission's website. Commission social media sites are not intended to provide a public forum for comments or discussion by the public.
- b. The Commission reserves the right to implement or remove any functionality of Commission social media sites, when directed by the Executive Officer. This includes, but is not limited to, the posting of information, articles, pictures, videos, comments, or any other form of communication in Commission social media sites.
- c. The Commission will continue to encourage members of the public to contact the Commission directly via phone, email or in person with questions or concerns related to Commission business. Commission social media sites will provide the public with instructions on contacting the Commission via phone, email or website.

CHAPTER 3

Procedures

The following is a general step-by-step guide to the basic procedures followed by San Luis Obispo LAFCO in considering proposed changes in local government organization. More detailed procedures can be found in the CKH Act and “A Guide to LAFCO Procedures for City and Special Districts Change of Organization and Reorganization” which are incorporated by reference into this policy document. All references in this section are to the Government Code unless otherwise specified.

3.1 Preliminary Steps

3.1.1. The four LAFCO application packets provide extensive details on submittal requirements. The four specific applications are 1) Change of Organization – Landowner Petition 2) Change of Organization – Resolution of Agency Application 3) Sphere of Influence Amendment – Includes proposals by both landowner or by resolution of agency application 4) Outside Agency Agreement – may be initiated by landowner or agency. Even though there are 4 separate applications, due to the different submittal requirements specified in CKH, the most critical distinction is whether it was submitted through a Resolution of Application or a Landowner Petition of Application. A pre-application is encouraged because it can help to expedite processing time, but this step is not required. The following are the general steps of the process for Resolution of Application and Landowner Petition of Application:

General Step by Step Process – Resolution of Application Route

1. Applicant Gathers Application Materials and Meets with Staff for a Pre-Application Meeting
2. Applicant Submits Their Application to LAFCO Through Resolution of Application
3. LAFCO Review Period Begins
4. Property Tax Negotiations between the County & Affected Agency (not applicable to Activation/ Divestiture of Power)
5. 30-Day Review – Information Hold Letter or Deemed Sufficient for Filing

6. Certificate of Filing stating when the item will be taken to the Commission
7. LAFCO Hearing. LAFCO has the authority to approve, conditionally approve or deny a proposal.
8. 30-Day Reconsideration Period
9. If Conducting Authority (Protest) Proceedings are not waived then LAFCO will conduct the protest pursuant to Part 3, Section 57000 et seq. of the Cortese-Knox-Hertzberg Act
10. Notification of Commission Action Form
11. After Condition Compliance a Certificate of Completion shall be filed with the Clerk Recorder
12. Filing With the State Board of Equalization (not applicable to Activation/ Divestiture of Power)
13. Final Notice of Completion with Affected Agencies / Interested Parties
14. LAFCO GIS Boundary Updates

General Step by Step Process – Petition of Application Route

1. When applicable, before circulating any petition for change of organization, the Applicant shall file a notice of intention with the Executive Officer.
2. Applicant Gathers Application Materials and Meets with Staff for a Pre-Application Meeting
3. Applicant Submits Their Application to LAFCO Through Petition of Application
4. LAFCO Review Period Begins
5. Notice To Commission at Next Available Commission Meeting for Applications Not Filed by Agency
6. Property Tax Negotiations between the County & Affected Agency (not applicable Activation/ Divestiture of Power)
7. 30-Day Review – Information Hold Letter or Deemed Sufficient for Filing
8. Certificate of Filing stating when the item will be taken to the Commission
9. LAFCO Hearing. LAFCO has the authority to approve, conditionally approve or deny a proposal.

10. 30-Day Reconsideration Period
11. If Conducting Authority (Protest) Proceedings are not waived then LAFCO will conduct the protest pursuant to Part 3, Section 57000 et seq. of the Cortese-Knox-Hertzberg Act
12. Notification of Commission Action Form
13. After Condition Compliance a Certificate of Completion shall be filed with the Clerk Recorder
14. Filing With the State Board of Equalization (not applicable Activation/ Divestiture of Power)
15. Final Notice of Completion with Affected Agencies / Interested Parties
16. LAFCO GIS Boundary Updates

~~Proponent reviews proposal with LAFCO staff. Although this step is not required, a brief discussion with LAFCO staff before application submittal could save the proponent time. These following steps are suggested:~~

- ~~a. Call for an appointment.~~
- ~~b. Submit the following information:
 - ~~i. Assessor's parcel numbers (APNs) for individual lots or project maps for complex proposals.~~
 - ~~ii. General plan and zoning designations.~~
 - ~~iii. Development plans, if applicable. LAFCO generally requires approved development plans, such as tentative maps, specific plans, etc., when vacant territory is proposed for annexation to a municipality or district. A key consideration of LAFCO's review of annexation requests is the timing of the action. LAFCO discourages the annexation of vacant land until it can be demonstrated that services are required. Approved development plans also provide the information necessary to evaluate a proposal. The plans show what land uses are planned, the level of services required, how services will be provided, and the conditions under which service will be extended. They also enable LAFCO to evaluate the impact of a jurisdictional change on adjacent areas.~~~~

- ~~c. LAFCO staff will review procedures, information requirements, and fees.~~
- ~~d. Proponent should obtain application forms and ascertain what environmental documentation will be necessary.~~

~~3.1.2. Proponent prepares application material for proposal. More complex proposals may need additional information, but all proposals must include the following:~~

- ~~a. A certified resolution or petition of landowners/registered voters making the application. A petition or resolution of application shall include all of the following (56700):~~
 - ~~i. State that the proposal is made pursuant to the CKH Act.~~
 - ~~ii. State the nature of the proposal and list all proposed changes of organization.~~
 - ~~iii. Set forth a legal description of the boundaries of the affected territory accompanied by a map showing the boundaries.~~
 - ~~iv. Set forth any proposed terms and conditions.~~
 - ~~v. State the reason(s) for the proposal.~~
 - ~~vi. State whether the petition is signed by registered voters or landowner(s). (Not applicable to a resolution of application.)~~
 - ~~vii. Designate not more than three persons as chief petitioners, setting forth their names and mailing addresses. (Not applicable to a resolution of application.)~~
 - ~~viii. State whether the proposal is consistent with the spheres of influence of any affected municipality or district.~~
 - ~~ix. Request that proceedings be taken for the proposal pursuant to this part.~~
 - ~~x. A resolution of application shall include a plan for services prepared according to CKH 56653.~~
- ~~b. One copy of a metes and bounds legal description of the perimeter of the subject proposal and a surveyed map that is consistent with the State's Tax and Fee Administration's requirements. A minimum of three copies should be provided and additional maps as requested.~~
- ~~c. Two copies of a vicinity map of the subject property~~

- ~~d. One copy of any environmental documents (pursuant to CEQA) associated with the proposal if, however, an environmental impact report (EIR) associated with the subject proposal was prepared, 15 hard copies of the certified EIR must be submitted with the application along with one digital copy. Only one copy of the EIR appendices is required.~~
- ~~e. One large scale topographical map of the subject property and a clear 8.5 by 11 inch map of the property.~~
- ~~f. If the proposal includes annexation to a municipality, indicate that the annexing municipality has rezoned the property, such as a city council resolution approving the rezoning.~~
- ~~g. Processing fees.~~

3.1.3. As with other public agencies, San Luis Obispo LAFCO is required to comply with the California Environmental Quality Act (CEQA) for purposes of considering the environmental impact of its actions. Each proposal must receive the appropriate environmental review for consideration by the Commission in making its decision. For a detailed discussion of environmental requirements, please refer to Section IV of these Guidelines.

3.2 LAFCO Proceedings

3.2.1. Proponent delivers a complete application to the LAFCO Executive Officer (Section 56652).

3.2.2. The LAFCO Executive Officer determines if:

- a. The application is sufficient as required by law and issues a determination on its sufficiency within 30 days of submittal.
- b. If LAFCO is to be the lead agency, then the environmental review is undertaken by LAFCO.
- c. A satisfactory exchange of property tax has taken place. Master property tax agreements may be applicable or separate property tax exchange resolutions may be required. If negotiations leading to adoption of separate resolutions are required, either the County or any affected municipality must agree to a tax exchange, or the County

negotiates a property tax exchange on behalf of any Special District (Revenue and Taxation Code Section 99).

- 3.2.3. The LAFCO Executive Officer reviews the proposal within 30 days of its receipt and either:
 - a. Determines that the application is complete (if all required property tax agreements are on file) and issues a Certificate of Filing and sets the Commission hearing within 90 days; or
 - b. Determines that the application is not complete and notifies the proponent (56658).
- 3.2.4. The LAFCO Executive Officer requests review of any information for the proposal from affected County Departments, affected agencies, and other affected counties' LAFCOs (56378).
- 3.2.5. Proponents and/or LAFCO staff provides for a meeting with affected residents or landowners to give information and receive comments on the proposal (optional).
- 3.2.6. The LAFCO Executive Officer, at least 21 days prior to the date set for hearing, gives notice by:
 - a. Publication in a newspaper of general circulation;
 - b. Posting near the door of the hearing room; and
 - c. Mailing/Emailing to each affected agency which contains territory or whose sphere of influence contains territory within the proposal, chief petitioner(s), persons requesting notice, each municipality within three miles, and the County in the case of incorporation or formation.
 - d. Posting on the LAFCO website at slo.lafco.ca.gov www.slolafco.com.
 - e. For proposals requiring a public hearing, mailing to each registered voter and landowner within the affected territory and within 300 feet of the exterior boundary of the property that is the subject of the hearing. (This requirement may be waived if individual notices have already been provided by the initiating agency.) If this would require that more than 1,000 notices should be mailed, notice may be provided pursuant to Section 56157.

- f. Note: Some Commission actions can be made without a noticed hearing, such as annexations and detachments with written consent of all landowners. Notice and opportunity to request a public hearing must be given to agencies whose boundaries are affected (56662 & 56663).

3.2.7. The LAFCO Executive Officer reviews the application and any comments received and prepare the written report and recommendation. The report reviews pertinent factors and policies, spheres of influence, and general and specific plans.

3.2.8. The Executive Officer shall furnish copies of mails the report at least five days prior to the hearing to each Commissioner, each person named in the application to receive a report, each affected local agency requesting a report, each agency whose boundaries or spheres of influence will be changed, and the Executive Officer of the LAFCOs of any other affected county (56665).

3.2.9. The Commission hears the proposal on the noticed date and time. The hearing may be continued for up to 70 days. The Commission must consider a number of factors and policies in compliance with state law. Among the factors considered by the San Luis Obispo LAFCO in making its determination are (56668):

- a. Population, density, land area and land use, assessed valuation, topography, natural boundaries, drainage basins, proximity to populated areas, likelihood of significant growth during the next ten years.
- b. Need for organized community services, present cost and adequacy of government services and controls, probable future needs, probable effect of change of organization and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.
- c. The effect of the proposed action or alternative actions on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the County.

- d. Conformity of the proposal to Commission policies on providing planned, orderly, efficient patterns of urban development, and with state policies and priorities on conversion of open space uses.
- e. Effect of the proposal on maintaining the physical and economic integrity of lands in an agricultural preserve in open space uses.
- f. Definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment and ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.
- g. A regional transportation plan adopted pursuant to Section 65080 and consistency with appropriate City or County general and specific plans.
- h. The proposal's consistency with city or county general and specific plans.
- i. The Sphere of Influence of any agency which may be applicable to the proposal being reviewed.
- j. Comments of any affected local agency or other public agency.
- k. The ability of the newly formed or receiving entity to provide the services which are the subject of the application, including the sufficiency of revenues for those services following the proposed boundary change.
- l. Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.
- m. The extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the Council of Governments (COG).
- n. Any information or comments from the landowner or owners.
- o. Any information relating to existing land use.
- p. The extent to which the proposal promotes environmental justice as defined in the CKH Act
- q. Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone pursuant to Section 51178 or maps that identify land determined to be in a

state responsibility area pursuant to Section 4102 of the Public Resources Code, if it is determined that such information is relevant to the area that is the subject of the proposal.

3.2.10. At the hearing or within 35 days of the hearing, the Commission will adopt a resolution of determination taking the following actions:

- a. Approve or deny with or without conditions or revisions to the proposal. If denied, no new proposal can be made for one year unless waived by LAFCO. If the proposal included incorporation or consolidation of a municipality, no new proposal can be made for two years unless waived by LAFCO (57090);
- b. Determine if the territory is inhabited or uninhabited (inhabited territory means territory within which there reside 12 or more registered voters);
- c. Designating the Executive Officer as the Conducting Authority (56029);
- d. Assign a short-term designation; and
- e. Authorize proceedings without notice, hearing, or an election if there is 100% consent and only annexations, detachments, and CSA formations.

3.2.11. The LAFCO Executive Officer sends the Commission's resolution to the proponents, if any, and each agency whose boundaries will be changed by the proposal (56882). In the case of uninhabited territory, the Commission may waive conducting authority proceedings entirely if all of the following conditions apply (56663):

- a. The owners of land (100%) that will gain or lose territory as a result of the change of organization or reorganization have consented in writing to a waiver of conducting authority proceedings.
- b. No agency has submitted written opposition to a waiver of protest proceedings.

3.2.12. In the case of inhabited city and district annexations or detachments, or both, the Commission may waive protest proceedings pursuant to Part 4 (commencing with Section 57000) entirely if both of the following conditions apply:

- a. The Commission has provided written notice of Commission proceedings to all registered voters and landowners within the affected territory and no opposition from registered voters or landowners within the affected territory is received prior to or during the Commission's meeting. The written notice shall disclose to the registered voters and landowners that unless opposition is expressed regarding the proposal or the Commission's intention to waive protest proceedings, that there will be no subsequent protest and election proceedings; and
- b. No affected local agencies have submitted written opposition to a waiver of protest proceedings.

3.3 Conducting Authority Proceedings

- 3.3.1. If Conducting Authority Proceedings are not waived, LAFCO (the EO) sets the proposal for protest hearing within 35 days of the Commission's resolution date and gives notice. If authorized by the Commission, the protest hearing may be held without notice and hearing.
- 3.3.2. The date of the hearing shall not be less than 21 days nor more than 60 days after the date the notice is given and shall be:
 - a. Published in a newspaper of general circulation;
 - b. Posted near the hearing room door; and
 - c. Mailed to each affected agency which contains territory or whose sphere of influence contains territory within the proposal, the Executive Officers of other affected LAFCOs, chief petitioners if any, persons requesting notice, and landowners within territory to be formed into or annexed to or detached (57001, 57002 and 57025).
- 3.3.3. The Executive Officer hears the proposal at the noticed time and date. The hearing may be continued for up to 60 days. Any written protests must be filed with the Executive Officer or Commission prior to the conclusion of the hearing and must be signed, have the signature date, and address or location of the property. The value of written protests must be determined, and

action taken by LAFCO resolution to order the change, with or without an election, or terminate proceedings.

3.3.4. The Executive Officer shall perform all Conducting Authority Proceedings in accordance with the provisions of the CKH Act.

3.3.5. The Commission delegates to the Executive Officer the authority to act on matters related to the implementation of the Conducting Authority responsibilities as applicable and appropriate.

3.4 Completion and Effective Date

3.4.1. Immediately after completion of proceedings ordering a change of organization or reorganization without an election, conditions or confirming an order of a change of organization or reorganization after an election, the Executive Officer prepares a Certificate of Completion and makes the required filings (57200).

3.4.2. The Certificate of Completion is recorded with the County Recorder. If no effective date is specified in the Commission resolution, the recordation date is the effective date. A Statement of Boundary Change or Creation is issued by the Executive Officer and filed, with the appropriate fees, with the State Board of Equalization and County Assessor (57202, 57203, 57204). Property tax resolutions, if any, are forwarded to the County Auditor for property tax transfer (Revenue and Taxation Code, Section 99).

3.4.3. The Executive Officer distributes the Certificate of Completion to agencies whose boundaries are affected and affected County Departments. A Certificate of Completion may be filed after any adopted conditions of approval are met by the proponent.

3.4.4. The affected agencies recognize completion and implementation of the jurisdictional change, with regard to Property and sales tax transfers, police and fire protection responsibilities, planning and inspection controls, and other services.

3.5 Municipal Service Review Guidelines

The following questions are designated to help agencies and LAFCO compile information needed to complete municipal service reviews. Questions and Information sources will vary depending upon jurisdictions. Answers to these questions will be used by LAFCO to prepare service reviews and will be used to update jurisdictions' spheres of influence.

3.5.1 Growth and Population projections for the affected area.

- a. How does the projected growth of the proposed sphere of influence areas compare with present County land use designations?
- b. How have surrounding County land use patterns evolved and what impacts have they caused on infrastructure, e.g., roads, water, sewer, fire, police?
- c. Will changes as proposed in the sphere of influence increase pressure to develop surrounding County lands causing an increase in growth potential?
- d. Information Sources: City and County general plans, EIRS, US Census website, State Department of Finance, planning departments, Council of Governments, and economic reports.

3.5.2 For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Disadvantaged unincorporated communities, or "DUCs," are inhabited territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income.

- a. Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?

- b. Are there any “inhabited unincorporated communities” within or adjacent to the subject agency’s sphere of influence that are considered “disadvantaged” (80% or less of the statewide median household income)?
- c. Information Sources: City and County general plans, US Census, California Rural Legal Assistance, and Council of Governments reports.

3.5.3 Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

- a. Are the jurisdiction’s water resources and facilities adequate to serve the area in the existing boundaries? What about future growth or expansions?
- b. What is the jurisdiction’s current status with regard to wastewater collection, treatment, and disposal? What are the plans for the future?
- c. What is the present condition of the streets, roads, and circulation? Where are the problem areas and what are the future needs and plans?
- d. Does the jurisdiction have adequate police and fire resources to meet the existing needs of the community? What about future needs?
- e. Information Sources: Water master plans, urban water management plans, Department of Water Resources annual reports, wastewater master plans, general plans, EIRs, circulation elements, regional transportation plans and EIRs, capital improvement plans, Insurance Service Office (ISO) ratings, police and fire department websites, questionnaires, and interviews.

3.5.4 Financial ability of agencies to provide services.

- a. What is the current fiscal status of the jurisdiction? What are the indicators?
- b. Will the fiscal impacts of the proposed changes to the sphere of influence be greater or lesser than the fiscal benefits?
- c. Does the jurisdiction have financial reserves? If so, what percentage of the general fund do their reserves represent?

- d. How will the jurisdiction fund needed capital improvement projects, i.e., bonds, loans, other?
- e. How does the jurisdiction analyze and establish rates and fees?
- f. How will the sphere of influence action impact the rates and fees within the jurisdiction?
- g. How will the sphere of influence territories pay their share of the jurisdictions' costs for services?
- h. Information Sources: Budgets for the last three years, city managers, state and city annual reports, Department of Finance, retail sales and transient occupancy tax (TOT), city fiscal policies, development impact fee information, debt information, joint-financing efforts, and UCSB Economic Report, Budget processes, special purchasing contracts, bidding policies, service studies, and interviews rates and fees studies, EIRs, cost-of-service studies, and rates and fees policies.

3.5.5 Status of, and opportunity for, shared facilities.

- a. Does the jurisdiction share facilities with other agencies?
- b. Has either the jurisdiction or County suggested sharing facilities in the SOI/Annexation areas?
- c. Are there presently any shared relationships for services between agencies in the sphere of influence areas? Are there opportunities for sharing in the future?
- d. Is there any or will there be any duplication of facilities in the sphere of influence area?
- e. Information Sources: Capital improvement plans, shared road construction plans, open space preservation plans, City and County recreational facilities, and shared water storage and distribution facilities.

3.5.6 Accountability for community service needs including governmental structure and operational efficiencies.

- a. Does the jurisdiction strive to involve the public in decision-making?
- b. Does the jurisdiction facilitate local media coverage and public information programs?
- c. Are elected and appointed representatives accessible and attentive to their constituents?

- d. Are annual budget and audit reports available to the public?
- e. Does the jurisdiction have the administrative capacity to assume expanded responsibilities over the SOI areas without decreasing existing services?
- f. Does the jurisdiction have a customer-oriented service philosophy, including written goals and mission statements, master services plans, customer outreach programs, and an active quality control program?
- g. Does the jurisdiction maintain capital improvement programs and enterprise fund management plans?
- h. Does the jurisdiction maintain sound accounting principles and best practice fiscal management programs?
- i. Does the Jurisdiction have a reasonably good record of safety, environmental and permit compliance?
- j. How will services to the sphere of influence areas be enhanced by the jurisdiction?
- k. Will services to the sphere of influence areas proposed for exclusion be enhanced, decreased, or remain the same?
- l. Will opportunities for public participation in the development review process be enhanced in the jurisdiction or the County for the SOI areas?
- m. Information Sources: Interviews, websites, public involvement policies, public information programs, customer complaint processes, customer surveys, budgets for the last three years, city managers, state and city annual reports, fiscal management policies, and indicator reports.

3.5.7 Any other matter related to effective or efficient service delivery, as required by commission policy.

3.6 Agricultural Goals & Guidelines

The Cortese-Knox-Hertzberg Act strongly encourages the preservation of prime agriculture land. LAFCO's mission is to discourage urban sprawl, preserve open space and prime agricultural lands, promote the efficient provision of government services and encourage the orderly formation of local

agencies. In general terms, San Luis Obispo LAFCO's current policy base discourages premature conversion of agricultural lands, guides development away from existing agricultural lands and encourages the development of existing vacant lands within city boundaries prior to conversion of additional agricultural lands. The CKH Act clarified the many factors that LAFCOs must consider and balance in making decisions:

"The Legislature recognizes that the logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing that development with the sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agriculture lands, and efficiently extending government services."

The written goals, policies, and guidelines in this document express LAFCO's intent to more specifically address the preservation of agricultural land, consistent with current policies and LAFCO's mandate. LAFCO must consider the effect that any proposal may produce on existing agricultural lands. This is balanced with the need to ensure orderly development and the efficient provision of services to certain areas. By guiding development toward urban areas and away from agricultural land, LAFCO helps to preserve important and valuable agricultural resources.

Definitions. Several terms are important in understanding agricultural resources. These terms and definitions are found below and are applicable throughout these policies. The Cortese-Knox-Hertzberg Act has a definition for agricultural land and prime agricultural lands that may include lands other than class one or two soil classification.

56016. *"Agricultural lands" means land currently used for the purpose of producing an agricultural commodity for commercial purposes, land left fallow under a crop rotational program, or land enrolled in an agricultural subsidy or set-aside program.*

56064. "Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for rating 80 through 100 Story Index Rating.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003, developed pursuant to Public Law 46, December 1935.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

The Cortese-Knox-Hertzberg Act further describes the intent of the legislation with regard to agricultural resources in Government Code section 56377, which states:

56377. In reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses

other than open-space uses, the commission shall consider all of the following policies and priorities:

(a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.

(b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the Sphere of Influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing Sphere of Influence of the local agency.

Government Code Section 56377 has been used by LAFCOs as the basis for developing more specific policies that address local circumstances and conditions.

Guidelines

Guidelines provide further direction regarding the application of the goals and policies but are more flexible giving LAFCO more discretion in application. These guidelines are used to advise and assist the public, agencies, property owners, farmers and other stakeholders with regard to LAFCO's expectations in reviewing a proposal that involves agricultural resources.

- 3.6.1. Applications submitted to LAFCO involving agricultural resources shall include analysis that evaluates the potential impacts (direct and indirect) of the proposal on agricultural resources. The California Environmental Quality Act (CEQA) analysis for a proposal shall

evaluate the impacts affecting agricultural resources. At a minimum the following topics should be addressed:

- a. Detailed analysis of direct and indirect impacts on agricultural resources of the site and surrounding area
- b. Potential diversion, availability and use of water that could impact agricultural lands or operations
- c. A detailed description of the agricultural resource that is affected, including but not limited to soil types, existing and potential productivity, and surrounding land uses
- d. Use of transfer of development credits programs and purchase of development credits for the preservation of agricultural land and other approved programs
- e. Analysis of mitigation measures that could offset impacts
- f. Consultation with the County Agricultural Commissioners office
- g. Williamson Act, Agricultural Easements, and other preservation programs
- h. Urban Reserve Lines, Urban Limit Boundaries and Spheres of Influence
- i. County and City General Plan Policies

3.6.2. Consider including agricultural land as defined in the Cortese-Knox-Hertzberg Act into a Sphere of Influence if the following factors are addressed:

- a. Potential impacts of the conversion of the prime agricultural land
- b. Future capability of farming activities for the site and surrounding area
- c. Existing and potential productivity of the prime agricultural land
- d. Land Preservation status: Williamson Act, easements, etc.
- e. Growth patterns in the surrounding area
- f. General Plan Policies and Standards
- g. Other relevant issues, such as potential impacts on agricultural tourism

- 3.6.3. Consider approval of proposals that convert agricultural land when the Commission finds that the proposal will lead to planned, orderly, and efficient development. A proposal leads to the planned, orderly, and efficient development if all of the following criteria are met:
- a. The land subject to the change of organization or reorganization is contiguous either to lands developed with an urban use or to lands which have received all discretionary approvals for urban development.
 - b. The proposed development of the subject lands is consistent with the Sphere of Influence of the affected agency or agencies.
 - c. The land subject to the change of organization is likely to be developed within five years.
- 3.6.4. If a LAFCO proposal involves a loss of prime agricultural lands, property owners, Cities, the County, Special Districts, Community Advisory Councils, Resource Conservation Districts, and agricultural conservation agencies should work together as early in the process as possible to adequately mitigate the impacts.
- 3.6.5. Detachment of prime agricultural lands and other open space lands should be encouraged if consistent with the Sphere of Influence for that agency.
- 3.6.6. The following factors should be considered for an annexation of prime agricultural and open space lands:
- a. The proponent of the annexation should provide a land use inventory of the jurisdiction that indicates the amount of available land within the subject jurisdiction for the proposed land use.
 - b. Evaluation of effective measures to mitigate the loss of agricultural lands, and to preserve adjoining lands for agricultural use to prevent their premature conversion to other uses. Such measures may include, but need not be limited to:

- i. Acquisition and dedication of farmland, development rights, open space and agricultural conservation easements to permanently protect adjacent and other agricultural lands within the county
 - ii. Participation in other development programs that direct development toward urban areas (such as transfer or purchase of development credits)
 - iii. Payments to responsible recognized government and non-profit organizations for the purpose of preserving agricultural lands;
 - iv. Establishment of buffers to protect adjacent agricultural operations from the effects of development
- 3.6.7. Annexation for land uses in conflict with an existing agricultural preserve contract shall be prohibited, unless the Commission finds that it meets all the following criteria:
- a. The area is within the annexing agency's Sphere of Influence.
 - b. The Commission makes findings required by Government Code Section 56856.5.
 - c. The parcel is included in an approved city specific plan.
 - d. The soil is not categorized as prime.
 - e. Mitigation for the loss of agricultural land has been secured in the form of agricultural easements to the satisfaction of the annexing agency and the County.
 - f. There is a pending, or approved, cancellation for the property that has been reviewed by the local jurisdictions and the Department of Conservation.
 - g. The Williamson Act contract on the property has not been renewed and final approval of the non-renewal has been granted.

CHAPTER 4

Bylaws

OF THE LOCAL AGENCY FORMATION COMMISSION COUNTY OF SAN LUIS OBISPO

~~Revised January 17, 2002, August 16, 2007, April 2016, and April 2020~~

ARTICLE I - GENERAL PROVISIONS

These rules and bylaws shall apply to the Local Agency Formation Commission of the County of San Luis Obispo (henceforth "Commission") and are adopted pursuant to the authority vested in the Commission by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Part I, commencing with Section 56000 of the Government Code.

ARTICLE II – ORGANIZATION

SECTION I: Composition. The Commission shall consist of seven (7) members selected as follows:

- a. Two (2) appointed by the Board of Supervisors from their own membership. The Board of Supervisors shall appoint a third (3rd) Supervisor who shall be an alternate member of the Commission. The alternate member may serve and vote in place of any Supervisor on the Commission who is absent or who disqualifies himself or herself from participating in a meeting of the Commission.
- b. Two (2) selected by the cities in the County, each of whom shall be a mayor or council member, appointed by the City Selection Committee. The City Selection Committee is encouraged to select members to fairly represent the diversity of the cities in the county, with respect to population and geography. The City Selection Committee shall also designate one (1) alternate member to the Commission in the same manner as it appoints a regular member. The alternate member shall also be a mayor or council member. If one of the regular City members is absent from a Commission meeting or disqualifies himself or herself from participating in a meeting, the alternate member may serve and vote in place of that regular City member for that meeting of the Commission.

- c. Two (2) presiding officers or members of legislative bodies of independent Special Districts, selected by the independent Special District Selection Committee. The independent Special District Selection Committee is encouraged to select members to fairly represent the diversity of independent special districts in the county, with respect to population and geography. The independent Special Districts Selection Committee shall also designate a presiding officer or member of the legislative body of an independent special district as an alternate member to the Commission in the same manner as it appoints a regular member. If one of the regular Special Districts members is absent from a Commission meeting or disqualifies himself or herself from participating in a meeting, the alternate member may serve and vote in place of that regular Special District member for that meeting of the Commission. The special district members so appointed shall be elected or appointed special district officers residing in the County but shall not be members of the legislative body of a city or county.
- d. One (1) representing the general public appointed by the other six (6) members of the Commission. The Commission may also designate one alternate public member who may serve and vote in place of a regular public member who is absent or disqualifies himself or herself from participating in a meeting of the Commission. Selection of the public member and alternate public member shall be subject to the affirmative vote of at least one of the members selected by each of the appointing authorities.

SECTION 2: Terms. The term of office of each member shall be four (4) years and until the appointment and qualification of a successor. The expiration date of the term of office of each member shall be the last Monday in December in the year in which the term of the member expires. The Clerk shall maintain a record of the Terms.

Any member may be removed at any time and without cause by the body appointing that member. If a member who is a City, County or Special District officer ceases to be an officer of a City, County, or Special District during his/her term, that member's position on the Commission shall thereafter be considered vacant.

Any vacancy in the membership of the Commission shall be filled for the unexpired term by appointment by the body which originally appointed the member whose office has become vacant.

SECTION 3. Independent Judgment. While serving on the Commission, all Commission members shall exercise their independent judgment on behalf of the interests of residents, property owners, and the public as a whole. Any member appointed on behalf of local governments shall represent the interests of the public as a whole and not solely the interests of the appointing authority.

SECTION 4. Compensation. Non-County Commission members shall receive a per diem of \$50 per meeting. All non-County Commissions shall receive mileage reimbursement at County rates existing at the time, excluding Commissioners living within five (5) miles of the meeting place.

SECTION 5: Officers. A Chairperson and Vice Chairperson shall be elected at the first meeting in each year and shall serve a one (1) year and until the election of their successors or their re-election.

The Chairperson shall be the presiding officer and shall preserve order and decorum at all meetings of the Commission. In the absence of the Chairperson, the Vice Chairperson shall assume the duties and powers of the Chairperson.

In the absence of the Chairperson and Vice Chairperson at any meeting, a Chairperson Pro Tempore may be selected to assume the duties and powers of the Chairperson.

SECTION 6: Staff. The Commission shall appoint an Executive Officer who shall conduct and perform the day-to-day business of the Commission. If a proposal is approved by the Commission, the Executive Officer shall conduct protest proceedings in accordance with Government Code Section 57000, et seq.

The Commission shall appoint Legal Counsel to advise it. The Legal Counsel shall attend Commission meetings, provide requested advice on legal matters, and represent the Commission in legal actions.

SECTION 7: Executive Committee. An Executive Committee comprised of the Commission's Chairperson, Vice Chairperson, and the Immediate Past Chairperson, will meet periodically to advise the Commission on the annual budget; overall work program; and major policy issues, including

controversial or sensitive proposals. Executive Committee items for review will be selected by the Commission, after consultation with the Executive Officer. The Executive Officer and Legal Counsel shall attend all meetings of the Executive Committee.

SECTION 8: Selection of the Public Member. When the position of public member and/or alternate public member is vacant, the Commission may choose from any of the following options for selection of a replacement:

- a. A nominating committee selected by the Commission will interview qualified candidates and select the most qualified candidates to be interviewed and voted on by the full Commission.
- b. The Executive Committee will interview qualified candidates and select the most qualified candidates to be interview by the full Commission.
- c. The full Commission will interview all candidates and select the public member(s).

SECTION 9: Attendance. Each Commissioner is expected to have regular attendance. If any Commissioner misses three consecutive regular meetings without first advising the Executive Officer prior to each missed meeting, the Executive Officer will address a letter to the appointing body requesting that a replacement be appointed.

ARTICLE III – MEETINGS

SECTION 10: Regular Meetings. Regular meetings of the Commission are scheduled for the third Thursdays of each month at 9:00 a.m. in the Board of Supervisors Chambers, County Government Center, San Luis Obispo, with the first Thursday being held open for special meetings.

SECTION 11: Special Meetings. Special meetings of the Commission may be called in the manner provided by State law. The order calling the special meeting shall specify the time and place of the meeting and the business to be transmitted and no other business shall be transmitted at that meeting.

SECTION 12: Notice. The Executive Officer shall direct posting and publication of notices on all meetings pursuant to State law.

SECTION 13: Agenda. The Executive Officer shall prepare the meeting agenda. Unless otherwise directed by the Commission, the Executive Officer shall set as many matters for hearing as can be heard.

The Executive Officer shall prepare and send copies of the staff report at least one (1) week prior to the meeting to Commissioners, proponents and all affected local agencies and any persons requesting such a report.

SECTION 14: Quorum and Majority. A majority (at least 4) of all members of the Commission concurs therein.

SECTION 15: Minutes. The Executive Officer shall cause a staff member to take and transcribe the minutes of each meeting and, whenever possible, mail copies thereof to all members prior to the next meeting. Minutes will continue to be subject to comment and objection at the following meeting before approval.

SECTION 16: Motions. The Chairperson or any other member of the Commission may introduce or second any motion.

SECTION 17: Voting.

- a. The question of approval or denial of a proposal and of all resolutions shall be by roll call vote. All other questions may be voted upon by voice vote, or may be put by the Chairperson and a unanimous vote recorded if there is no objection. A roll call vote shall be taken on any question upon demand of any member.
- b. Each roll call of the Commission shall be in alphabetical order, except that the members making and seconding the motion shall be called first and second respectively, and the Chairperson shall be called last.

- c. The alternate members qualify to vote only in lieu of the Commission membership classification they serve under.
- d. Unless otherwise provided by the City Selection Committee and the independent Special District Selection Committee in the manner required by law, a regular or alternate City or Special District member of the Commission shall be allowed the option to vote on proposals to the City or District of which such regular or alternate member is a representative.

SECTION 18: Testimony and Argument. The Chairperson may allocate and limit the time and scope of testimony from any interested party as necessary for the expedition of the Commission's business. Debate between members of the audience shall not be permitted.

ARTICLE IV - COMMISSION RECORDS

SECTION 19: Application Contents. A formal application filed with the Commission shall be accompanied by:

- a. Petition of proponent or resolution of legislative body.
- b. Maps and legal description of the proposed boundary change in a number specified by the Executive Officer.
- c. Completed justification of proposal questionnaire.
- d. Completed environmental assessment form.
- e. For local agencies or school districts filing a resolution of application, a plan for providing services pursuant to Government Code Section 56653.
- f. Filing fee or request for a fee waiver pursuant to the Commission's adopted fee schedule.
- g. Such additional data and information, as may be required by the Executive Officer, pertaining to any of the matters or factors which may be considered by the Commission.

No proposal shall be considered by the Commission for which such required items are not received.

SECTION 20: Copies of Documents on File. Any interested person may request copies of any document filed in any proceeding. The Executive Officer may charge and collect a fee to cover the cost to the Commission of making any such copies and such fees shall be deposited in the County General Fund.

DRAFT

Attachment B

Nipomo Community Services
District Correspondence

From: Mario Iglesias <Miglesias@ncsd.ca.gov>
Sent: Thursday, June 15, 2023 7:22 AM
To: Rob Fitzroy <rfitzroy@slo.lafco.ca.gov>
Cc: Richard Malvarose <rmalvarose@ncsd.ca.gov>; Dan Gaddis <DGaddis@ncsd.ca.gov>
Subject: NCS D Comment: SLO LAFCO Policies and Procedures

Rob,

After reviewing the proposed update to LAFCO's Policies, Procedures, and Bylaws Manual, there is one minor, potential clarification to a part of the document that the District suggest LAFCO consider adding.

Section 3.2.2(c), which is not proposed to be changed, correctly notes that the County would typically negotiate a tax revenue exchange agreement on behalf of a special district, under Revenue and Taxation Code Section 99. However, the District is asking that you consider adding an additional sentence to take note of the Revenue and Taxation Code Section 99.01, which provides that a special district may negotiate on its own behalf when the sharing agreement would be with the County.

Thank you for the opportunity to comment on the document. If you need to discuss the above, please feel free to contact me.

Best Regards,

Mario Iglesias
General Manager



Nipomo Community Services District
Serving the Community Since 1965

148 South Wilson Street
Nipomo, CA 93444-0326
(805) 929-1133
(805) 929-1932 fax
miglesias@ncsd.ca.gov

CONFIDENTIALITY NOTICE: This email and any documents, files or previous email messages attached to it may contain information that is confidential or legally privileged and is for the sole use of the intended recipient(s). If you are not the intended recipient, do not read, print, or save this email. Any unauthorized review, use, disclosure or distribution of this email, its contents or the attachments, is strictly prohibited. If you are not the intended recipient, please contact the sender by telephone or reply email and destroy the original, any attachments and all copies without reading or saving.



San Luis Obispo Local Agency Formation Commission

COMMISSIONERS

Chairperson
DEBBIE ARNOLD
County Member

Vice-Chair
MARSHALL OCHYLSKI
Special District Member

JIMMY PAULDING
County Member

ROBERT ENNS
Special District Member

STEVE GREGORY
City Member

ED WAAGE
City Member

HEATHER JENSEN
Public Member

ALTERNATES

DAWN ORTIZ-LEGG
County Member

ED EBY
Special District Member

CHARLES BOURBEAU
City Member

David Watson
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

TO: MEMBERS OF THE COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: AUGUST 17, 2023

SUBJECT: YEAR END BUDGET AND FOURTH QUARTER WORK PLAN UPDATE FOR FY 2022-2023

RECOMMENDATION

Action 1: Receive and file the Fiscal Year (FY) 22-23 Year End Budget Report and direct the Executive Officer to submit it to the County Auditor/Controller.

BUDGET OVERVIEW

This report is the Fiscal Year (FY) 22-23 year-end report for the San Luis Obispo Local Agency Formation Commission (LAFCO). The LAFCO operating budget is comprised of four components: 1) salaries, payroll taxes, and benefits, 2) services and supplies, 3) revenues, and 4) fund balance and reserves. Day-to-day management of the budget is based on "bottom-line" principles that allow for variation within individual line-item accounts as long as the overall expenditures remain within the approved budget.

LAFCO's budget is funded by the County, Cities, and Independent Special Districts. City and District shares are pro-rated based on general revenues reported to the State Controller's Office on an annual basis. LAFCO also receives revenue from application fees and interest earnings.

The County Auditor provides LAFCO with various financial services. Every financial transaction of LAFCO is processed through the County Auditor's financial system. This approach ensures accuracy, transparency, and accountability. The County Auditor's Office also provides LAFCO with claims processing, invoicing, and financial review services. The Auditor's financial tracking system assists LAFCO in monitoring the budget and compiling budget report data.

FY 22-23 BUDGET SUMMARY

Executive Officer Comments. LAFCO is in a healthy budgetary and operational state. FY 22-23 resulted in budgetary savings primarily due to decreased service and supplies expenditures. Budget expenditures were expected to be \$649,615, however actual year-end expenditures were \$626,793, resulting in a year end budgetary savings of \$22,822.

Expenditures. Table 1 shows a summary of the year-end budget status for LAFCO. Salaries, benefits, and taxes were 1% under budget (\$7,232) and services and supplies were under budget by 10% (\$15,590) in various line-items due to decreased expenses in certain areas, such as regular office, travel, and professional expenses.

Table 1. FY 22-23 Year End Expenditures			
	Budgeted Expenditures	Actual Expenditures	Percent Expended
Salaries / Benefits / Taxes	\$500,854	\$493,622	99%
Services / Supplies	\$148,761	\$133,171	90%
Totals	\$649,615	\$626,793	96%

LAFCO uses a credit card from a program implemented by the Special District Risk Management Association (SDRMA) for public agencies. LAFCO's policy is to pay each bill in full each month. The statements for April, May, and June are included as Attachment B. Additionally, with any "significant value" purchases over \$400, a receipt is provided for that item for further transparency, see Attachment B.

- **April:** Zoom Subscription \$99.55, Microsoft Office Subscription \$37.50, USPS \$20.90, Smart and Final \$21.48, SLO County Clerk Recorder \$50
 - CALAFCO Training Conference - Enterprise Rental Car \$169.41, Murphy's Suites \$604.80, Chevron \$40.54, Chevron \$55.66
- **May:** Microsoft Office Subscription \$37.50, USPS \$10.45, Costco Wholesale \$87.54
- **June:** Microsoft Office Subscription \$37.50, Canva Business Cards \$35

Revenues. Table 2 shows a summary of revenue for FY 22-23. Application processing fee revenue and interest earned was 113% of projected revenue. All agencies contributed their respective portion of the budget in a timely manner. Due to decreased expenditures, LAFCO only used \$8,394 from reserves. It should be noted that revenue total was commensurate with expenditures because only \$8,394 of the budgeted \$35,000 from reserves was needed to cover expenditures.

Table 2. FY 22-23 Year End Revenue		
	Budgeted Revenue	Actual Revenue
Interest Revenue	\$4,000	\$8,583
Processing Fee Revenue	\$24,000	\$23,202
Agency Contributions	\$586,615	\$586,614
Use of Reserve Funds	\$35,000	\$8,394
Totals	\$649,615	\$626,793

Fund Balance (Reserves). Table 3 shows fund balance reserves. As noted above, it was not necessary to pull all \$35,000 from reserves to achieve budget targets and cover all expenditures. The new reserve fund balance is \$292,627.

Table 3. FY 22-23 Year End Reserve Fund Balance		
	Beginning FY 22-23	Year End FY 22-23
Existing Reserve Fund	\$301,021	\$301,021
Use of Reserve Fund	-	\$8,394
Year End Reserve Fund	-	\$292,627

WORK PLAN QUARTERLY UPDATE

Executive Officer Comments. Workload for the fourth quarter of the FY has been significant, as expected. While workload will be high, we expect the number of hearings items to remain on the lighter side as we focus on application processing as well as the MSR program which requires substantial internal staff work and reduced need for hearings until such a time when they are ready for Commission consideration. In addition to our typical workload of proposal application processing, we have been training the new Clerk Analyst, executing our MSR program, and focusing on internal items such as our new application package and an updated Policies and Procedures manual and the upcoming financial audit, as directed by the Commission.

Work Plan Update. In conjunction with the FY 22-23 budget process, the Commission adopted an accompanying Work Plan for FY 22-23 (see May 19, 2022, staff report for additional details). Our work prioritization is as follows:

1. Process proposal applications as mandated by statute and conduct critical operations necessary for the organization to function.
2. Prepare Municipal Service Reviews (MSRs) as mandated by statute, based on the date an MSR was last updated.
3. Execute special work efforts as directed by the Commission.

Consistent with the priorities established by the Commission for the FY 22-23 Work Plan, staff have been diligently working on the following items during the fourth quarter:

- Continued processing of proposal applications (either pre or post approval) including the recently received Oceano Community Services District Fire Authority Divestiture, Dana Reserve Specific Plan, Froom Ranch City of San Luis Obispo, multiple County Service Area annexation applications (CSA 12, 18 and 23), and annexations into special independent districts (Cayucos Sanitary District)
- Continued work on the MSR for City of Paso Robles, Templeton Community Services District, Heritage Ranch Community Services District, and San Miguel Community Services District, and continued to execute our new MSR process intended to streamline work efforts, improve coordination, and increase usability of the document
- Initiation of two additional MSRs for Cambria Community Services District and Avila Beach Community Services District
- Attended the annual CALAFCO staff training workshop in Calaveras County
- Responding and researching a number of various inquiries regarding potential future proposed changes of organization or reorganizations
- Continued work on new application forms, and an updated Policies and Procedure manual
- Conducted ongoing critical operations, invoicing, payroll, records management, and office administration
- Coordination with districts regarding activation / divestiture of powers, responses to Public Record Act requests, and reorganizing our record management systems

We would like to note that the City of Paso Robles MSR has been postponed, see Attachment C. The City of Paso's Robles MSR was included in the Fiscal Year 22-23 / 23-24 Work Plan for LAFCO. On September 28, 2022, LAFCO initiated a "kick off" meeting with the City to commence the MSR process. On May 17, 2023, LAFCO initiated a meeting to discuss various MSR items. At this meeting, City staff expressed concern regarding the timing of the MSR and impacts to City staff's workload. It was concluded that a six-month postponement of the MSR process would benefit the City. As such, LAFCO will suspend work on the MSR until January 2024. At that time, LAFCO will resume work and complete the MSR in 2024. In the meantime, because additional workload capacity was gained by this postponement, LAFCO staff initiated two additional MSR for Cambria Community Services District and Avila Beach Community Services District.

Work Plan Projections. Looking ahead, we expect the workload to remain high and staff to be operating at full capacity, particularly with large annexation applications such as Dana Reserve and other annexations and reorganizations we anticipate soon. We received an application from Oceano Community Services District to divest fire authority on February 6, 2023. We commenced work on this application and continue to coordinate with affected agencies. We also received a new annexation application into CSA 12 and CSA 23.

Attachment A: Year End Budget Detail

Attachment B: Credit Card Statements

Attachment C: City of Paso Robles Municipal Service Review Temporary Postponement

Attachment A

Year End Budget Detail

	Adopted Budget FY 22-23	Actual Year End Expenditures	Percent Expended/ Revenue
Expenditures Summary <i>(Services, Supplies, Salaries, Benefits, Taxes)</i>	\$649,615	\$626,793	96%
Revenues Summary <i>(Processing Fees, Reserves, Agency Contributions)</i>	\$649,615	\$626,793	96%
Services and Supplies Expenditure Details			
Computer Software	\$500	\$1,000	200%
Copying-Printing	\$300	\$11	4%
Meals	\$600	\$328	55%
LAFCO Insurance Policies	\$17,500	\$16,539	95%
Maintenance-Equipment	\$30	\$55	183%
Maintenance-Software	\$50	\$21	43%
CALAFCO/ Other Memberships	\$8,800	\$6,722	76%
Employee Mileage Reimbursement	\$200	\$15	8%
Commissioner Mileage Reimbursement	\$1,500	\$315	21%
Office Supplies	\$2,500	\$1,022	41%
Custodial Services	\$1,800	\$1,904	106%
County Auditor Services	\$8,931	\$8,931	100%
Legal Counsel	\$31,200	\$33,000	106%
Postage	\$1,000	\$97	10%
Prof. Services/General/Commissioner Stipends	\$12,000	\$8,030	67%
Publication & Legal Notices	\$1,000	\$295	29%
Training	\$5,000	\$840	17%
Office Lease	\$37,000	\$41,556	112%
Large Equipment	\$1,500	\$1,995	133%
Small Equipment	\$400	\$0	0%
Telephone	\$3,000	\$3,168	106%
Travel Expenses	\$2,500	\$844	34%
Utilities	\$4,700	\$707	15%
Board Chambers - IT Support	\$850	\$0	0%
Vehicle Allowance	\$5,400	\$5,608	104%
Vehicle Rental	\$500	\$169	34%
Services and Supplies Subtotal	\$148,761	\$133,172	90%
Salary, Benefits and Taxes Expenditures			
Salaries	\$315,000	\$311,117	99%
Taxes - FICA SS Employer Match	\$19,530	\$17,259	88%
Taxes - Medicare Employer Match	\$4,568	\$4,378	96%
Pension Employer Contribution	\$88,698	\$89,415	101%
Pension Obligation Bond	\$16,558	\$16,798	101%
SDI/SUI Employer Contribution	\$1,500	\$420	28%
Health Insurance	\$45,000	\$43,866	97%
Deferred Compensation	\$10,000	\$10,368	104%
Salary, Benefits and Taxes Subtotal	\$500,854	\$493,621	99%
Total Expenditures	\$649,615	\$626,793	96%
Revenue Details			
Interest Earned	\$4,000	\$8,583	215%
Environmental Review Fees	\$3,000	\$3,000	100%
Sphere of Influence Fees	\$2,000	\$3,000	150%
Application Processing Fees	\$19,000	\$17,202	91%
Other Revenue (Transfer of Reserves if Needed)	\$35,000	\$8,394	23%
Agency Contributions			
Cities	\$195,538	\$195,538	100%
County	\$195,538	\$195,538	100%
Special Districts	\$195,538	\$195,538	100%
Total Revenue	\$649,615	\$626,793	96%
Reserves Fund Balance	\$301,021	\$292,627	NA

Attachment B

Credit Card Statements

IMPORTANT INFORMATION

Finance Charge Calculation Methods and Computation of Average Daily Balance Subject to Finance Charge: The Finance Charge Calculation Method applicable to your account for Cash Advances and Credit Purchases of goods and services that you obtain through the use of your card is specified on the front side of this statement and explained below:

Method A - Average Daily Balance (including current transactions): The Finance Charge on purchases begins on the date the transaction posted to your account. The Finance Charge on Cash Advances begins on the date you obtained the cash advance, or the first day of the billing cycle within which it is posted to your account, whichever is later. There is no grace period.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of your account. To get the average daily balance, we take the beginning balance of your account each day, add any new purchases or cash advances, and subtract any payments, credits, non-accruing fees, and unpaid finance charges. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Method E - Average Daily Balance (excluding current transactions): To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances if Method E is specified as applicable to cash advances) reflected on your monthly statement, you must pay the New Balance shown on your monthly statement on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of purchases (and if applicable, cash advances). To get the average daily balance, we take the beginning balance of your account each day and subtract any payments, credits, non-accruing fees, and unpaid finance charges. We do not add in any new purchases or cash advances. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Method G - Average Daily Balance (including current transactions): To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances, if Method G is specified as applicable to cash advances) reflected on your monthly statement and, on any new purchases (and if applicable, cash advances) appearing on your next monthly statement, you must pay the New Balance, shown on your monthly statement, on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of purchases (and if applicable, cash advances). To get the average daily balance, we take the beginning balance of your account each day, add any new purchases or cash advances, and subtract any payments, credits, non-accruing fees, and unpaid finance charges. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Payment Crediting and Credit Balance: Payments received at the location specified on the front of the statement after the phrase "MAKE CHECK PAYABLE TO" will be credited to the account specified on the payment coupon as of the date of receipt. Payments received at a different location or payments that do not conform to the requirements set forth on or with the periodic statement (e.g. missing payment stub, payment envelope other than as provided with your statement, multiple checks or multiple coupons in the same envelope) may be subject to delay in crediting, but shall be credited within five days of receipt. If there is a credit balance due on your account, you may request in writing, a full refund. Submit your request to the Account Inquiries address on the front of this statement.

By sending your check, you are authorizing the use of the information on your check to make a one-time electronic debit from the account on which the check is drawn. This electronic debit, which may be posted to your account as early as the date your check is received, will be only for the amount of your check. The original check will be destroyed and we will retain the image in our records. If you have questions please call the customer service number on the front of this billing statement.

Closing Date: The closing date is the last day of the billing cycle; all transactions received after the closing date will appear on your next statement.

Annual Fee: If your account has been assessed an annual fee, you may avoid paying this annual fee by sending written notification of termination within 30 days following the mailing date of this bill. Submit your request to the Account Inquiries address on the front of this statement. You may use your card(s) during this 30 day period but immediately thereafter must send your card(s), which you have cut in half, to this same address.

Negative Credit Reports: You are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations.

BILLING RIGHTS SUMMARY

In Case of Errors or Inquiries About Your Bill: If you suspect there is an error on your account or you need information about a transaction on your bill, send your written inquiry to the Account Inquiries address on the front of this statement within 60 days of the date of the statement containing the transaction in question. You may telephone us, however a written request is required to preserve your rights.

In your letter, give us the following information:

- Your name and account number.
The dollar amount of the suspected error.
Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

Please provide a legal document evidencing your name change, such as a court document.

Please use blue or black ink to complete form

NAME CHANGE

Last [grid]

First [grid] Middle [grid]

ADDRESS CHANGE

Street [grid]

[grid]

[grid]

City [grid] State [grid] ZIP Code [grid]

Home Phone ([grid]) [grid] - [grid] Business Phone ([grid]) [grid] - [grid]

Cell Phone ([grid]) [grid] - [grid] E-mail Address _____

SIGNATURE REQUIRED TO AUTHORIZE CHANGES

Signature _____

Cardholder Account Summary					
IMELDA MARQUEZ		Payments & Other Credits \$0.00	Purchases & Other Charges \$457.61	Cash Advances \$0.00	Total Activity \$457.61

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
04/01	04/02	PPLN01	24011343091000050906974	ZOOM.US 888-799-9666 WWW.ZOOM.US CA	\$99.55
04/28	04/30	PPLN01	24692163118104926825942	CHEVRON 0376794 MURPHYS CA	\$55.66
04/25	04/30	PPLN01	24013393119003153256405	MURPHYS SUITES MURPHYS CA	\$302.40

Cardholder Account Summary					
ROBERT FITZROY #### #### ##		Payments & Other Credits \$0.00	Purchases & Other Charges \$37.50	Cash Advances \$0.00	Total Activity \$37.50

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
04/27	04/27	PPLN01	24204293117000504280079	MSFT * E0200N06PU 800-6427676 WA	\$37.50

Cardholder Account Summary					
MORGAN BING ##### #####6		Payments & Other Credits \$0.00	Purchases & Other Charges \$604.73	Cash Advances \$0.00	Total Activity \$604.73

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
04/13	04/14	PPLN01	24137463104001585088460	USPS PO 0568770075 SAN LUIS OBIS CA	\$20.90
04/19	04/20	PPLN01	24231683110837000094124	SMART AND FINAL 913 SAN LUIS OBIS CA	\$21.48
04/20	04/21	PPLN01	24343113110900010168990	SLO CLERK RECORDER 805-7815080 CA	\$50.00
04/28	04/30	PPLN01	24164073118018083937664	ENTERPRISE RENT-A-CAR SAN LUIS OBIS CA	\$169.41
04/29	04/30	PPLN01	24692163119105195195866	CHEVRON 0092265 SAN LUIS OBIS CA	\$40.54
04/25	04/30	PPLN01	24013393119003153256520	MURPHYS SUITES MURPHYS CA	\$302.40

Finance Charge Summary / Plan Level Information									
Plan Name	Plan Description	FCM ¹	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
Purchases									
PPLN01 001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$1,099.84
Cash									
CPLN01 001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 30		
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate		
¹ FCM = Finance Charge Method									
(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.									



Account Summary

Billing Cycle		05/31/2023
Days In Billing Cycle		31
Previous Balance		\$1,099.84
Purchases	+	\$135.49
Cash	+	\$0.00
Balance Transfers	+	\$0.00
Special	+	\$0.00
Credits	-	\$0.00
Payments	-	\$1,099.84
Other Charges	+	\$0.00
Finance Charges	+	\$0.00

NEW BALANCE \$135.49

Credit Summary

Total Credit Line	\$10,000.00
Available Credit Line	\$9,864.51
Available Cash	\$0.00
Amount Over Credit Line	\$0.00
Amount Past Due	\$0.00
Disputed Amount	\$0.00

Account Inquiries

-  Call us at: (866) 777-9013
Lost or Stolen Card: (866) 839-3485
-  Go to www.umpquabank.com
-  Write us at PO BOX 35142 - LB1181, SEATTLE, WA 98124-5142

Payment Summary

NEW BALANCE	\$135.49
MINIMUM PAYMENT	\$135.49
PAYMENT DUE DATE	06/25/2023

NOTE: Grace period to avoid a finance charge on purchases, pay entire new balance by payment due date. Finance charge accrues on cash advances until paid and will be billed on your next statement.

Corporate Activity

Trans Date	Post Date	Reference Number	Transaction Description	Amount
05/11	05/31	70005603151555151820015	PAYMENT - THANK YOU SPOKANE WA	\$1,099.84-

Cardholder Account Summary

ROBERT FITZROY #### 4	Payments & Other Credits \$0.00	Purchases & Other Charges \$37.50	Cash Advances \$0.00	Total Activity \$37.50
-----------------------	------------------------------------	--------------------------------------	-------------------------	---------------------------

Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
05/26	05/28	PPLN01	24430993146400810101454	MSFT * E0200NEUT3MSBILL.INFO WA	\$37.50

PLEASE DETACH COUPON AND RETURN PAYMENT USING THE ENCLOSED ENVELOPE - ALLOW UP TO 7 DAYS FOR RECEIPT

UMPQUA BANK
PO BOX 35142 - LB1181
SEATTLE WA 98124-5142



Account Number

####

Check box to indicate name/address change on back of this coupon

AMOUNT OF PAYMENT ENCLOSED

Closing Date	New Balance	Total Minimum Payment Due	Payment Due Date
05/31/23	\$135.49	\$135.49	06/25/23

\$



LAFCO
1042 PACIFIC ST
SUITE A
SAN LUIS OBISPO CA 93401

e-Statement

MAKE CHECK PAYABLE TO:

UMPQUA BANK COMMERCIAL CARD OPS
PO BOX 35142 - LB1181
SEATTLE WA 98124-5142

IMPORTANT INFORMATION

Finance Charge Calculation Methods and Computation of Average Daily Balance Subject to Finance Charge: The Finance Charge Calculation Method applicable to your account for Cash Advances and Credit Purchases of goods and services that you obtain through the use of your card is specified on the front side of this statement and explained below:

Method A - Average Daily Balance (including current transactions): The Finance Charge on purchases begins on the date the transaction posted to your account. The Finance Charge on Cash Advances begins on the date you obtained the cash advance, or the first day of the billing cycle within which it is posted to your account, whichever is later. There is no grace period.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of your account. To get the average daily balance, we take the beginning balance of your account each day, add any new purchases or cash advances, and subtract any payments, credits, non-accruing fees, and unpaid finance charges. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Method E - Average Daily Balance (excluding current transactions): To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances if Method E is specified as applicable to cash advances) reflected on your monthly statement, you must pay the New Balance shown on your monthly statement on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of purchases (and if applicable, cash advances). To get the average daily balance, we take the beginning balance of your account each day and subtract any payments, credits, non-accruing fees, and unpaid finance charges. We do not add in any new purchases or cash advances. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Method G - Average Daily Balance (including current transactions): To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances, if Method G is specified as applicable to cash advances) reflected on your monthly statement and, on any new purchases (and if applicable, cash advances) appearing on your next monthly statement, you must pay the New Balance, shown on your monthly statement, on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of purchases (and if applicable, cash advances). To get the average daily balance, we take the beginning balance of your account each day, add any new purchases or cash advances, and subtract any payments, credits, non-accruing fees, and unpaid finance charges. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Payment Crediting and Credit Balance: Payments received at the location specified on the front of the statement after the phrase "MAKE CHECK PAYABLE TO" will be credited to the account specified on the payment coupon as of the date of receipt. Payments received at a different location or payments that do not conform to the requirements set forth on or with the periodic statement (e.g. missing payment stub, payment envelope other than as provided with your statement, multiple checks or multiple coupons in the same envelope) may be subject to delay in crediting, but shall be credited within five days of receipt. If there is a credit balance due on your account, you may request in writing, a full refund. Submit your request to the Account Inquiries address on the front of this statement.

By sending your check, you are authorizing the use of the information on your check to make a one-time electronic debit from the account on which the check is drawn. This electronic debit, which may be posted to your account as early as the date your check is received, will be only for the amount of your check. The original check will be destroyed and we will retain the image in our records. If you have questions please call the customer service number on the front of this billing statement.

Closing Date: The closing date is the last day of the billing cycle; all transactions received after the closing date will appear on your next statement.

Annual Fee: If your account has been assessed an annual fee, you may avoid paying this annual fee by sending written notification of termination within 30 days following the mailing date of this bill. Submit your request to the Account Inquiries address on the front of this statement. You may use your card(s) during this 30 day period but immediately thereafter must send your card(s), which you have cut in half, to this same address.

Negative Credit Reports: You are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations.

BILLING RIGHTS SUMMARY

In Case of Errors or Inquiries About Your Bill: If you suspect there is an error on your account or you need information about a transaction on your bill, send your written inquiry to the Account Inquiries address on the front of this statement within 60 days of the date of the statement containing the transaction in question. You may telephone us, however a written request is required to preserve your rights.

In your letter, give us the following information:

- ◆ Your name and account number.
- ◆ The dollar amount of the suspected error.
- ◆ Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

Please provide a legal document evidencing your name change, such as a court document.

Please use blue or black ink to complete form

NAME CHANGE

Last

First Middle

ADDRESS CHANGE

Street

City State ZIP Code

Home Phone () - Business Phone () -

Cell Phone () - E-mail Address

SIGNATURE REQUIRED TO AUTHORIZE CHANGES

Signature _____

Cardholder Account Summary				
MORGAN BING #### #### ####6	Payments & Other Credits \$0.00	Purchases & Other Charges \$97.99	Cash Advances \$0.00	Total Activity \$97.99

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
05/11	05/12	PPLN01	24137463132001670944573	USPS PO 0568770075 SAN LUIS OBIS CA	\$10.45
05/12	05/14	PPLN01	24943003133898002057512	COSTCO WHSE #0741 SAN LUIS OBIS CA	\$87.54

Finance Charge Summary / Plan Level Information										
Plan Name	Plan Description	FCM ¹	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance	
Purchases										
PPLN01 001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$135.49	
Cash										
CPLN01 001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00	
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 31			
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate			
¹ FCM = Finance Charge Method										
(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.										



UMPQUA BANK

BL ACCT

Account Number: #### #### ####



Account Summary

Table with 3 columns: Description, Sign, Amount. Rows include Billing Cycle, Days In Billing Cycle, Previous Balance, Purchases, Cash, Balance Transfers, Special, Credits, Payments, Other Charges, Finance Charges.

NEW BALANCE \$72.50

Credit Summary

Table with 2 columns: Description, Amount. Rows include Total Credit Line, Available Credit Line, Available Cash, Amount Over Credit Line, Amount Past Due, Disputed Amount.

Account Inquiries

- Call us at: (866) 777-9013
Lost or Stolen Card: (866) 839-3485
Go to www.umpquabank.com
Write us at PO BOX 35142 - LB1181, SEATTLE, WA 98124-5142

Payment Summary

Table with 2 columns: Description, Amount. Rows include NEW BALANCE \$72.50, MINIMUM PAYMENT \$72.50, PAYMENT DUE DATE 07/25/2023

NOTE: Grace period to avoid a finance charge on purchases, pay entire new balance by payment due date. Finance charge accrues on cash advances until paid and will be billed on your next statement.

Corporate Activity

Table with 5 columns: Trans Date, Post Date, Reference Number, Transaction Description, Amount. Row: 06/08 06/08 000000LBX2306083200003 PAYMENT - THANK YOU \$135.49-

Cardholder Account Summary

Table with 5 columns: Cardholder Name, Payments & Other Credits, Purchases & Other Charges, Cash Advances, Total Activity. Row: ROBERT FITZROY ###4 \$0.00 \$37.50 \$0.00 \$37.50

Cardholder Account Detail

Table with 6 columns: Trans Date, Post Date, Plan Name, Reference Number, Description, Amount. Row: 06/26 06/27 PPLN01 24906413177177008067244 MSFT * E0200N TAP4 msbill.info WA \$37.50

PLEASE DETACH COUPON AND RETURN PAYMENT USING THE ENCLOSED ENVELOPE - ALLOW UP TO 7 DAYS FOR RECEIPT

UMPQUA BANK
PO BOX 35142 - LB1181
SEATTLE WA 98124-5142



Account Number

Check box to indicate name/address change on back of this coupon

AMOUNT OF PAYMENT ENCLOSED

Table with 4 columns: Closing Date, New Balance, Total Minimum Payment Due, Payment Due Date. Row: 06/30/23 \$72.50 \$72.50 07/25/23

\$



LAFCO
1042 PACIFIC ST
SUITE A
SAN LUIS OBISPO CA 93401

MAKE CHECK PAYABLE TO:

UMPQUA BANK COMMERCIAL CARD OPS
PO BOX 35142 - LB1181
SEATTLE WA 98124-5142

IMPORTANT INFORMATION

Finance Charge Calculation Methods and Computation of Average Daily Balance Subject to Finance Charge: The Finance Charge Calculation Method applicable to your account for Cash Advances and Credit Purchases of goods and services that you obtain through the use of your card is specified on the front side of this statement and explained below:

Method A - Average Daily Balance (including current transactions): The Finance Charge on purchases begins on the date the transaction posted to your account. The Finance Charge on Cash Advances begins on the date you obtained the cash advance, or the first day of the billing cycle within which it is posted to your account, whichever is later. There is no grace period.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of your account. To get the average daily balance, we take the beginning balance of your account each day, add any new purchases or cash advances, and subtract any payments, credits, non-accruing fees, and unpaid finance charges. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Method E - Average Daily Balance (excluding current transactions): To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances if Method E is specified as applicable to cash advances) reflected on your monthly statement, you must pay the New Balance shown on your monthly statement on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of purchases (and if applicable, cash advances). To get the average daily balance, we take the beginning balance of your account each day and subtract any payments, credits, non-accruing fees, and unpaid finance charges. We do not add in any new purchases or cash advances. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Method G - Average Daily Balance (including current transactions): To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances, if Method G is specified as applicable to cash advances) reflected on your monthly statement and, on any new purchases (and if applicable, cash advances) appearing on your next monthly statement, you must pay the New Balance, shown on your monthly statement, on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of purchases (and if applicable, cash advances). To get the average daily balance, we take the beginning balance of your account each day, add any new purchases or cash advances, and subtract any payments, credits, non-accruing fees, and unpaid finance charges. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Payment Crediting and Credit Balance: Payments received at the location specified on the front of the statement after the phrase "MAKE CHECK PAYABLE TO" will be credited to the account specified on the payment coupon as of the date of receipt. Payments received at a different location or payments that do not conform to the requirements set forth on or with the periodic statement (e.g. missing payment stub, payment envelope other than as provided with your statement, multiple checks or multiple coupons in the same envelope) may be subject to delay in crediting, but shall be credited within five days of receipt. If there is a credit balance due on your account, you may request in writing, a full refund. Submit your request to the Account Inquiries address on the front of this statement.

By sending your check, you are authorizing the use of the information on your check to make a one-time electronic debit from the account on which the check is drawn. This electronic debit, which may be posted to your account as early as the date your check is received, will be only for the amount of your check. The original check will be destroyed and we will retain the image in our records. If you have questions please call the customer service number on the front of this billing statement.

Closing Date: The closing date is the last day of the billing cycle; all transactions received after the closing date will appear on your next statement.

Annual Fee: If your account has been assessed an annual fee, you may avoid paying this annual fee by sending written notification of termination within 30 days following the mailing date of this bill. Submit your request to the Account Inquiries address on the front of this statement. You may use your card(s) during this 30 day period but immediately thereafter must send your card(s), which you have cut in half, to this same address.

Negative Credit Reports: You are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations.

BILLING RIGHTS SUMMARY

In Case of Errors or Inquiries About Your Bill: If you suspect there is an error on your account or you need information about a transaction on your bill, send your written inquiry to the Account Inquiries address on the front of this statement within 60 days of the date of the statement containing the transaction in question. You may telephone us, however a written request is required to preserve your rights.

In your letter, give us the following information:

- ◆ Your name and account number.
- ◆ The dollar amount of the suspected error.
- ◆ Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

Please provide a legal document evidencing your name change, such as a court document.

Please use blue or black ink to complete form

NAME CHANGE

Last

First Middle

ADDRESS CHANGE

Street

City State ZIP Code

Home Phone () - Business Phone () -

Cell Phone () - E-mail Address

SIGNATURE REQUIRED TO AUTHORIZE CHANGES

Signature _____

Account Number: #### #### ##

Cardholder Account Summary				
MORGAN BING #### #### ####6	Payments & Other Credits \$0.00	Purchases & Other Charges \$35.00	Cash Advances \$0.00	Total Activity \$35.00

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
06/20	06/21	PPLN01	24011343172000003833707	CANVA* I03822-43222659 HTTPSCANVA.CO DE	\$35.00

Finance Charge Summary / Plan Level Information									
Plan Name	Plan Description	FCM ¹	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
Purchases									
PPLN01 001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$72.50
Cash									
CPLN01 001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 30		
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate		
¹ FCM = Finance Charge Method									
(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.									

Attachment C

City of Paso Robles Municipal
Service Review Temporary
Postponement



San Luis Obispo Local Agency Formation Commission

TO: MEMBERS OF THE COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: JUNE 13, 2023

SUBJECT: CITY OF PASO ROBLES MUNICIPAL SERVICE REVIEW POSTPONED

COMMISSIONERS

Chair

DEBBIE ARNOLD
County Member

Vice Chair

MARSHALL OCHYLSKI
Special District Member

JIMMY PAULDING
County Member

ROBERT ENNS
Special District Member

ED WAAGE
City Member

STEVE GREGORY
City Member

HEATHER JENSEN
Public Member

ALTERNATES

DAWN ORTIZ-LEGG
County Member

ED EBY
Special District Member

CHARLES BOURBEAU
City Member

David Watson
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

This memo is intended to document postponement of the City of Paso Robles Municipal Service Review (MSR) for six months. The City of Paso's Robles MSR was included in the Fiscal Year 22-23 / 23-24 Work Plan for LAFCO. On September 28, 2022, LAFCO initiated a "kick off" meeting with the City to commence the MSR process. At this meeting an overview of the process and timeline was provided, and a request for information submitted to the City. On December 21, 2022, the City provided requested information and accompanying questionnaire. On May 17, 2023, LAFCO initiated a follow-up meeting to discuss the City's desired changes to the Sphere of Influence (SOI) boundary. At this meeting, City staff expressed concern regarding the timing of the MSR and impacts to City staff's workload. It was concluded that a six-month postponement of the MSR process would benefit the City. As such, LAFCO will suspend work on the MSR until January 2024. At that time, LAFCO will resume work and complete the MSR in 2024.