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TO: MEMBERS OF THE COMMISSION

**FROM: ROB FITZROY, EXECUTIVE OFFICER
IMELDA MARQUEZ-VAWTER, SENIOR ANALYST**

DATE: OCTOBER 15, 2026

**SUBJECT: STATUS UPDATE ON THE ADOPTED CITY OF PASO ROBLES AND
COUNTY OF SAN LUIS OBISPO MEMORANDUM OF AGREEMENT
REGARDING THE CITY OF PASO ROBLES 2026 SPHERE OF
INFLUENCE UPDATE**

RECOMMENDATION

Action: Receive and file an informational report on the adopted Memorandum of Agreement between the City of Paso Robles and the County of San Luis Obispo regarding the City of Paso Robles' 2026 Sphere of Influence Update.

BACKGROUND

On January 15, 2026, the Commission approved LAFCO File No. 4-S-22, the City of Paso Robles (City) Municipal Service Review (MSR) and Sphere of Influence (SOI) Study, included as Attachment A. The Commission directed staff to return with an updated Memorandum of Agreement (MOA) between the City and the County of San Luis Obispo (County) once both agencies approved it. LAFCO coordinated with City and County staff to finalize the MOA. The Commission also requested that the City and County include a provision addressing at-risk water systems in the unincorporated areas surrounding the City. The final MOA is included as Attachment B.

DISCUSSION

The legislative intent of MSRs is to proactively assess the availability, capacity, and efficiency of local governmental services prior to making SOI determinations. Overall, it was determined that the City's services and financial resources are generally adequate to meet current and some future demands. The SOI Study analyzed 13 study areas and updated the City's SOI to include four areas: 1) Mill Road, 2) South Ramada Drive, 3) Wisteria Lane west of Golden Hill Road, and 4) Union Road near the City landfill, as seen on page 10 of Attachment A.

An MOA is strongly encouraged by the Government Code and obligates LAFCO to coordinate its preparation. The legislative intent of the MOA is to ensure that the County and respective City collaborate, acknowledge the SOI boundaries, and generally agree on development standards, planning, and zoning requirements within the SOI.

As previously mentioned, in addition to approving the City's MSR and SOI Study, the Commission also requested that the City and County include a provision in the MOA related to at-risk water systems in the unincorporated areas surrounding the City. The City and County agreed upon the inclusion of such language, and it was subsequently included in the adopted MOA. The added provisions can be found on page 9 of Attachment B. In summary, the added provision:

- Provides an overview of the California State Water Resources Control Board (SWRCB) and local Regional Water Quality Control Board's (RWQCB) priority to consolidate Mutual Water Companies and private systems.
- References the MSR and SOI Study's analysis demonstrating the location of contiguous small water systems and the Safe and Affordable Funding for Equity and Resilience (SAFER) Status for each of the contiguous water providers as designated by the SWRCB.
- Expresses the County and the City's commitment to maintain active collaboration with neighboring service providers, SWRCB, and RWQCB, and, as appropriate, to collaborate on potential solutions before these challenges become a threat to health and safety.
- Outlines a path, should a threat to health and safety arise, where neighboring agencies such as the City, may provide new or extended services beyond their jurisdictional boundaries and beyond their SOI pursuant to Government Code Section 56133 (Subject to LAFCO approval).

On August 18, 2026, the City Council approved the MOA and on September 1, 2026, the County Board of Supervisors approved that same MOA without changes. The final MOA between the City and County regarding the City's 2026 SOI Update is included as Attachment B and has been uploaded to the LAFCO website for public access.

ATTACHMENTS

Attachment A: LAFCO Resolution No. 2026-02 and the Final City of Paso Robles Municipal Service Review and Sphere of Influence Study – LAFCO File No. 4-S-22

Attachment B: Final Memorandum of Agreement between the City of Paso Robles and the County of San Luis Obispo regarding the City's 2026 Sphere of Influence Update

Attachment A

LAFCO Resolution No. 2026-02 and the Final City of Paso Robles Municipal Service Review and Sphere of Influence Study – LAFCO File No. 4-S-22

Due to the file size of this document a link has been provided below:

<https://slo.lafco.ca.gov/files/ab9be5a24/Final+Adopted+MSR+4-S-22+City+of+Paso+Robles+01152026.pdf>

Attachment B

Final Memorandum of Agreement Between
the City of Paso Robles and the County of San Luis
Obispo regarding the City's 2026 Sphere of
Influence Update

**MEMORANDUM OF AGREEMENT
BETWEEN THE CITY OF PASO ROBLES AND
THE COUNTY OF SAN LUIS OBISPO
REGARDING THE CITY'S 2026 SPHERE OF INFLUENCE UPDATE**

This Agreement between the City of Paso Robles (hereafter "City") and the County of San Luis Obispo (hereafter "County") is entered into by the City on this 18th day of August 2026, and by the County on this 1st day of September 2026.

WITNESSETH

WHEREAS, the Cortese-Knox-Hertzberg Act of 2000 ("the Act") requires the Local Agency Formation Commission (LAFCO) to update the Spheres of Influence for all applicable jurisdictions in the County every five years; and

WHEREAS, a Sphere of Influence is defined by California Government Code 56076 as a plan for the probable physical boundaries and service area of a local agency; and

WHEREAS, pursuant to Government Code 56425, the Sphere of Influence has been identified by LAFCO, in coordination with the County and the City as shown in Exhibit B; and

WHEREAS, the Act further requires that a Municipal Service Review be completed prior to or, in conjunction with, the update of a Sphere of Influence in accordance with Section 56430 of the California Government Code as a means of identifying and evaluating public services provided by the City and changes to the City's Sphere of Influence; and

WHEREAS, the City and County have reached agreement regarding the boundaries (Exhibit B), and provisions (Exhibit A) of the Sphere of Influence to help ensure the orderly and logical development of these areas; and

WHEREAS, the City's General Plan and future amendments provide a policy basis for growth and development in the Sphere of Influence areas and defines policies and programs relating to important agricultural land and open space surrounding the City; and

WHEREAS, the County's General Plan call for Community Separators (as defined in the County's General Plan) to help foster distinctive, attractive communities with a strong sense of place; and

NOW, THEREFORE, be it resolved that the parties agree as follows:

1. The Sphere of Influence boundary contained in Exhibit B provides for the orderly and logical growth for the City and represents a potential 20-year growth boundary based on available information.
2. The provisions contained in Exhibit A offer a framework for completing updates to the General Plans of both the City and the County for the areas in the Sphere of Influence.
3. The provisions contained in Exhibit A are intended to give the City and the County the basis for developing specific land use policies for the areas in the City's Sphere of Influence and do not supersede or limit [A] the planning or environmental review process or [B] the discretionary decision-making process of either jurisdiction.
4. The City's and County's General Plan policies shall be used to help guide the logical and orderly development of these Sphere Areas.
5. This Agreement may be modified by mutual written agreement by the City and County.
6. Should any part of this Agreement be determined to be unenforceable, invalid, or beyond the authority of either party to enter into or carry out, such determination shall not affect the validity of the remainder of this Agreement which shall continue in full force and effect; provided that the remainder of this Agreement, absent the excised portion, can be reasonably interpreted to give effect to the intentions of the Parties.



Mayor

City of Paso Robles

APPROVED AS TO FORM AND LEGAL EFFECT:



Elizabeth Mull (Oct 6, 2026 09:17:31 PDT)

City Attorney

Dated: 10/06/2026

ATTEST:



City Clerk

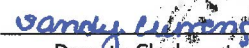
Dated: 10/5/2026

COUNTY OF SAN LUIS OBISPO


Chairperson of the Board of Supervisors

ATTEST:

Matthew P. Pontes
Ex-Officio Clerk of the Board of Supervisors

By: 
Deputy Clerk

[SEAL]

APPROVED AS TO FORM AND LEGAL EFFECT

JON ANSOLABEHERE
County Counsel

By: 
Deputy County Counsel

Dated: 8.14.26

EXHIBIT A

PROVISIONS

The following provisions are agreed to and shall be used by the City and the County to establish a cooperative working relationship in formulating land use policies for future development within the Sphere of Influence as shown in Exhibit B and to update their respective General Plans as needed.

1. **Intent.** It is the intent of the County and the City to work cooperatively to respect the agreed-upon Sphere of Influence (as shown in Exhibit B) and guide development and any future annexation(s) in an orderly and logical manner consistent with the Cortese-Knox-Hertzberg Act, the City and County General Plans, the California Environmental Quality Act, and any other applicable laws and regulations.
2. **Development in Unincorporated Areas Surrounding the City.** In evaluating any proposed development, the agency considering approval (City or County) should rely solely on its own jurisdictional boundaries to provide the required water and wastewater services to that development. The City and the County shall not presume any water and wastewater services will be provided by the other agency without documentation that such services will be provided, which will require review and approval from LAFCO.
3. **Interagency Cooperation.** The City and the County shall work cooperatively to plan for [A] future land uses and [B] public services and facilities needed to improve and maintain area circulation. The County and City will discuss the creation and implementation of various assessment and financing mechanisms for the construction and maintenance of public improvements, such as roads, utilities, recreation and trail improvements, parks and open space, and similar improvements that could serve visitors and residents of the City and the County. The City and County shall also do the following:
 - a. The County shall refer all discretionary use permits, tract and parcel maps, and General Plan Amendments (GPA) for development projects located in the referral boundary shown in Exhibit C to the City for comment.
 - b. The City shall refer all zone changes and General Plan amendments to the

County for comment.

- c. Development projects subject to CEQA and located south of Niblick Road (see Exhibit C) shall be referred to the Templeton Community Services District for comment.
- d. Referrals shall be made during the initial land use referral process if the development project is authorized to be processed.
- e. The County shall seek the City's comments and the City shall seek the County's comments regarding discretionary development projects that affect the unincorporated portions in the Sphere of Influence (SOI) Areas shown in Exhibit B. All such referrals shall be sent to the following contact persons via e-mail:

Director of Planning and Building
County of San Luis Obispo

Community Development Director
City of Paso Robles

Discretionary development projects that affect agricultural lands and resources shall also be referred to the County Agricultural Commissioner's office via e-mail:

Agricultural Commissioner
San Luis Obispo County Department of Agriculture

City development subject to referral to the Templeton Community Services District shall be sent to the following address:

Templeton Community Services District
420 Crocker Street
Templeton, CA 93465

The provisions mentioned above shall not supersede other methods of commenting or providing feedback regarding a project.

- 4. **City and County Development Coordination Meetings.** Discretionary development projects proposed within unincorporated areas in the SOI Areas shown in Exhibit B, and subject to an Initial Study under CEQA, may cause the City and County representatives to request a meeting prior to completion of the Initial Study. The purpose would be to discuss the City's and County's General Plan policies with regard to the proposal and to identify any key issues that may need special attention during the CEQA process.
- 5. **Sphere of Influence.** The County shall, to the extent feasible, limit development within the City's Sphere of Influence (SOI) to those uses allowable by the County

General Plan. The County shall consider the City's General Plan policies, Purple Belt Program principles, and City Gateway Plan Design Standards when reviewing discretionary development projects on land in the unincorporated areas that are located within the City's Sphere of Influence. For discretionary development projects submitted to the County for consideration, as part of processing the application, the County shall request written documentation that indicates the City's position regarding possible future annexation into the City. This documentation shall be provided by the City in a timely manner that does not delay the County's processing of the land use application. During this time, the County shall continue to process the land use application as required under law.

6. **Agriculture.** The City and the County will work together to support productive agricultural resources surrounding the City and outside of the SOI area using the County's Agriculture Element policies and Strategic Growth principles. The City's Purple Belt Program policies and Gateway Plan standards shall be considered in the development review process. The policies contained in the Agriculture Element and Strategic Growth principles, and the pertinent policies in the City's General Plan and its implementing Purple Belt Program and Gateway Plan, shall be considered in developing policies and programs. Also to be considered are agricultural buffers identified by the Agricultural Commissioner's Office and local right to farm standards.
 - a. Conservation Easements or other appropriate mitigation measures as listed in LAFCO's Agricultural Policy 2.9.12 shall be used to preserve agricultural lands consistent with City and County policies. The intent is to provide for development of land and preservation of productive agricultural use consistent with the City's Purple Belt policies and County's Agriculture Element.
 - b. Annexation of areas with an existing Williamson Act contract will be carefully evaluated in accordance with LAFCO's Agricultural Policy 3.6.7, and the following criteria:
 - 1) The area is within the annexing agency's Sphere of Influence.
 - 2) The Commission makes findings required by Government Code Section 56856.5.
 - 3) The parcel is included in an approved city development plan.
 - 4) The soil is not categorized as prime.
 - 5) 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.

- 6) There is a pending, or approved, cancellation for the property that has been reviewed by the local jurisdictions and the Department of Conservation.
- 7) The Williamson Act contract on the property has not been renewed and final approval of the non-renewal has been granted.

7. **Future Land Use and Boundary Changes.** The City intends to complete as necessary any environmental review, pre-zoning, pre-annexation, specific plans, and any general plan amendment activities prior to an annexation proposal being considered by LAFCO. The County intends to complete any necessary amendments to its General Plan to reflect the annexation of territory to the City. Future changes to the Sphere of Influence shall necessitate a revised MOA. LAFCO should be informed early on of such changes to help facilitate future changes of organization.

8. **Guiding Principles for Future Development.** The City and County agree that the following principles should be considered in reviewing discretionary development projects that is proposed within the City's Sphere of Influence:

a. Encourage compact urban development in incorporated areas close to infrastructure, while maintaining distinct urban boundaries next to rural areas.

b. Support land use and circulation patterns that promote and improve connections to the City. Future growth should provide for an improved circulation system that would promote maximum connectivity between different parts of the City by planning for and/or constructing new roads, walkways, bike paths, transit facilities, or other means.

c. Utilize good planning and design principles. Development should be designed to encourage improved transportation system and connectivity to existing city infrastructure within the areas proposed for development. The goals are to (1) develop neighborhoods and businesses that are well-designed, fit into the character of the area, and are a logical part of the City's growth and (2) promote land use patterns that encourages the efficient use of resources.

9. **Sphere Areas.** The City and County agree to the processes and procedures noted above for the Sphere of Influence areas depicted in Exhibit B.
10. **Urban Reserve Line.** The County establishes City Urban Reserve Lines (URL), which are urban areas that are not distinct communities; rather, they are unincorporated extensions of the adjacent cities. The County when developing the Land Use element intended for the URL and SOI lines to directly correspond. The County will collaborate with the City and LAFCO to carry out changes to the City URL to align it with the Sphere of Influence areas depicted in Exhibit B.
11. **Small Water Systems in Unincorporated Areas Surrounding the City.** In recent years, the California State Water Resources Control Board (SWRCB) and local Regional Water Quality Control Board (RWQCB) have been urging Mutual Water Company and private systems to consolidate throughout the State and within County. A number of small water systems or privately-owned water companies provide water services to residents in areas surrounding the City. The City MSRSOI Study adopted by LAFCO on January 15, 2026, identified the location of these small water systems and mutual water companies that are contiguous to the City. In addition, the MSR & SOI Study provides the Safe and Affordable Funding for Equity and Resilience (SAFER) Status as designated by the SWRCB for each of the water providers. The overarching goal of the SAFER Program is to help struggling water systems establish short- and long-term solutions so that Californians who lack safe, adequate, and affordable drinking water receive it as quickly as possible. LAFCO's goal is to daylight the location and status of the neighboring water providers to help establish a baseline of information, should these water providers seek consolidation in the future.

The County and the City are encouraged to maintain active collaboration with neighboring service providers, SWRCB, and RWQCB, as appropriate, to collaborate on potential solutions before these challenges become a threat to health and safety. If an impending threat to health or safety arises with any of the neighboring Mutual Water Companies and/or private system, then the City, County, and/or neighboring public agencies may provide new or extended services beyond their jurisdictional boundaries and SOI pursuant to Government Code Section 56133. This action would require coordination and approval by LAFCO.

EXHIBIT B

SPHERE OF INFLUENCE

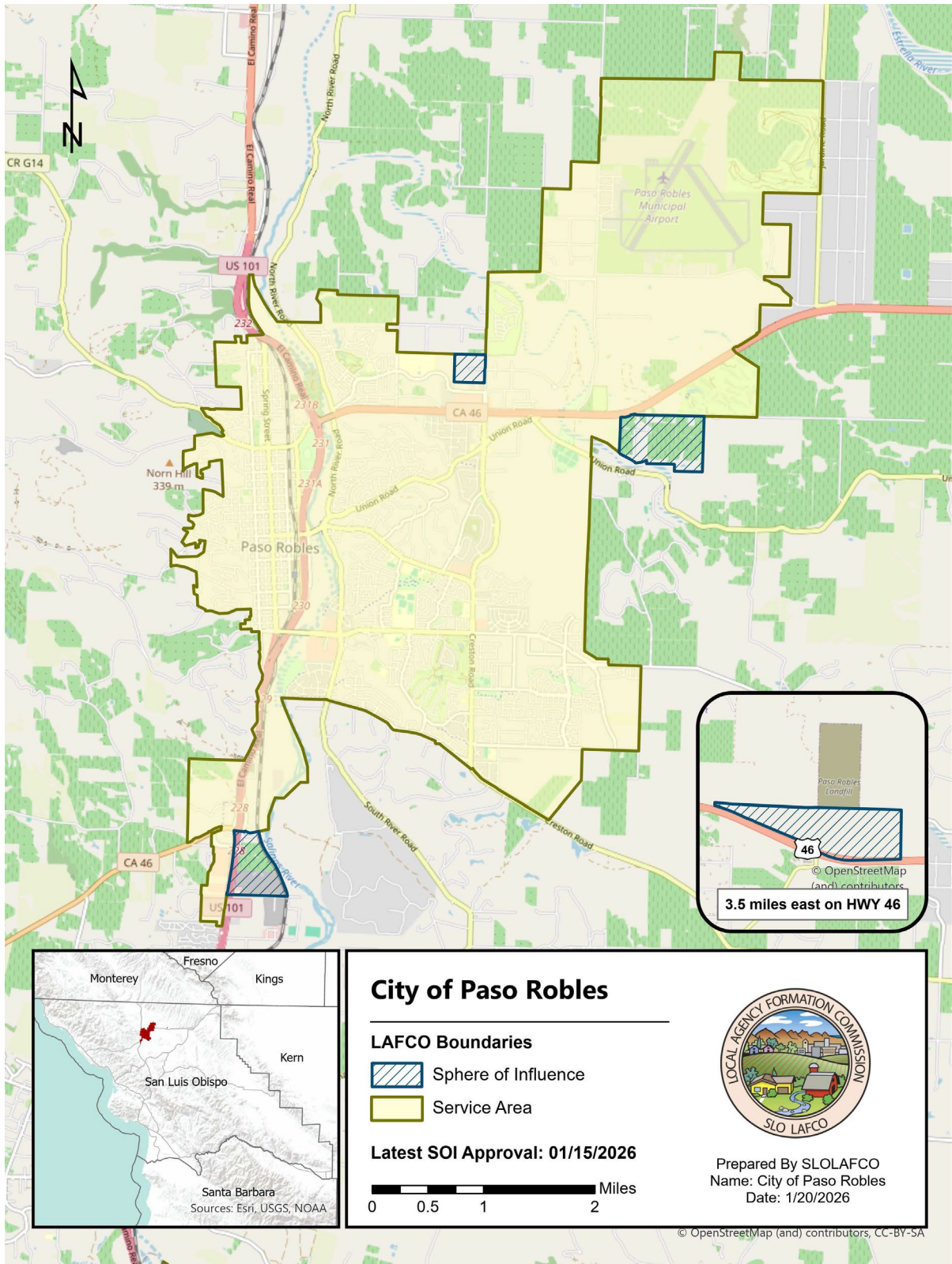


EXHIBIT C

CITY AND COUNTY REFERRAL AREA

