

# **SPHERE OF INFLUENCE UPDATE**

**&**

# **MUNICIPAL SERVICE REVIEW**

## **COMMUNITY SERVICE DISTRICTS**

### **ROAD MAINTENANCE**

**California Valley CSD**

**Creston Hills Ranch Road CSD**

**Ground Squirrel Hollow CSD**

**Independence Ranch CSD**

**Linne CSD**

**Squire Canyon CSD**



**PREPARED BY:**

**SAN LUIS OBISPO**

**LOCAL AGENCY FORMATION COMMISSION**

**ADOPTED OCTOBER 2015**

**SAN LUIS OBISPO  
LOCAL AGENCY FORMATION COMMISSION**

**COMMISSIONERS**

Chair: Tom Murray, Public Member  
Vice Chair: Frank Mecham, County Member  
Roberta Fonzi, City Member  
Muril Clift, Special District Member  
Bruce Gibson, County Member  
Marshall Ochylski, Special District Member  
Ed Waage, City Member

**ALTERNATES**

Robert Enns, Special District Member  
David Brooks, Public Member  
Jamie Irons, City Member  
Adam Hill, County Member

**STAFF**

David Church, Executive Officer  
Raymond A. Biering, Legal Counsel  
Mike Prater, Analyst  
Donna J. Bloyd, Commission Clerk

## TABLE OF CONTENTS

### CHAPTER I: INTRODUCTION

Introduction .....	1
Sphere of Influence Update.....	2
LAFCO's Role .....	3
CEQA.....	4
Recommendation.....	5

### CHAPTER 2: SPHERE OF INFLUENCE UPDATE

California Valley CSD.....	7
Creston Hills Ranch Road CSD.....	7
Ground Squirrel Hollow CSD .....	8
Independence Ranch CSD.....	8
Linne CSD.....	8
Squire Canyon CSD .....	9

### CHAPTER 3: MUNICIPAL SERVICE REVIEW

Growth and Population.....	18
Disadvantage Unincorporated Communities .....	19
Infrastructure Needs and Deficiencies .....	19
Financial Ability of the Agency .....	23
Opportunities for Shared Facilities .....	33
Government Structure Options .....	34
Other Matters.....	34

### FIGURES

Figure 2-1 California Valley CSD.....	11
Figure 2-2 Creston Hills Ranch Road CSD .....	12
Figure 2-3 Ground Squirrel Hollow CSD.....	13
Figure 2-4 Independence Ranch CSD.....	14
Figure 2-5 Linne CSD .....	15
Figure 2-6 Squire Canyon CSD .....	16

---

**TABLES**

Table 1-1 Community Service Districts.....	1
Table 1-2 Community Service Districts Recommendation .....	5
Table 3-1 Summary of Districts .....	17
Table 3-2 Anticipated Growth.....	18

# **COMMUNITY SERVICE DISTRICTS – ROAD MAINTENANCE**

## **SPHERE OF INFLUENCE UPDATE AND MUNICIPAL SERVICE REVIEW**

---

### **CHAPTER 1 - INTRODUCTION**

This is a Sphere of Influence (SOI) Update and Municipal Service Review for the Community Service Districts that provide road maintenance services in the County. The CSDs are located throughout the County and maintain the roads for various communities. The update of the Sphere of Influence for these Districts recognizes the existing circumstances and recommends no changes to the SOIs, however additional recommendation are made to enhance the services to the areas resident.

The Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires the Local Agency Formation Commission (LAFCO) to update the Spheres of Influence (SOI) for all applicable jurisdictions in the County every five years or as needed. A Sphere of Influence is defined by Government Code 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. The CKH Act also requires that a Municipal Service Review (MSR) be prepared prior to, or in conjunction with, the update of a Sphere of Influence. The MSR evaluates the capability of a jurisdiction to serve its existing residents and potential development within its Sphere of Influence.

**Sphere of Influence**  
“...a plan for the probable physical boundary and service area of a local agency or municipality...”.

This Sphere of Influence Update and Municipal Service Review is focused on the Community Services Districts (CSDs) that implement only the power to construct or maintain roads according to the Principal Act governing CSDs (GC 61100 et seq). The exceptions are California Valley and Ground Squirrel Hollow, which also provide solid waste services. These CSD's are included in this analysis because most of their resources are put towards maintaining and constructing roads.

**Table 1-1: Community Services Districts**

<b>Community Services District</b>	<b>Date Formed</b>	<b>Service Area Acreage</b>	<b>Estimated Population Served</b>
California Valley	August 1960	21,600	450
Creston Hills Ranch	December 2001	428	35
Ground Squirrel Hollow	January 2004	1,300	600
Independence Ranch	December 1992	1,300	250
Linne	August 1979	990	203
Squire Canyon	February 1981	631	125

These CSDs were formed under Government Code Section 61600. The Government Code Sections referenced in the resolutions that formed the Districts at the time were found in Government Code Sections 61600 (j) and (k):

- (j) The constructing, opening, widening, extending, straightening, surfacing, and maintaining, in the whole or in part, of any street in the District, subject to the consent of the governing body of the county or the city in which the improvement is to be made, and
- (k) The construction and improvement of bridges, culverts, curbs, gutters, drains, and works incidental to the purposes specified in subdivision (j).

The Government Code section governing Community Services Districts was changed by the State Legislature in 2005 and [j and k] were combined into GC 61100 (l). All of these Districts were formed prior to that recent update of the CSD law. The 2008 revision provided the language that defined the authority for a CSD to provide services regarding roads:

- (l) Acquire, construct, improve, and maintain streets, roads, rights-of-way, bridges, culverts, drains, curbs, gutters, sidewalks, and any incidental works. A district shall not acquire, construct, improve, or maintain any work owned by another public agency unless that other public agency gives its written consent.

The California Valley CSD and Ground Squirrel Hollow CSD in addition have the following authority under the CSD law:

- (c) Collect, transfer, and dispose of solid waste, and provide solid waste handling services, including, but not limited to, source reduction, recycling, composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code.

**Powers.** Community Services Districts are governed by Government Code Sections 61000-61226.5. The governing body for each district is a five-person Board of Directors elected by the registered voters who reside within the District boundaries. The Board of Directors makes decisions regarding the overall functioning of the CSD, projects that are completed, and the allocation of financial resources to complete District business. Community Services Districts may only provide the services that have been approved by LAFCO. Other powers are considered “latent”, and may be activated if approved by LAFCO.

**Sphere of Influence Update.** A Sphere of Influence is defined by the Cortese/Knox/Hertzberg Act in Government Code 56425 as “...a plan for the probable physical boundary and service area of a local agency or municipality”. A SOI is generally considered to be a future growth boundary for a jurisdiction. The Act further requires that a *Municipal Service Review* be conducted prior to, or in conjunction with, the update of a Sphere of Influence. The Service Review prepared for the above listed Districts adequately addresses the required factors listed below.

In accordance with Section 56430 of the California Government Code, a Municipal Service Review has been prepared to address the Special Districts for all of the Districts

listed above. The Spheres of Influence for the Special Districts are recommended to remain unchanged. Independence Ranch and Linne are the only Districts that have a Sphere of Influence extending beyond their existing services area. The County's General Plan does not envision any future developments within or around the Districts that would require expansion of the Spheres of Influence. The Sphere Update is based on the Municipal Service Review (MSR) prepared for the Districts and found in Chapter Two. The MSR reviews the districts' capability to provide services to existing and future residents.

**Municipal Service Review.** This Municipal Service Review for the Community Service Districts is prepared in accordance with Section 56430 of the California Government Code. The Service Review evaluates the public services provided by each of the Districts studied in this analysis. The Districts provide services under the Principal Acts found in the California Law. Principal Acts are laws that govern the formation and operation of various government structures including the Districts being evaluated in this study.

A Service Review must states written determinations that address the following factors in order to update a Sphere of Influence. Information and written determinations regarding each of the factors is provided in the Service Review. The seven service review factors are addressed for each District in Chapter Three and include:

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

**LAFCO's Role.** The fundamental role of the Local Agency Formation Commission, LAFCO, is to implement the CKH Act, consistent with local conditions and circumstances. LAFCO's decisions are guided by the CKH Act, found in Government Code 56000, et. seq. The major goals of LAFCO as established by the CKH Act include:

- To encourage orderly growth and development which are essential to the social, fiscal, and economic well-being of the state;

- ▶ To promote orderly development by encouraging the logical formation and determination of boundaries and working to provide housing for families of all incomes;
- ▶ To discourage urban sprawl;
- ▶ To preserve open-space and prime agricultural lands by guiding development in a manner that minimizes resource loss
- ▶ To exercise its authority to ensure that affected populations receive efficient governmental services;
- ▶ To promote logical formation and boundary modifications that direct the burdens and benefits of additional growth to those local agencies that are best suited to provide necessary services and housing;
- ▶ To make studies and obtain and furnish information which will contribute to the logical and reasonable development of local agencies and to shape their development so as to advantageously provide for the present and future needs of each county and its communities;
- ▶ To establish priorities by assessing and balancing total community services needs with financial resources available to secure and provide community services and to encourage government structures that reflect local circumstances, conditions and financial resources;
- ▶ To determine whether new or existing agencies can feasibly provide needed services in a more efficient or accountable manner and, where deemed necessary, consider reorganization with other single purpose agencies that provide related services;
- ▶ To conduct a review of all municipal services by county, jurisdiction, region, sub-region or other geographic area prior to, or in conjunction with, SOI updates or the creation of new SOIs.

## CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

LAFCO prepared an exemption from CEQA under Guideline 15061 (b). This allows the SOI Update to be exempted from CEQA because it will not cause a potentially significant impact to the environment. None of the SOIs are being expanded at this time, therefore, the potential for growth inducing impacts often associated with the SOI is not an issue. The project description includes the recommended Spheres of Influence

found in Chapter One. The Sphere of Influence Boundary is a long-range planning tool that assists LAFCO in making decisions about a jurisdiction's future boundary.

**Recommendation.** It is recommended that the Sphere of Influence be updated by LAFCO as described in Table 1-2 and found on the maps at the end of Chapter Two. The update is described in more detail in Chapter Two-Sphere of Influence Update.

**Table 1-2: Community Services Districts SOI Recommendations**

Special District	Active Powers	SOI Acres	Recommendation
California Valley Community Services District	Road Maintenance, Solid Waste	0	No changes to the SOI are recommended.
Creston Hills Ranch Community Services District	Road Maintenance	0	No changes to the SOI are recommended.
Ground Squirrel Hollow Community Services District	Road Maintenance, Solid Waste	0	No changes to the SOI are recommended.
Independence Ranch Community Services District	Road Maintenance	776	No changes to the SOI are recommended.
Linne Community Services District	Road Maintenance	54	No changes to the SOI are recommended.
Squire Canyon Community Services District	Road Maintenance	0	No changes to the SOI are recommended.

**Determinations.** This Sphere of Influence Update chapter addresses the key factors called for in the Cortese/Knox/Hertzberg Act. Also, the following written determinations must be addressed according to section 56425(e)(1-4) of the Cortese/Knox/Hertzberg Act:

1. Present and planned land uses in the area:

**Determination.** The present land use for the Districts is largely rural residential with some agricultural areas. The County General Plan does not envision changes in land use that would change the zoning, add to density, or otherwise add to the need for services from the Districts.

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

**Determination.** The areas that the Districts serve are not anticipated to need public facilities in the future other than the road services currently provided by the District.

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

**Determination.** The Districts are able to provide for the maintenance and construction of roads as needed in the areas these jurisdictions serve.

4. Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities:

**Determination.** Each District has a variety of economic diversity that lives within the Districts' service area and surrounding area including within or adjacent to the Sphere of Influence. The Spheres of Influence do not qualify under the definition of disadvantaged community for the present and probable need for public facilities and services. The community served by the districts is not a disadvantaged unincorporated community.

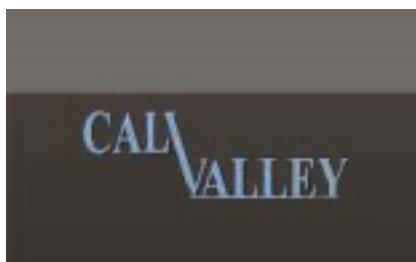
# **SAN LUIS OBISPO SPECIAL DISTRICTS**

---

## **CHAPTER 2- SPHERE OF INFLUENCE UPDATE**

This chapter summarizes the Community Service Districts that operate under the Principal Act described in the previous chapter. Also, this chapter recommends the Sphere of Influence for each one of the Districts remain unchanged. An important tool used in implementing the CKH Act is the adoption of a Sphere of Influence (SOI) for a jurisdiction. A SOI is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality...". A SOI represents an area adjacent to a city or district where a jurisdiction might reasonably be expected to provide services over the next 20 years. This chapter, along with the following Municipal Service Review, provides the basis for updating the Districts Spheres of Influence, which is required to be updated every five years. This Sphere of Influence Update addresses the key factors called for in the Cortese/Knox/Hertzberg Act by referring to information contained in the Service Review. Also, the following written determinations are addressed according to section 56425(e)(1-4) of the Cortese/Knox/Hertzberg Act:

### **California Valley Community Services District**



The California Valley Community Services District was formed in 1960 by an election. Since its formation, the district's main concern has been the maintenance of roads to private residences in the area. One annexation has occurred since the districts formation. In 1981 LAFCO denied a proposal that would dissolve the CSD. Two solar plants, California Valley Solar Ranch (Sun Power) and Topaz Solar Farms (Opti Solar) were construction and operate in California Valley and adjacent areas.

In recent years the Community Services District has considered adding Parks and Recreation powers to the list of services. The Solar Companies provided a one-time funding gift to the District to construct a park for future use. The District is working on an application to LAFCO to active this power.

Individual septic tanks provide sanitation service with water provided by wells.

### **Creston Hills Ranch Community Services District**



The Creston Hills Ranch Community Services District was formed in 2001 for the purposes of improving and maintaining roads within its boundaries near Creston. A subdivision of larger lots within the County agricultural area created this community of 17 parcels that forms the CSD boundary just outside of the Town of Creston.

## **Ground Squirrel Hollow Community Services District**



The Ground Squirrel Hollow Community Services District was established in 2004 by way of election, (Measure I-04, J-04, and K-04) for the purpose of providing road maintenance services within their respective boundary pursuant to Government code section 61100 (I). The area is an antiquated subdivision with considerable rural residential development of 579 parcels either developed or with development potential within the County's rural area. No annexations have occurred since formation and one outside agreement was approved to maintain a common area mail box and bus stop drop off and pick-up area at the entry of the CSD boundary. In 2014, the District applied and LAFCO activated the CSD's Solid Waste Power. Private wells and septic tanks serve the homes in the area.

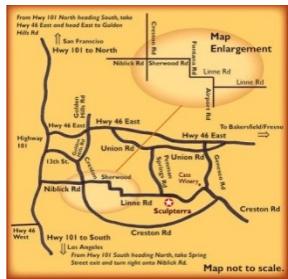
## **Independence Ranch Community Services District**



Independence Ranch Community Services District was formed in 1992 by a vote of the registered voters to provide road improvement and maintenance services. The area is an antiquated subdivision with considerable rural residential development of 209 parcels surrounded by agricultural land. The district includes 126 parcels with the remaining Independence Tract lots placed in the SOI. Private wells and septic tanks serve the homes in the area.

Independence Ranch also manages weed abatement associated with road maintenance and provides a limited budget for these services. Weed abatement in this case is not the same as the power identified in CSD Law.

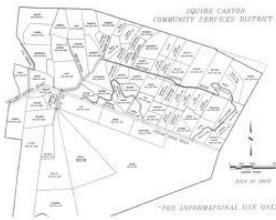
## **Linne Community Services District**



The Linne Community Services District was formed in 1979 for the purposes of providing road improvement and maintenance services. The district was formed by Petition signed by 100% of the registered voters at the time. The area is an antiquated subdivision with considerable rural residential development of 134 large rural lots with a number of larger parcels (11 parcels) on the perimeter of the district boundaries that are zoned agriculture. Private wells and septic tanks serve the homes in the area.

Linne also manages weed abatement associated with road maintenance and provides a budget for these services. Weed abatement in this case is not the same as the power identified in CSD Law.

## **Squire Canyon Community Services District**



Squire Canyon Community Services District was formed in 1981 under enabling California Government Code 61000 et seq. for the purpose of providing a financial mechanism for road construction and maintenance in the area. Prior to its formation the Squire Canyon area was part of County Service Area 12 – Lopez which detached upon formation. Private wells and septic tanks serve the homes in the area.

Squire Canyon also manages weed abatement associated with road maintenance and provides a limited budget for these services. Weed abatement in this case is not the same as the power identified in CSD Law.

### **Sphere of Influence Adopted Determinations**

This Sphere of Influence Update chapter addresses the key factors called for in Cortese/Knox/Hertzberg Act by referring to information contained in the Service Review. Also, the following written determinations must be addressed according to section 56425(e)(1-4) of the Cortese/Knox/Hertzberg Act:

1. Present and planned land uses in the area:

The Districts are anticipated to only provide services to residents within the service boundary. No major land use changes are anticipated to impact the need for services within the Districts' boundaries. Minor buildout is anticipated. The Spheres of Influence for the Districts are not recommended for expansion based on the fact that land use changes that promote future development are not envisioned in the County's General Plan.

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

The Districts are capable of maintaining service levels to the residents and customers. The SOIs are not recommended for expansion and the Districts intend to provide needed services to the areas within their existing service boundary.

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

The present capacities of the facilities are adequate to provide services to the service boundaries of the Districts. The Districts call for capital improvements and regular maintenance of facilities to maintain adequate service levels.

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

Each place or area that is served by a District has a unique mix of social and economic communities of interest. The Districts provide services to these communities of interest such as businesses, non-profits, churches, and schools.

These organizations, groups and individuals along with the Districts make up the fabric of the community.

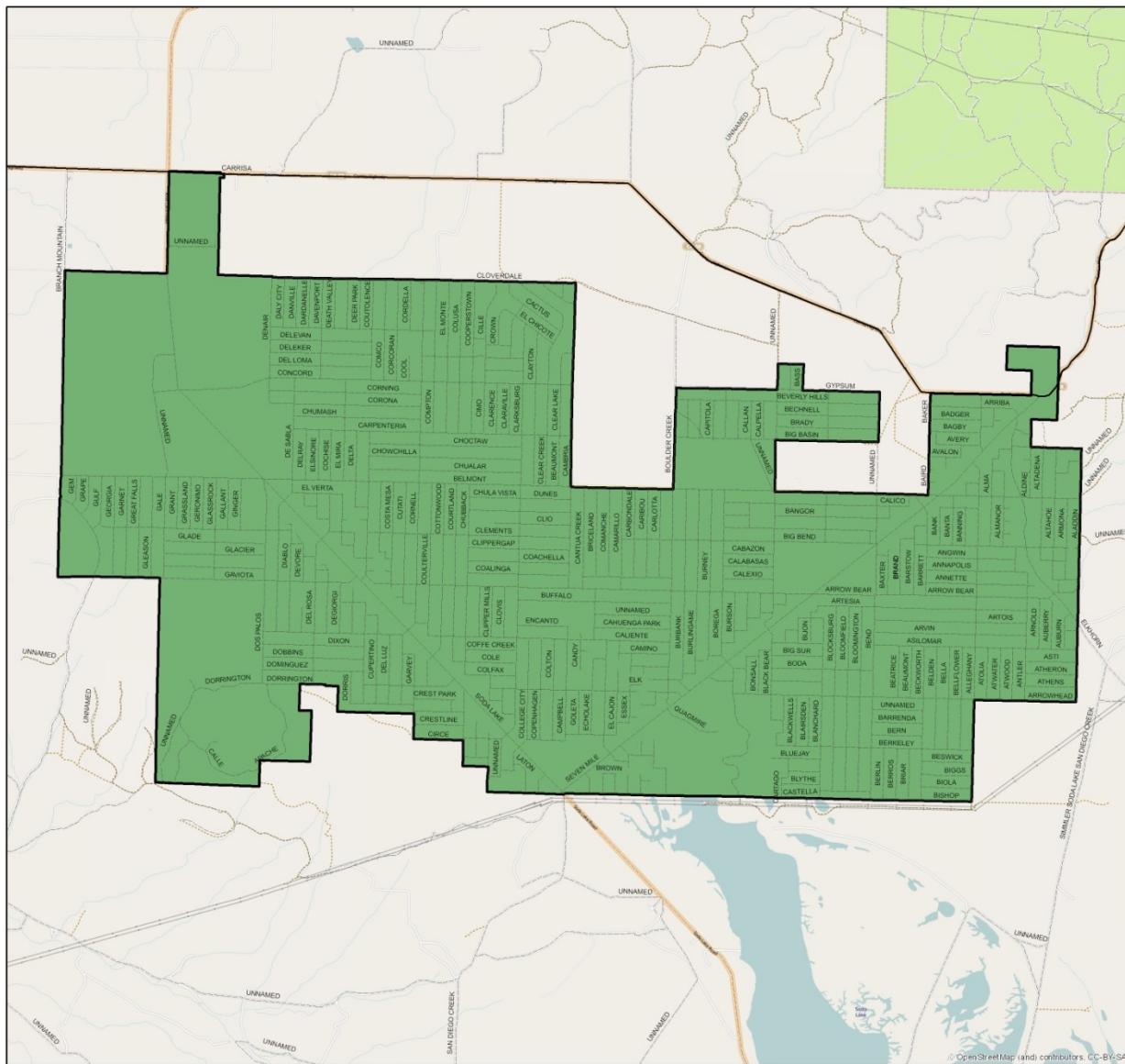
5. Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities:

Each District has a variety of economic diversity that lives within the Districts' service area and surrounding area including within or adjacent to the Sphere of Influence. The Spheres of Influence do not qualify under the definition of disadvantaged community for the present and probable need for public facilities and services. The communities served by the districts are not a disadvantaged unincorporated community.

The Spheres of Influence for each District are recommended to remain unchanged.

Figure 2-1

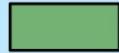
## California Valley Community Services District Service Area & Sphere of Influence Recommended 2015



### Legend



Major Roads



Service Area



Sphere of Influence  
(Same as Service Area)



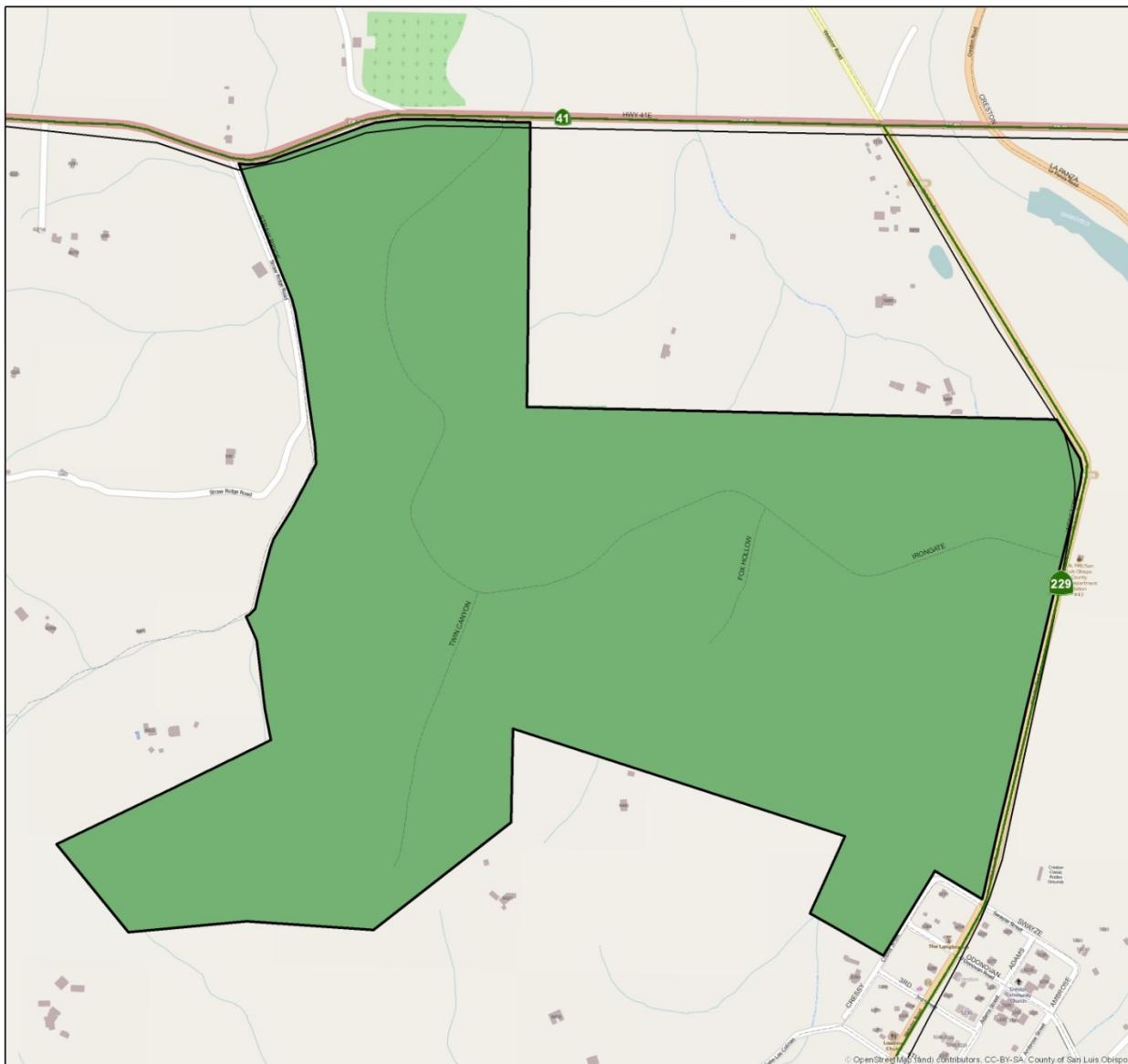
Prepared By SLOLACFO  
Name: Cal Valley\_SOI Brdy

Date: 5/10/2015



Figure 2-2

## Creston Hills Ranch Community Services District Service Area & Sphere of Influence Recommended 2015



### Legend

- Major Roads
- Service Area
- Sphere of Influence  
(Same as Service Area)

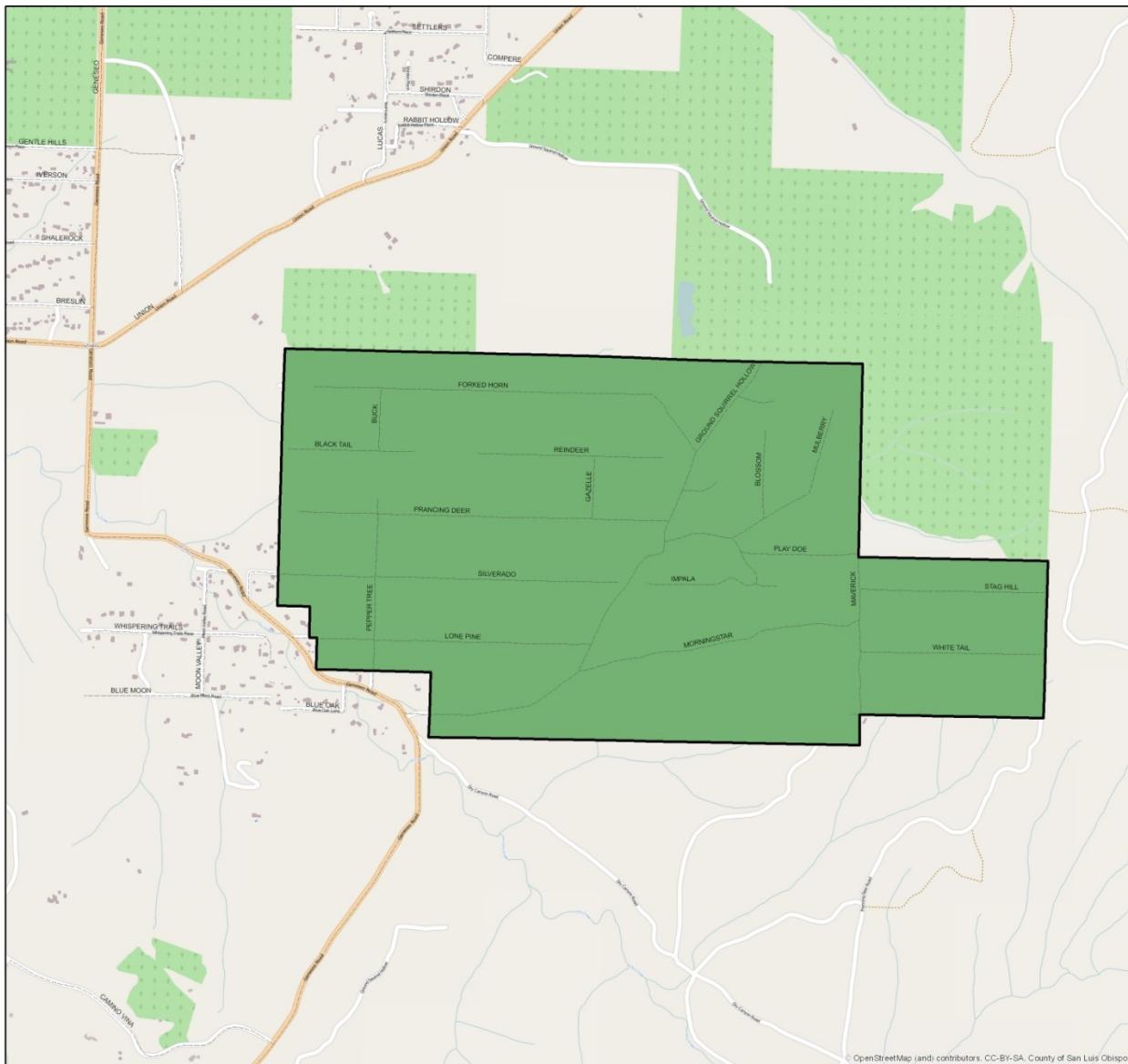


Prepared By SLOLAFCO  
Name: Creston Hills SOI Bndy  
Date: 5/10/2015



Figure 2-3

## Ground Squirrel Hollow Community Services District Service Area & Sphere of Influence Recommended 2015



### Legend

- Major Roads
- Service Area
- Sphere of Influence  
(Same as Service Area)



Prepared By SLOLAFCO  
Name: GSH\_SOI Brdy  
Date: 5/10/2015

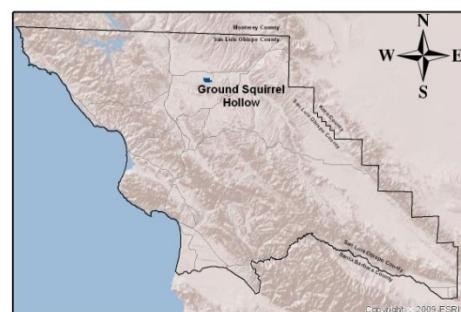
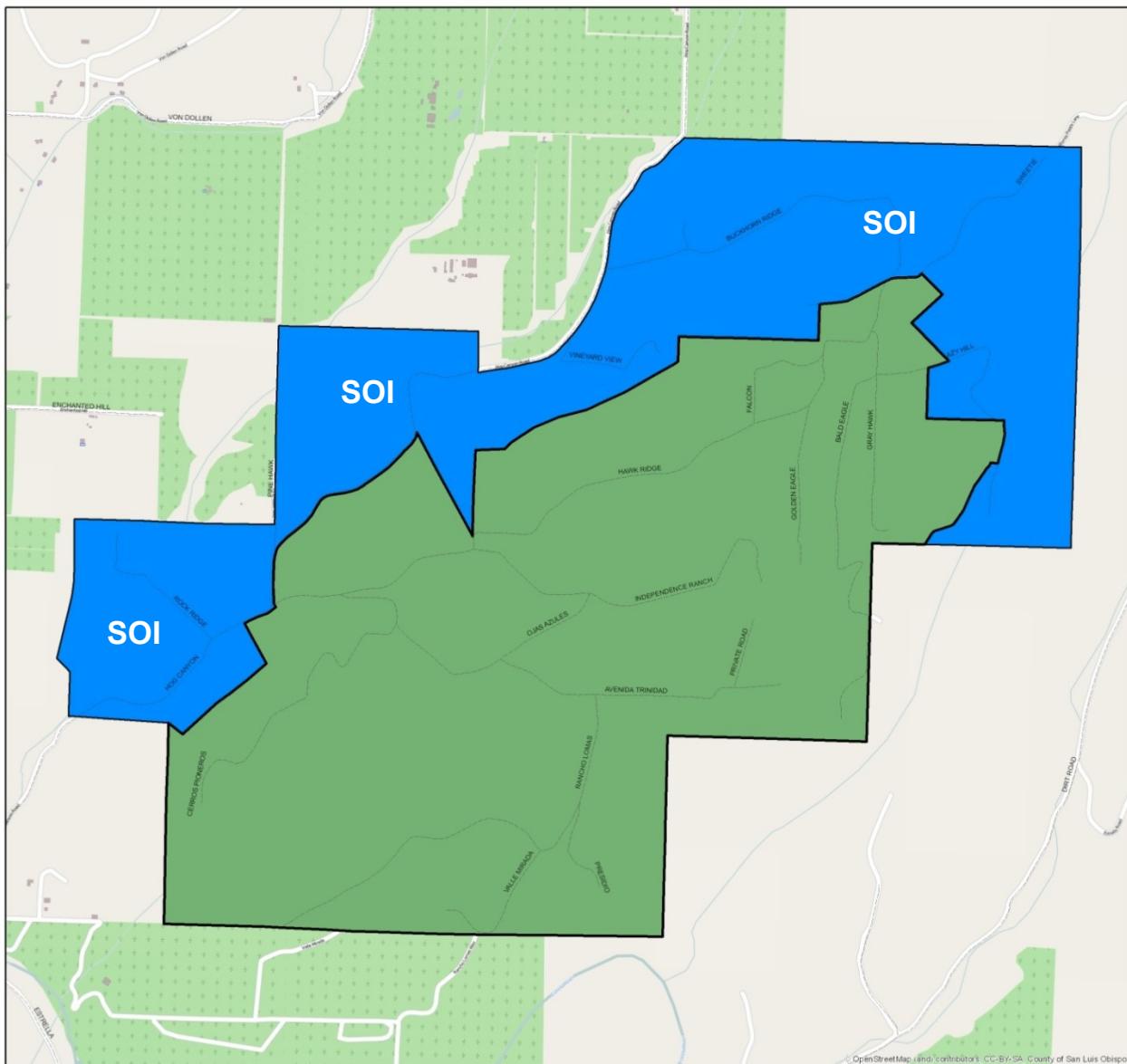


Figure 2-4

## Independence Ranch Community Services District Service Area & Sphere of Influence Recommended 2015



### Legend

- Major Roads
- Service Area
- Sphere of Influence



Prepared By SLOLACCO  
Name: Independence\_SOI Brdy  
Date: 5/10/2015

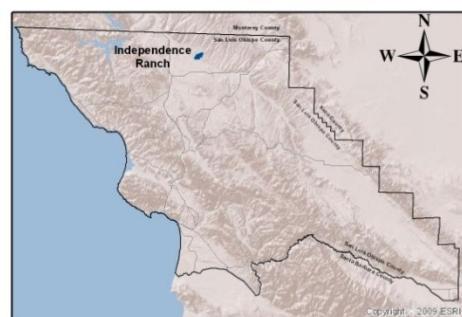
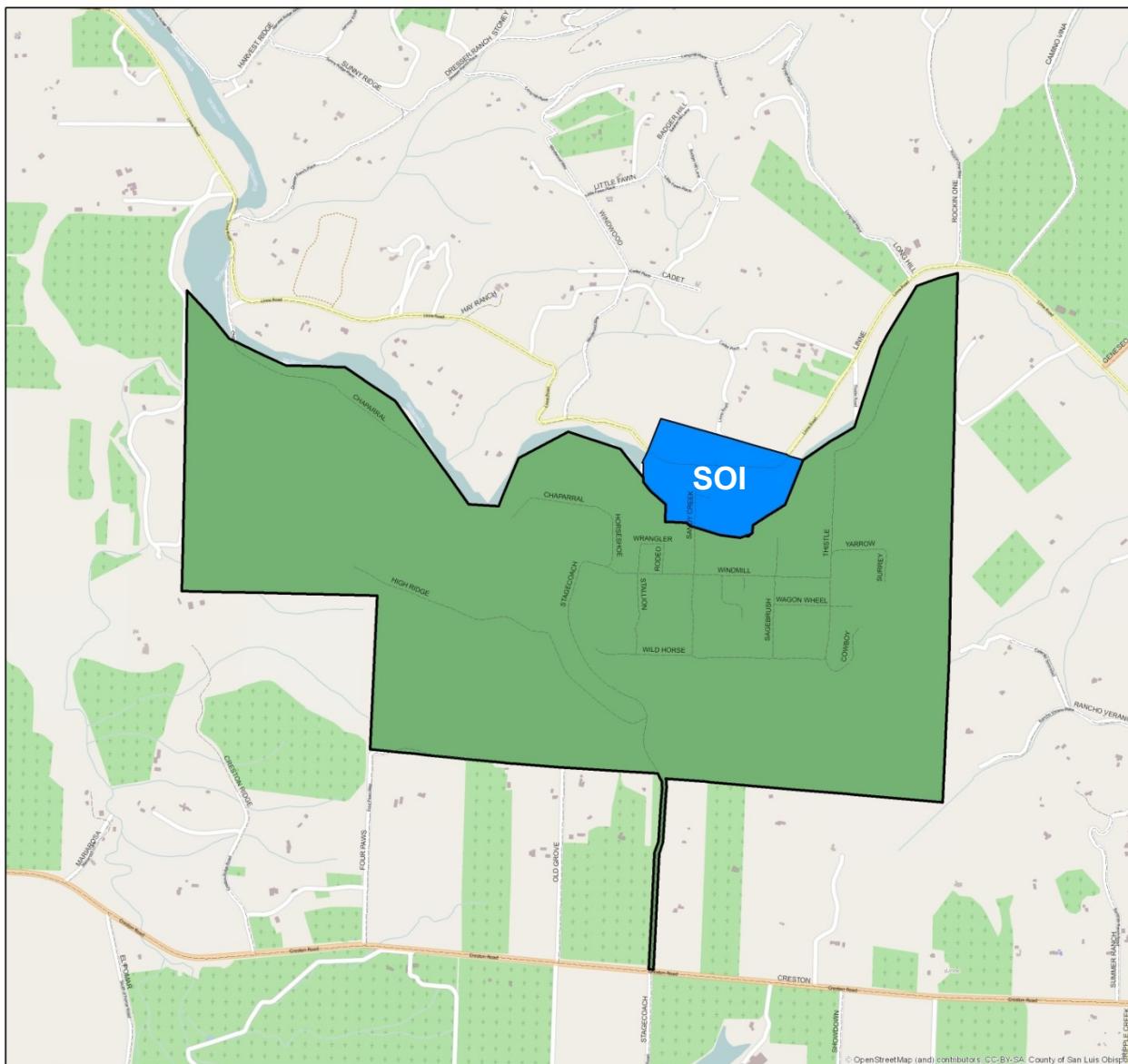


Figure 2-5

**Linne Community Services District  
Service Area & Sphere of Influence  
Recommended 2015**



**Legend**



Major Roads



Service Area



Sphere of Influence



Prepared By SLOLAFCO  
Name: Linne\_SOI Brdy

Date: 5/10/2015

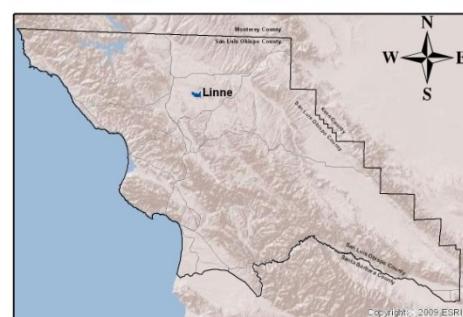
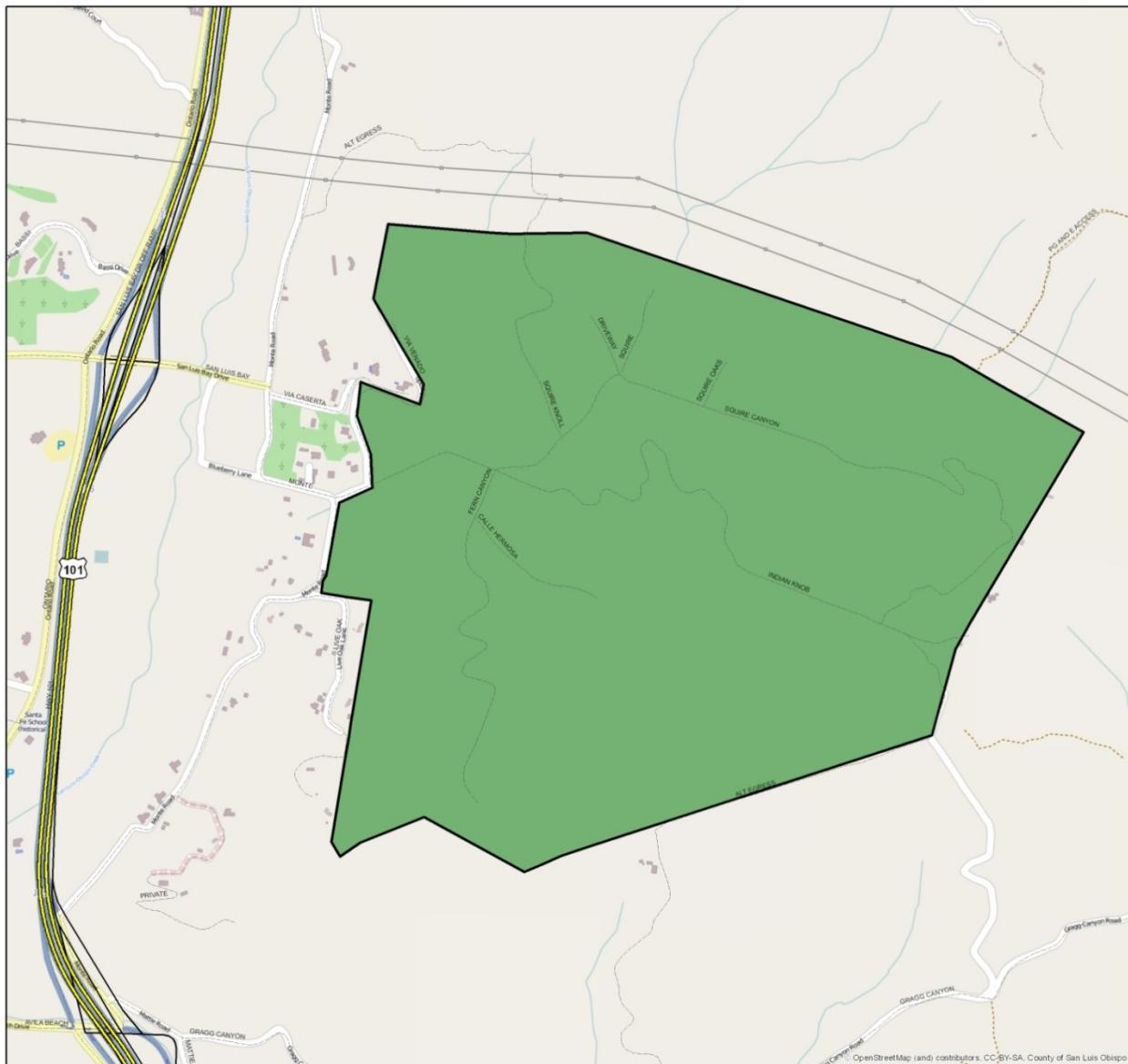


Figure 2-6

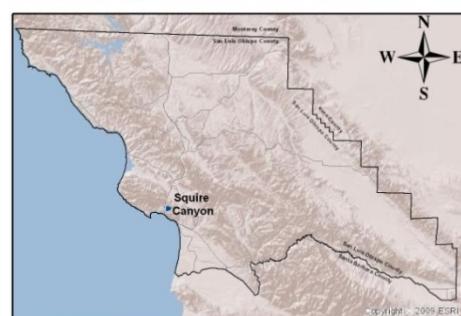
## Squire Canyon Community Services District Service Area & Sphere of Influence Recommended 2015



### Legend



Prepared By SLOLAFCO  
Name: Squire Canyon\_SOI Brdy  
Date: 5/10/2015



## **CHAPTER 3 – MUNICIPAL SERVICE REVIEW**

---

This Municipal Service Review (MSR) is conducted in regard to the Community Service Districts listed below. These Districts are managed by the independent Boards of Directors. Each District is responsible for the direct oversight and management of its organization and uses a variety of resources in administering the District, including financial management systems, capital project implementation, and customer service staff. This enables each Board of Directors to effectively manage the Districts serving their community. The table below lists the Community Service District and the services that are provided:

**Table 3-1: Summary of Districts**

District	Active Powers
California Valley Community Services District	Road Maintenance, Solid Waste
Creston Hills Ranch Community Services District	Road Maintenance
Ground Squirrel Hollow Community Services District	Road Maintenance, Solid Waste
Independence Ranch Community Services District	Road Maintenance
Linne Community Services District	Road Maintenance
Squire Canyon Community Services District	Road Maintenance

The Sphere of Influence Update for the Community Service Districts – Road Maintenance (Chapter 2) indicates that the Districts SOI's should remain unchanged. The Municipal Service Review identifies service capabilities and improvements that could provide greater services.

The legislative authority for conducting Municipal Service Reviews is provided in Section 56430 of the Cortese-Knox-Hertzberg Act (CKH). The Act states that, in order to update Spheres of Influence in accordance with Government Code Section 56425, LAFCOs are required to conduct a service review of the municipal services provided by the jurisdiction. The Municipal Service Review factors that need to be addressed include:

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

## 1. **GROWTH AND POPULATION**

**Population of Area and Adjacent Areas:** The areas the Districts serve do not anticipate large increases in population. The areas are large lot rural residential development that are not planned to have significant levels of future growth.

**Table 3-2: Anticipated Growth**

Community	Anticipated Growth
California Valley	The area is an antiquated subdivision with hundreds of lots that are unlikely to be developed in the future. The area does not have an adequate water supply or other services to sustain future substantial development and population growth. The General Plan does not anticipate significant future growth and development in the area.
Creston Hills Ranch	The CSD serves 17 large lot rural parcels with approximately 15 single family residences. The area is zoned agriculture and average size of the lots is 25 acres. The General Plan does not anticipate significant future growth and development in the area. The County prepared a Creston Village Plan and a North County Area Plan that do not anticipate much growth in the area.
Ground Squirrel Hollow	The area is an antiquated subdivision with hundreds of lots that may or may not be developed in the future. The lack of services water, sewer, fire and police restricts continued growth in this area. The boundaries of the CSD are coterminous with the Sphere of Influence. The General Plan does not anticipate significant future growth and development in the area.
Independence Ranch	The CSD has a 776-acre SOI that is zoned Residential Rural. The Service Area is 1,292 acres and has the same zoning. The General Plan does not envision significant increased density or unanticipated growth and development in the area.
Linne	The CSD has 134 large rural lots with a number of larger parcels on the perimeter of the District that are zoned agriculture. The area appears largely built-out under the current zoning. The area does not have services to sustain future substantial development and population growth. The General Plan does not envision future growth and development in this area.
Squire Canyon	The CSD serves 80 large lot rural parcels that range in size from less than an acre and up to 131 acres. The average lot size is about 8 acres per parcel. Most of the 80 parcels have residential single family residences, with approximately 10 parcels showing no improvements at all. The area is zoned Residential Suburban and has very steep terrain that constrains future development potential. The General Plan does not anticipate significant future growth and development in the area.

## **WRITTEN DETERMINATIONS**

1. The County's population continues to grow at a slow rate (<1%).
2. Significant increases in population are not anticipated to occur in the CSD's addressed in this study.
3. The County completes Community Planning efforts for unincorporated communities that may grow in the future. The Plans provide detailed policies and programs that were considered by the Community through public workshops and hearings and address the future public service and infrastructure needs of a community.

## **2. LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES**

LAFCO is responsible for determining the location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence of a jurisdiction. If a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to disadvantaged unincorporated communities within the sphere of influence or contiguous to the sphere of influence, it is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations are proposed by the District or property owners.

The various communities have a population with a variety of economic diversity that resides within the community service district boundaries and surrounding areas. A Disadvantaged community is defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income. The Spheres of Influence for the CSD's do not have any disadvantaged communities that have a present and probable need for public facilities and services nor are the areas contiguous to the sphere of influence qualify as a disadvantaged community.

## **WRITTEN DETERMINATIONS**

The following written determinations are based on the information contained in the above section regarding disadvantaged unincorporated communities:

1. The Spheres of Influence for the CSD's do not have disadvantaged unincorporated communities located within or adjacent to their boundaries.

## **3. INFRASTRUCTURE NEEDS AND DEFICIENCIES**

LAFCO is responsible for determining if an agency is reasonably capable of providing needed services and basic infrastructure to serve areas within the District and in the Sphere of Influence. It is important that such findings of infrastructure and service availability occur when revisions to the SOI and annexations are considered. In the case

of this SOI Update, it is prudent for LAFCO to evaluate the present and long-term infrastructure demands and resource availability of the community. LAFCO accomplishes this by evaluating: 1) the resources and services that are available, 2) the ability of the jurisdiction to provide such resources and services in line with increasing demands, and 3) the capital improvement and maintenance programs implemented by the jurisdiction.

The Districts complete road maintenance activities by following similar steps: 1) Board of Directors meet to discuss the roads that need repair work, 2) Contract with a company or individual to manage and administer the CSD and 3) Hire a contractor to complete the road maintenance work.

### **California Valley CSD**

California Valley has approximately 311 miles of roadway with 17.9 miles maintained by the County. State Highway 58 crosses the northern border for approximately 2.4 miles and is maintained by Caltrans. The CSD maintains the rest of the road network within the service area. Currently no bike paths are present nor are any planned for the area.

The CSD also provides solid waste collection service. The nearest landfill is Chicago Grade. Since 2006 a garbage collection ordinance was passed requiring a \$15 per month fee for residents. California Valley is required to create a recycling program. The Board of Directors has decided to designate one day each month to recycling pick-up. That day is the first Monday of each month. The District has been averaging 10 tons of trash each month. Their goal is to reduce this to 8 tons.

In recent years the Community Services District has considered adding Parks and Recreation powers to the list of services. The Solar Companies provided a one-time funding gift to the District to construct a park for future use. The District is working on an application to LAFCO to activate this power.

### **Creston Hills Ranch CSD**

The Creston Hills Ranch CSD maintain approximately 2.08 miles of private roads within the service area. Currently no bike paths are present; however a Class II pathway is planned by San Luis Obispo Council of Governments in the area. Limited information is available regarding the CSD operations, budget, and agendas because the District does not maintain a website.

### **Ground Squirrel Hollow CSD**

The Ground Squirrel Hollow CSD maintains approximately 11 miles of private roads within the service area. The District is funded with an annual tax assessment to each & every parcel collected on the County Property Tax Rolls and transmitted to the District. The initial assessment in 2004 when the District was formed was \$240.00 with provision for a 2% annual increase thereafter. An increase of more than 2% requires public notice

and majority approval by registered voters in the District. The 528 parcels within the GSHCSD are charged an annual special tax of \$291.52 for fiscal year 2014/15.

The GSHCSD is considering a proposed project that would provide funding to conduct one large comprehensive chip seal improvement project in the community to bring all roads up to a chip seal standard. GSHCSD policy has been to maintain the current roads based on their status upon the formation of GSHCSD in 2004. That is, chip seal roads are maintained to a chip seal standard and base roads to a base material standard. The policy was a result of the approved road funding in 2004 not providing enough money annually to upgrade all roads. GSHCSD is considering a loan from the United States Department of Agriculture (USDA) Rural Development loan program to fund the 1.3 million dollar proposed project.

The CSD provides solid waste collection service. LAFCO activated this power in 2014. The nearest landfill is Paso Robles/ Pacific Waste landfill. Solid waste services are provided by a contract hauler, Paso Robles Country Disposal, under a franchise agreement. Solid waste services in the community had historically been administered by SLO County. No change to the service level or hauler occurred due to the activation of solid waste powers by the District. The GSHCSD Board's action to activate solid waste powers was focused on the direct connection between road improvements and maintenance services and community solid waste services. The District believes the community solid waste service including diversion is best met by local control of the franchise funds to support the programs. Coordination between road projects and solid waste services can be done more efficiently if both community services are controlled by the same public agency.

The residential rates for 32 gallon automated at curb is \$29.85 monthly rate plus, IWMA fee of \$0.30 for a total monthly fee of \$30.15. 64 gallon automated at curb is \$43.65 monthly rate plus same additional fees for a total monthly fee of \$43.95. 96 gallon automated at curb is \$57.45 monthly rate plus, IWMA fee of \$1.15 for a total monthly fee of \$58.60. The District estimates approximately \$13,500 dollars will be collected in 2015 under the franchise agreement.

### **Independence Ranch CSD**

The Independence Ranch CSD maintain approximately 11.1 miles of private roads within the service area. The roads in Independence Ranch have all been chip sealed by June 2014. This was accomplished by obtaining a loan from the USDA. The cost was approximately \$500,000. There are 125 lots at Independence Ranch each with a road assessment of \$500 for each lot creating an Annual Budget of \$62,500. (\$500) x (125 lots)

The Independence Ranch CSD has adopted bylaws which outline the District operations and how the organization is managed.

### **Linne CSD**

The Linne CSD maintain approximately 8.24 miles of private roads within the service area. Currently no bike paths are present nor are any planned for the area.

The Linne CSD has created and codified a Code of Resolutions and Ordinances pursuant to Section 61040 (a) and 61045 (g) and Community Services District Law (Section 61000 et seq. of the California Government Code). These regulations outline the District operations and how the organization is managed.

In March of 2015 the Board adopted a resolution increasing the road assessment amount collected. A letter was sent to all property owners that stated

"During the last five years, the Board has published a repair plan and marked the District roads that need to be upgraded or fixed. You have probably noticed that we have not been able to complete all the repairs that have been marked on the roads. The drought of the last three years has had one small advantage in that the lack of rain and runoff has slowed road deterioration. However it has become increasingly obvious that our road assessment funds are insufficient to the task. Last year we were only able to complete one short stretch of our main artery, Stagecoach Road, with the funds we had available.

When the assessment was last increased, the Resolution contained a formula whereby we could make regular annual cost-of-living adjustments. The Board has elected not to increase the assessment since the original increase in 2008 and our contractors have worked hard to give us the best value for our funds. Now we find that we must exercise that cost of living increase so that we can continue to keep the roads open and safe."

The District will be increasing the assessment to a fifteen percent (15%) change from \$448.00 to \$516.00 for the fiscal year commencing on July 1, 2015. This should allow them to complete more road repairs.

### **Squire Canyon CSD**

The Squire Canyon CSD maintain approximately 6.9 miles of private roads within the service area. The County maintains approximately 0.31 miles. Currently no bike paths are present; however a Class II pathway is planned by San Luis Obispo Council of Governments in the area.

The Squire Canyon CSD has adopted in 2010 District Codes and Ordinances pursuant to Section 61040 (a) and 61045 (g) and Community Services District Law (Section 61000 et seq. of the California Government Code). These regulations outline the District operations and how the organization is managed.

Squire Canyon CSD has established three different zones that include: Indian Knob with 19 parcels, Squire Canyon with 41 parcels and General area where all 79 parcels participate in funding.

## **WRITTEN DETERMINATIONS**

1. The Districts manage their resources to adequately provide road maintenance services to the communities.
2. No additions to the SOI are proposed as a result of this Sphere of Influence Update that would increase the need for new resources and infrastructure.
3. The Districts regularly maintain the roads.

## **4. FINANCING ABILITY OF AGENCIES TO PROVIDE SERVICES**

The Districts prepare annual budget documents that are well-organized and clearly articulate the Districts' financial status and future spending plans. The documents provide information about revenue sources and expenditures. Independent Audits are prepared for each of the CSD's with the exception of Creston Hills Ranch CSD. The audits indicate these districts are operating within their financial means.

For each District the Board of Directors adopts a budget each year. The Budget provides a framework for each District to address the following issues: reserves, revenues, expenditures, transfer authority, fiscal management, investments, capital improvements and rates and fees.

In most Districts, direct labor, equipment, materials and vendor payments, plus an allocation of indirect overhead costs, are accounted for and billed based upon the information contained in the cost accounting system. The cost accounting system also identifies operations related costs to allow knowledgeable management of the various budgets, and a clear picture of expenditures for the Board of Directors and Citizens, as well as staff.

### **California Valley CSD**

The District financial constraints involve increased operational costs and the will of the people in the community to fund certain activities by establishing assessments or fees. Key expenditures include routine road maintenance, insurance, administrative, accounting services, services and supplies. The District budget report line items revenues and expenses for park and recreation services that have not been activated by LAFCO.

**Fiscal Trend Analysis for CVCSD.** The following charts show the fiscal trend analysis for the past five years for key fiscal indicators that represents an early warning system for an agencies fiscal health. The key indicators are overall operating budget, property tax revenues, long-term debt and fund balance for each year. The information was derived from the District's fiscal documents for each year.

### Operating Budget Figure 3-1

**Formula:**

Consolidated  
Expenditures /  
Fiscal year

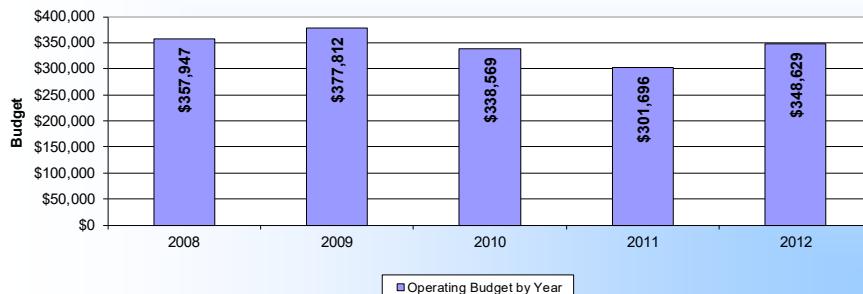
**Trend Analysis:**

Monitor expenditures  
over time.

**Source:**

Financial Statements:

California Valley CSD  
Operating Budget



**Description:**

This indicator refers to the overall operating budget and expenditures. It shows the expenditure pattern for a jurisdiction over a period of several years.

### Property Tax Revenues Figure 3-2

**Formula:**

Property tax revenue /  
Fiscal year

**Trend Analysis:**

Monitor property tax  
revenues over time.

**Source:**

Annual Financial  
Statements:

California Valley CSD  
Property Tax Revenue



**Description:**

The Fire District relies on property tax revenues to fund services. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the calendar year and the years indicated in the chart are the ending years for each calendar year.

### Long-Term Debt/Liabilities Figure 3-3

**Formula:**

Current liabilities / Net  
operating revenues

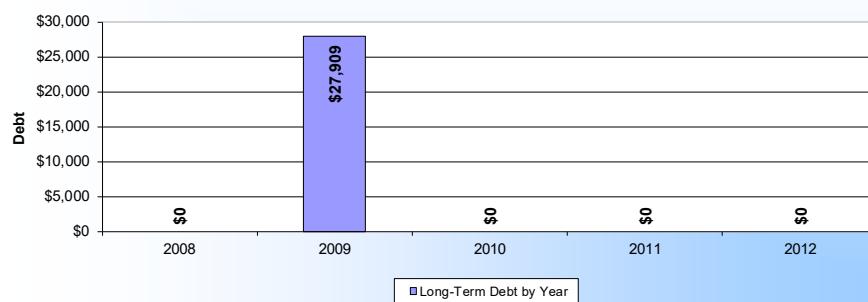
**Trend Analysis:**

Monitor Long-term debt  
at the end of the year as  
a percentage of net  
operating revenues over  
time.

**Source:**

Statement of Net Assets

California Valley CSD  
Long-Term Debt



**Description:**

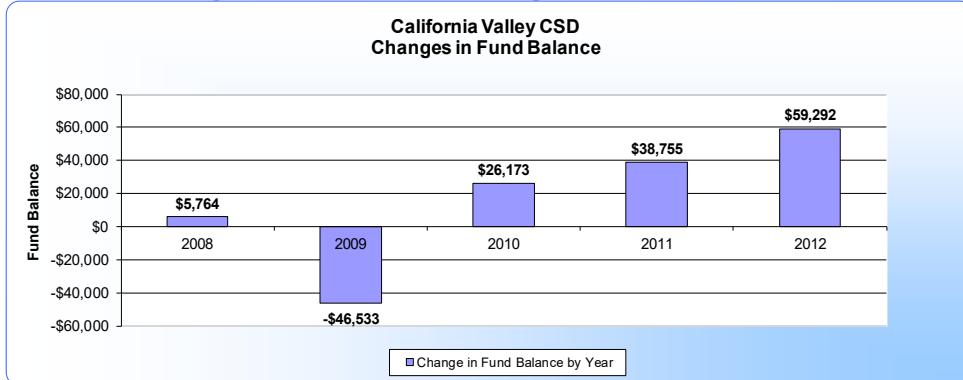
A major component of a jurisdiction's liability may be long-term debt in the form of tax or bond anticipation notes. Although long-term borrowing is an accepted way to deal with uneven cash flow, an increasing amount of long-term debt outstanding at the end of successive years can indicate deficit spending problems.

### Changes in Fund Balance Figure 3-4

**Formula:**  
General fund operating deficit or surplus / Fund operating revenue

**Trend Analysis:**  
Monitor general fund operating deficit or surplus as a percentage of net operating revenues.

**Source:**  
Annual Financial Statements:



**Description:**

This indicator is especially important because a pattern of operating deficits can be one of the first signs of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down reserve fund balances or using extra revenues from another fund for temporary needs.

**Annual Audit Report.** The District has submitted independent Audit Reports to the County Auditor pursuant to State Law. These reports have been reviewed by a qualified firm of Certified Public Accountants. The 2009 to 2011 Reports have been reviewed for this analysis. The audits find that the District's finances are presented consistent with accepted accounting principles. The District also adopts an Annual Budget. The District is funded by property taxes, franchise fees, and revenue from use of money (interest) and property.

### Creston Hills Ranch CSD

The District collects property tax as an assessment to fund road maintenance services. This means that revenues to support operations and capital improvements are borne by the landowners. The amount of assessment is unknown by LAFCO at this time or if increases are needed to maintain operations. No complaints have been filed by homeowners regarding lack of road maintenance; therefore the District continues to make improvements and conducting business to meet the needs of the residents.

**Fiscal Trend Analysis for CHRCSD.** The Creston Hills Ranch Community Services District has not provided any financial audits or budgets to the Auditor Office in the last ten years.

### Ground Squirrel Hollow CSD

The District is funded with an annual tax assessment to each & every parcel collected on the County Property Tax Rolls and transmitted to the District. The assessment includes a 2% annual increase to maintain a revenue neutral budget. An increase of more than 2% requires public notice and majority approval by registered voters in the District. The 528 parcels within the GSHCSD are charged an annual special tax of \$291.52 for fiscal year 2014/15.

**Fiscal Trend Analysis for GSHCSD.** The following charts show the fiscal trend analysis for the past five years for key fiscal indicators that represents an early warning system for an agency's fiscal health. The key indicators are overall operating budget, property tax revenues, and fund balance for each year. Ground Squirrel Hollow CSD does not have a trend history of long-term debt. The information was derived from the District's fiscal documents for each year.

### Operating Budget Figure 3-5

**Formula:**

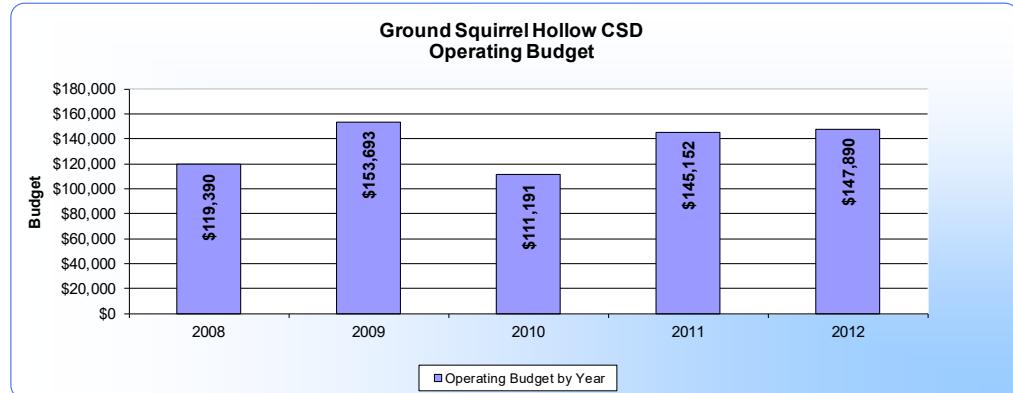
Consolidated Expenditures / Fiscal year

**Trend Analysis:**

Monitor expenditures over time.

**Source:**

Financial Statements:



**Description:**

This indicator refers to the overall operating budget and expenditures including enterprise funds. It shows the expenditure pattern for a jurisdiction over a period of several years.

### Property Tax Revenues Figure 3-6

**Formula:**

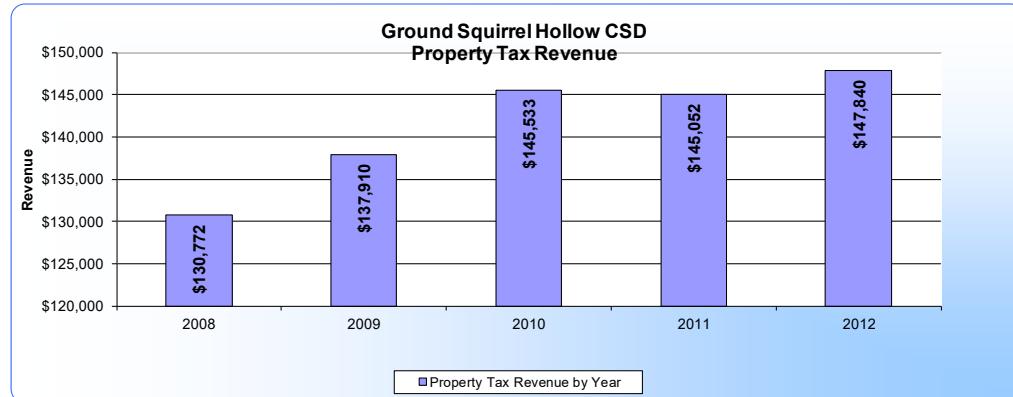
Property tax revenue / Fiscal year

**Trend Analysis:**

Monitor property tax revenues over time.

**Source:**

Annual Financial Statements:



**Description:**

This indicator will have more importance for those agencies heavily reliant upon property tax revenues. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the calendar year and the years indicated in the chart are the ending years for each calendar year.

### Changes in Fund Balance Figure 3-7

**Formula:**

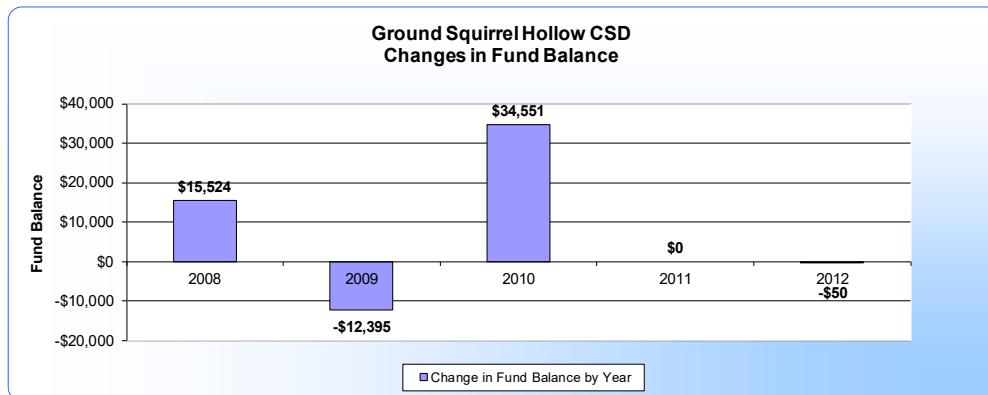
General fund operating deficit or surplus / Fund operating revenue

**Trend Analysis:**

Monitor general fund operating deficit or surplus as a percentage of net operating revenues.

**Source:**

Annual Financial Statements:

**Description:**

This indicator is especially important because a pattern of operating deficits can be one of the first signs of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down reserve fund balances or using extra revenues from another fund for temporary needs.

**Annual Audit Report.** The County Auditor has prepared annual audits pursuant to State Law. The 2011 and 2012 Reports have been reviewed for this analysis. The audits find that the District's financial reports are presented consistent with accepted accounting principles. The District is funded by property taxes (special assessment), solid waste franchise fees, and interest.

### Independence Ranch CSD

The District is funded with an annual tax assessment to each & every parcel collected on the County Property Tax Rolls and transmitted to the District. The Independence Ranch CSD collects a road assessment of \$500 for each lot creating an Annual Budget of \$62,500.

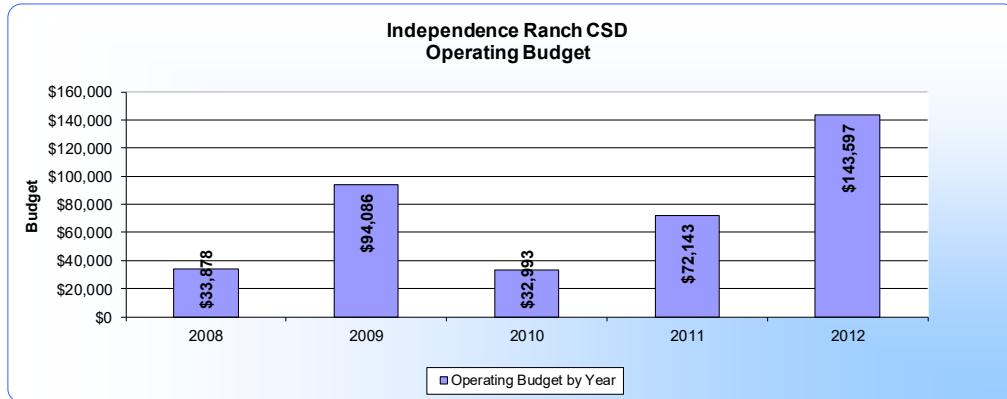
**Fiscal Trend Analysis for IRCSD.** The following charts show the fiscal trend analysis for the past five years for key fiscal indicators that represents an early warning system for an agencies fiscal health. The key indicators are overall operating budget, property tax revenues, and fund balance for each year. Independence Ranch CSD does not have a trend history of long-term debt. The information was derived from the District's fiscal documents for each year.

### Operating Budget Figure 3-8

**Formula:**  
Consolidated  
Expenditures /  
Fiscal year

**Trend Analysis:**  
Monitor expenditures  
over time.

**Source:**  
Financial Statements:



**Description:**

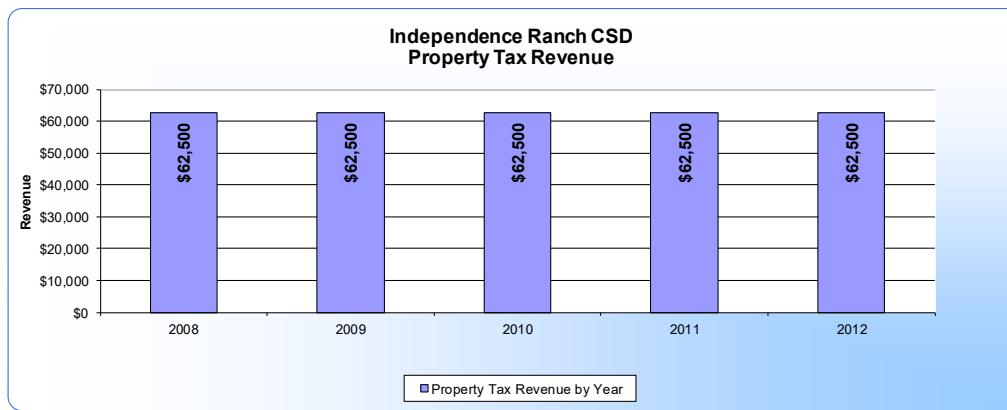
This indicator refers to the overall operating budget and expenditures including enterprise funds. It shows the expenditure pattern for a jurisdiction over a period of several years. The District has reduced expenditures and increased revenues over the last several years.

### Property Tax Revenues Figure 3-9

**Formula:**  
Property tax revenue /  
Fiscal year

**Trend Analysis:**  
Monitor property tax  
revenues over time.

**Source:**  
Annual Financial  
Statements:



**Description:**

This indicator will have more importance for those agencies heavily reliant upon property tax revenues. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the calendar year and the years indicated in the chart are the ending years for each calendar year.

### Changes in Fund Balance Figure 3-10

**Formula:**

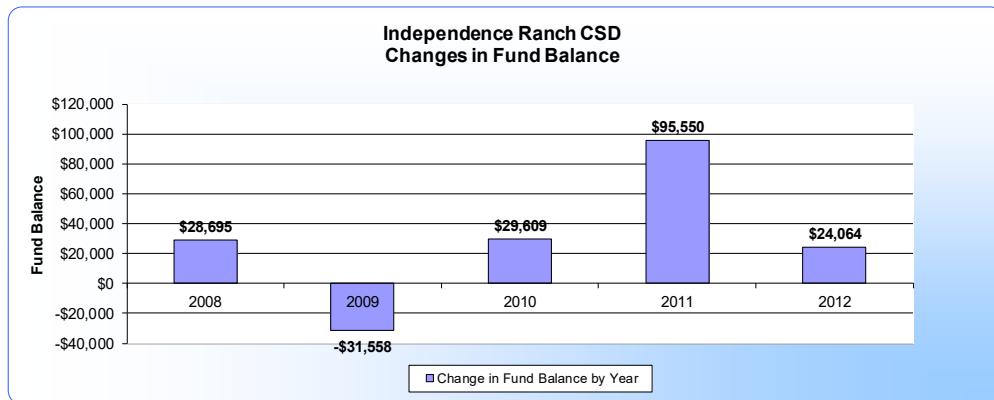
General fund operating deficit or surplus / Fund operating revenue

**Trend Analysis:**

Monitor general fund operating deficit or surplus as a percentage of net operating revenues.

**Source:**

Annual Financial Statements:

**Description:**

This indicator is especially important because a pattern of operating deficits can be one of the first signs of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down reserve fund balances or using extra revenues from another fund for temporary needs.

**Annual Audit Report.** The County Auditor has prepared annual audits pursuant to State Law. The 2011 and 2012 Reports have been reviewed for this analysis. The District is funded by property taxes, grants, and interest.

### Linne CSD

The District is funded with an annual tax assessment to each & every parcel collected on the County Property Tax Rolls and transmitted to the District. The Linne CSD collects a road assessment of \$448 for each lot creating an Annual Budget of \$59,000. Commencing on July 1, 2015 the District will be increasing the assessment by fifteen percent (15%) a change from \$448.00 to \$516.00 for the fiscal year.

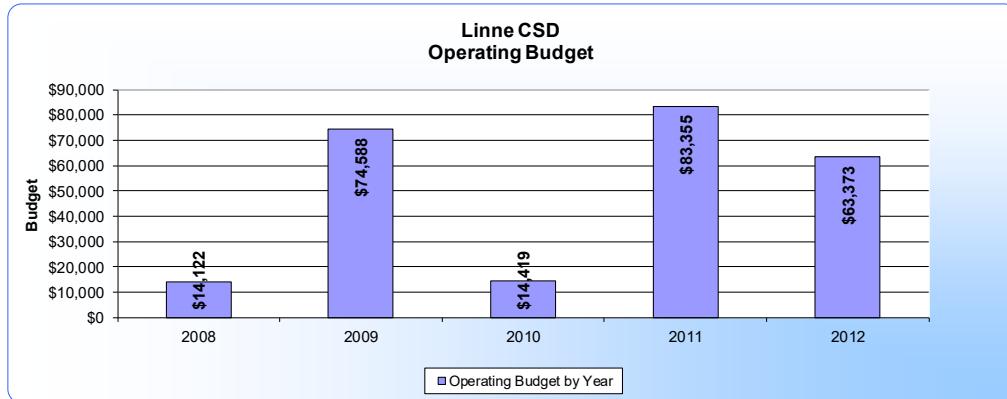
**Fiscal Trend Analysis for LCSD.** The following charts show the fiscal trend analysis for the past five years for key fiscal indicators that represents an early warning system for an agencies fiscal health. The key indicators are overall operating budget, property tax revenues, and fund balance for each year. Linne CSD does not have a trend history of long-term debt. The information was derived from the District's fiscal documents for each year.

### Operating Budget Figure 3-11

**Formula:**  
Consolidated  
Expenditures /  
Fiscal year

**Trend Analysis:**  
Monitor expenditures  
over time.

**Source:**  
Financial Statements:



**Description:**

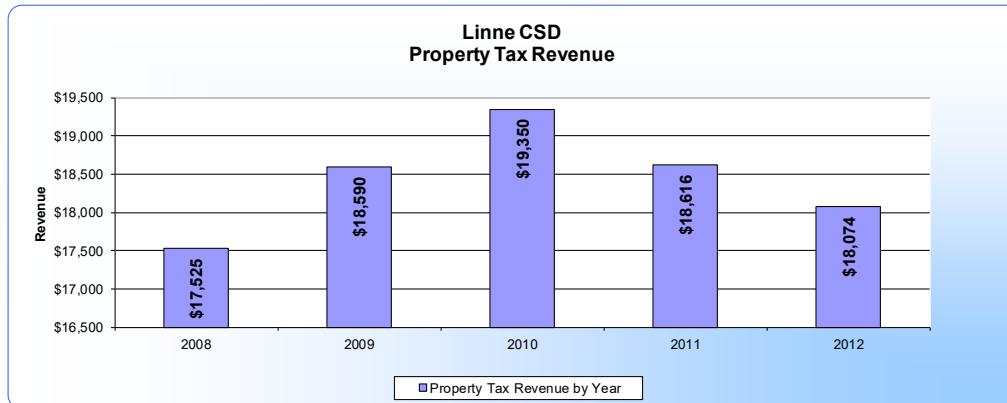
This indicator refers to the overall operating budget and expenditures including enterprise funds. It shows the expenditure pattern for a jurisdiction over a period of several years. The District has reduced expenditures and increased revenues over the last several years.

### Property Tax Revenues Figure 3-12

**Formula:**  
Property tax revenue /  
Fiscal year

**Trend Analysis:**  
Monitor property tax  
revenues over time.

**Source:**  
Annual Financial  
Statements:



**Description:**

This indicator will have more importance for those agencies heavily reliant upon property tax revenues. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the calendar year and the years indicated in the chart are the ending years for each calendar year.

### Changes in Fund Balance Figure 3-13

**Formula:**

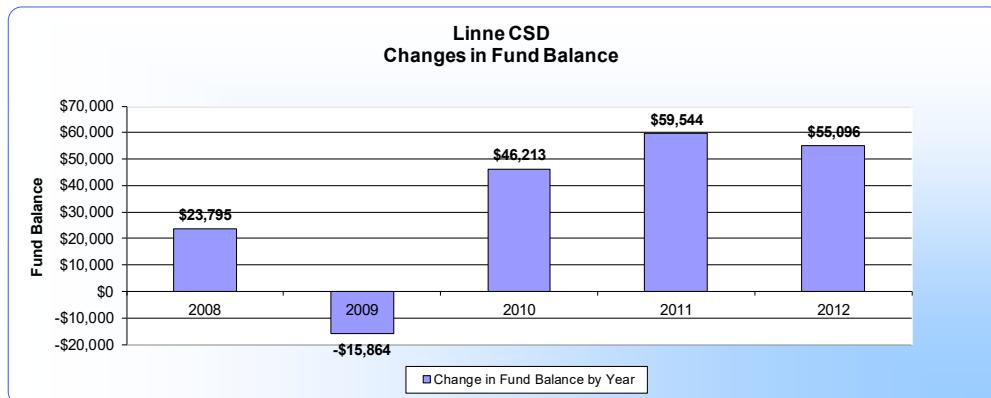
General fund operating deficit or surplus / Fund operating revenue

**Trend Analysis:**

Monitor general fund operating deficit or surplus as a percentage of net operating revenues.

**Source:**

Annual Financial Statements:

**Description:**

This indicator is especially important because a pattern of operating deficits can be one of the first signs of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down reserve fund balances or using extra revenues from another fund for temporary needs.

**Annual Audit Report.** The County Auditor has prepared annual audits pursuant to State Law. The 2011 and 2012 Reports have been reviewed for this analysis. The District is funded by property taxes, and interest.

### Squire Canyon CSD

The District is funded with an annual tax assessment to each & every parcel collected on the County Property Tax Rolls and transmitted to the District. The Squire Canyon CSD collects a road assessment from three zones that include: Indian Knob with 19 parcels are charged \$607.22 per parcel, Squire Canyon with 41 parcels are charged \$303.60 per parcel, and a general area charge of \$91.06 where all parcels participate in funding to fund administration. In total the assessment equals \$31,178 dollars in annual budget.

**Fiscal Trend Analysis for SCCSD.** The following charts show the fiscal trend analysis for the past five years for key fiscal indicators that represents an early warning system for an agencies fiscal health. The key indicators are overall operating budget, property tax revenues, and fund balance for each year. Squire Canyon CSD does not have a trend history of long-term debt. The information was derived from the District's fiscal documents for each year.

### Operating Budget Figure 3-14

**Formula:**

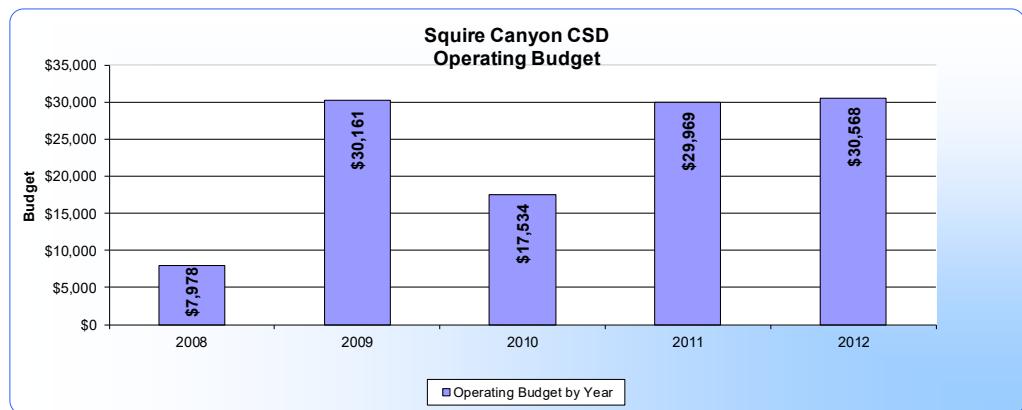
Consolidated  
Expenditures /  
Fiscal year

**Trend Analysis:**

Monitor expenditures  
over time.

**Source:**

Financial Statements:

**Description:**

This indicator refers to the overall operating budget and expenditures including enterprise funds. It shows the expenditure pattern for a jurisdiction over a period of several years. The District has reduced expenditures and increased revenues over the last several years.

### Property Tax Revenues Figure 3-15

**Formula:**

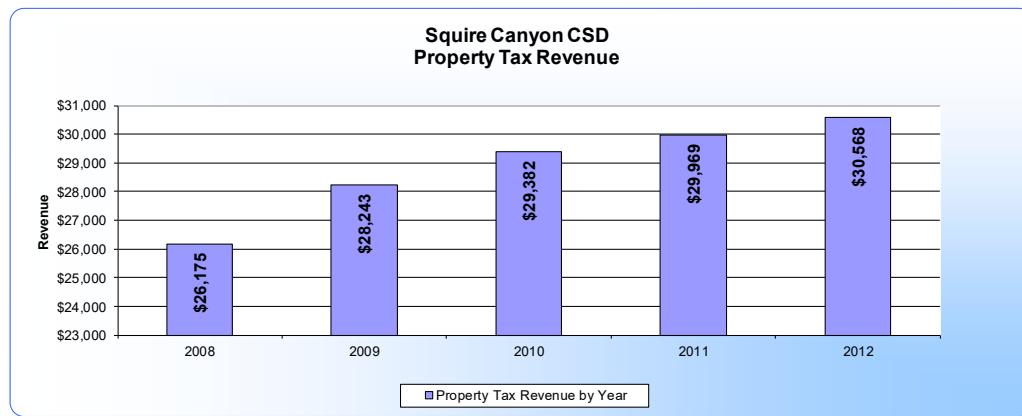
Property tax revenue /  
Fiscal year

**Trend Analysis:**

Monitor property tax  
revenues over time.

**Source:**

Annual Financial  
Statements:

**Description:**

This indicator will have more importance for those agencies heavily reliant upon property tax revenues. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the calendar year and the years indicated in the chart are the ending years for each calendar year.

### Changes in Fund Balance Figure 3-16

**Formula:**

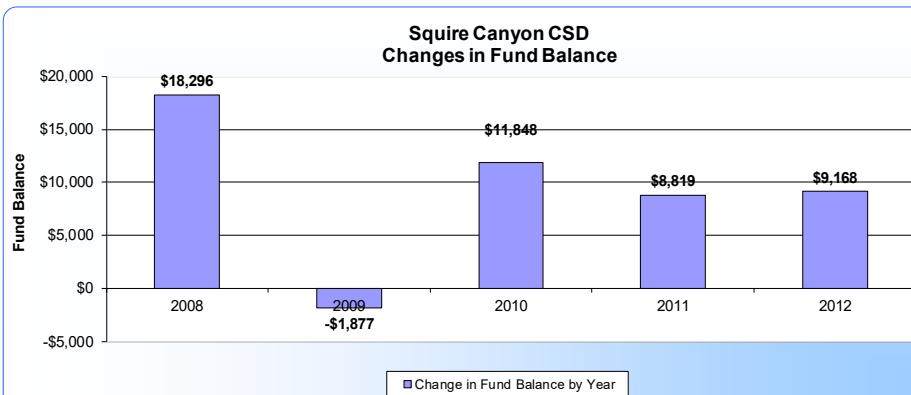
General fund operating deficit or surplus / Fund operating revenue

**Trend Analysis:**

Monitor general fund operating deficit or surplus as a percentage of net operating revenues.

**Source:**

Annual Financial Statements:

**Description:**

This indicator is especially important because a pattern of operating deficits can be one of the first signs of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down reserve fund balances or using extra revenues from another fund for temporary needs.

**Annual Audit Report.** The County Auditor has prepared annual audits pursuant to State Law. The 2011 and 2012 Reports have been reviewed for this analysis. The District is funded by property taxes, and interest.

## WRITTEN DETERMINATIONS

1. The Districts' prepare and approve an annual budget that clearly describes the services provided to residents and the funds expended for those services.
2. When the Districts' are having difficulty to funding needed services through property taxes the Districts' have the ability to increase revenues to meet the service needs.
3. The Districts' appear to be in good financial condition. It is reasonable to conclude that the Districts' endeavor to avoid long-term financial obligations for the capital improvement or maintenance of new projects.
4. Creston Hills Ranch CSD should submit annual audits to the County Auditor as required by State law or the County Auditor.

## **5. OPPORTUNITIES FOR, SHARED FACILITIES**

In managing the CSDs the Districts works together with other jurisdictions to minimize costs and duplication of effort when needed. This may lead to a shared use of infrastructure with the County, Cities and other Districts.

In the case of roadways (County Service Area 21), the opportunity to coordinate connections between collector and arterial roadways will enhance regional traffic patterns, and would aid in emergency response times and increase overall condition of the roads. Roads that may involve the City, County and State involvement include Highways 1, and 41 and the Cities' off-ramps.

### **WRITTEN DETERMINATIONS**

1. The Districts' look for opportunities to work with other agencies and organizations to help provide efficient services to the residents of the District.

## **6. GOVERNMENT STRUCTURE OPTIONS**

The Districts' Board of Directors prioritizes services and must make difficult decisions about the services that are provided from a limited amount of financial resources. The CSDs provide a needed service to the residents of the communities they serve. The Districts maintenance of roads allows these areas to maintain the roads to a standard less than that required by the County. This reduces costs and allows for residents to maintain the roads that the Board of Directors sees fit to repair.

The management and service aspects of the CSDs are administered by subcontractors hired by the Districts' to implement the road maintenance program. The Districts' Board of Directors and hired consultants provide fiscal, legal, and engineering support to the CSDs.

Each of the Districts' hold regular meetings and post agenda's and minutes on their website along with other valuable information for the public.

### **WRITTEN DETERMINATIONS**

1. The Districts' provides management and administrative support.
2. The CSDs were created to provide road maintenance services in a cost-effective manner that allowed for flexibility in the road standard that must be attained.
3. The District Board of Directors along with hired professional consultants and staff provide full management and administrative support for the CSDs.
4. The Districts appear to provide efficient service to residents.
5. Creston Hills Ranch CSD should develop a website and post meeting agenda and budgets for the public to have access and review.

## **7. OTHER MATTERS**

None identified at this time.

## ATTACHMENT A NOTICE OF EXEMPTION

**TO:** Office of Planning and Research  
1400 Tenth Street, Room 121  
Sacramento, CA 95814

**FROM:** San Luis Obispo LAFCO  
1042 Pacific Street  
San Luis Obispo, CA 93401

Tommy Gong, County Clerk  
County of San Luis Obispo  
County Government Center  
San Luis Obispo, CA 93401

**CONTACT:** David Church, AICP, Executive Officer  
(805) 781-5795

**Project Title:** Sphere of Influence Update, Municipal Service Review, and Environmental Determination for the Road District, which include the Community Service Districts of (California Valley, Creston Hills Ranch, Ground Squirrel Hollow, Independence Ranch, Linne, and Squire Canyon).

**Project Location and Description.** LAFCO has prepared a Sphere of Influence (SOI) Update and Municipal Service Review for the Road Districts of California Valley, Creston Hills Ranch, Ground Squirrel Hollow, Independence Ranch, Linne, and Squire Canyon located in San Luis Obispo County. The SOI is a 20-year growth boundary that includes areas that may be served by a District in the future. This SOI update and Service Review recommends maintaining the same Sphere of Influence boundaries for each of the Districts. The Cortese-Knox-Hertzberg Act calls for the Service Review to be completed either prior to or concurrent with, the Sphere of Influence update. The Service Review evaluates the public services provided by the Districts and provides the information base for updating the SOIs.

**Public Agency Approving Project.** The Local Agency Formation Commission (LAFCO) of San Luis Obispo County conducted a public hearing on this item on October 15, 2015 at 9:00 a.m. in the County Board of Supervisors Chambers in San Luis Obispo, at the County Government Center, located at the corner of Monterey and Santa Rosa Streets. A 21-day notice was published in the Tribune.

**Environmental Determination.** LAFCO is the Lead Agency for the proposed Sphere of Influence Update and Service Review. 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). The MSR qualifies for a Class 6 - Regulation Section 15306. Additionally, the SOI updates qualify for a general rule exemption from environmental review based upon CEQA Regulation Section 15061(b)(3).

**Reasons for Exemption.** The proposed Sphere of Influence Update and Municipal Services Review does not involve, authorize or permit the siting or construction of any facilities. The MSR is categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation 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." CEQA Regulation Section 15061(b)(3) states "The activity is covered by the general rule 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." There are no land use changes or environmental impacts created or recommended by the SOI update. No changes to the Spheres of Influence for any of the District listed above are recommended in the Sphere of Influence Update document.