



COUNTY OF SAN LUIS OBISPO
Department of Public Works
John Diodati, Director

TO: Rob Fitzroy, Executive Officer; Imelda Marquez-Vawter, Analyst
rfitzroy@slo.lafco.ca.gov; imarquez@slo.lafco.ca.gov

FROM: Laura Holder, Utilities Division Program Manager

VIA: Nola Engelskirger, PE, Water Utilities Division Manager

DATE: August 2, 2024

SUBJECT: Informational Response for The Sphere of Influence & Annexation #1 To County Service Area 23 (Vineyard Oaks – Tract 2586) Application; LAFCo File: 2-R-23

Thank you for your letter dated April 15, 2024, concerning the informational items outlined in the March 5, 2024, Plan for Services. This memo will address items 1 to 3 sequentially, corresponding to the numbering in your letter. Original request Items 4 and 6 through 10 were determined to be complete. Item 5 requiring a GIS shape file will be provided with the final annexation map.

If you have any additional questions regarding the proposed annexation, please do not hesitate to contact me at (805) 781-5135 or LHolder@co.slo.ca.us or Christy Gabler, the applicant's principal project manager, at (805) 461-5765.

Item 1

Original Request from LAFCO

A final annexation map and legal description for Phase I, prepared and certified by a civil engineer or licensed land surveyor, is needed. Include all background material such as deeds or tract maps. Final annexation maps will be required to meet the LAFCO mapping standards that are provided in the LAFCO application found on the website at slo.lafco.ca.gov.

Due to the unique nature of this proposal described above, an adequate map and legal description for Phase 1 must be submitted prior to LAFCO hearing with preliminary maps and descriptions for phases 2 and 3. A final annexation map and legal for phases 2 and 3 would also be needed but to be consistent with the overall approach discussed above, can be provided to LAFCO after Commission approval; conditions of approval would be placed on the project for phases 2 and 3. If phase 2 and 3 conditions are not met, then phase 2 and 3 will not be effective unless and until the annexation map and legal is obtained and the letter from the Executive Officer is issued.

LAFCO Response to Information Provided by Applicant for Item 1

This item is incomplete. It was indicated that this item is currently in process with the landowner's Surveyor. LAFCO will need this item and any other pending items before issuing a Certificate of Filing, which deems the application sufficient for processing. Once the Certificate of Filing (COF) is issued then a LAFCO hearing will occur within 90 days of the COF.

County Response for Item 1

The Applicant has submitted the Phase 1 map and legal description to the County Surveyor for review. As soon as that process is completed, we will provide these documents to LAFCO.

Item 2

Original Request from LAFCO

Regarding the provision of Government Code Section 56653(b)(1) and (5) as they relate to the Plan for Services, these Sections require an enumeration of the current services and services to be extended to the affected territory and information as to how these services will be financed. The proposed plan for services states that a zone of benefit will be created to differentiate between existing rate payers of CSA 23 and the proposed annexation. Please provide information as to how existing rates will be impacted and any information about the rates of the annexation area. Please provide and confirm the rate structure, timing of the rates and how this will be implemented. Importantly, please provide information as to when a zone of benefit will be created. It is likely the annexation will include a condition of approval with respect to implementation of a zone of benefit for the annexation area.

LAFCO Response to Information Provided by Applicant for Item 2

No information was provided on this request. Please provide detailed information as originally requested. The Commission will need to fully understand the rate structure, how existing users will be affected, what the estimated rates of the annexed area will be, and the timing of when a Zone of Benefit will be created and associated Prop 218 rate election.

County Response for Item 2

1. Rate structure:

- The existing rate structure for water services in CSA 23 will be unaffected by the annexation of new territory and can be viewed here:

<https://www.slocounty.ca.gov/Departments/Public-Works/Forms-Documents/Committees-Programs/County-Service-Areas/CSA-23-Santa-Margarita/Combined-CSA23-Ordinance,-Rules-Regulations.pdf>.

The annexed area will adopt current CSA 23 rates in addition to an approximate \$32.41/month capital improvement charge, earmarked for an anticipated tank replacement project in 20 years. For additional information, refer to the Memo dated February 3, 2022 "Financial Analysis of Tract 2586 Annexation into CSA 23."

2. Timing of Zone of Benefit creation and Prop 218 rate election:

- CSA 23 intends to initiate proceedings for the formation of a new Zone of Benefit upon the issuance of the Certificate of Completion for Annexation. The capital improvement charge will be implemented through a Proposition 218 protest process, which will take place at the same time as the formation of the zone of benefit.

Item 3

Original Request from LAFCO

Regarding the provisions of Government Code Section 56653(b)(2), (3) and (4), as they relate to the Plan for Services, this Section requires a description of the level and range of services to be provided, when those services can feasibility be extended and necessary infrastructure. Please provide information on the existing water system, water availability, and the water system's capacity to accommodate the proposed annexation and related infrastructure improvements.

LAFCO Response to Information Provided by Applicant for Item 3

- This item requires additional information.
- Thank you for providing the list of additional facilities and infrastructure required to provide service to the Project. Please provide more detail about when these improvements will be implemented and how they will be executed. It is our understanding that the proposed infrastructure improvement plan has undergone a number of iterations. LAFCO needs to ensure that there is a plan in place in order to pursue annexation. Please provide a clear plan

and visual descriptions of the proposed infrastructure improvements. LAFCO needs this information, in part, to fully address the government code section noted above, but also ensure that the proposed infrastructure plan is consistent with that studied in the EIR. As such, please provide sufficient information so that LAFCO can determine how this annexation and associated infrastructure improvements are consistent with the original EIR.

- **County's Response:**

- Please refer to Kirk Consulting Memorandum dated April 30, 2024.
- Two additional water supply wells (located in a separate groundwater basin).
 - Status: This improvement has been completed and will be dedicated to CSA 23 prior to approval of the final map for Phase 1 of the Project.
- The tract water distribution system with all appurtenances.
 - Status: This improvement has been completed and will be dedicated to CSA 23 prior to approval of the final map for Phase 1 of the Project.
- A 6-inch bi-directional cross-connect water line sized to provide up to 200 gallons per minute, i.e., as a redundant system that can provide water in either direction between the existing CSA system and the tract water distribution system.
 - Status: This improvement has been completed and will be dedicated to CSA 23 prior to approval of the final map for Phase 1 of the Project.
- Booster station with transfer pump, backup generator, chlorine analyzers, turbidimeter, pH meter, flow meters and control building.
 - Status: This improvement has been completed and will be dedicated to CSA 23 prior to approval of the final map for Phase 1 of the Project.
- Bolted steel 288,000-gallon storage tank.
 - Status: This improvement has been completed and will be dedicated to CSA 23 prior to approval of the final map for Phase 1 of the Project.
- SCADA equipment for telemetry and operations.
 - Status: This improvement has been completed and will be dedicated to CSA 23 prior to approval of the final map for Phase 1 of the Project.
- Water quality sample stations at each well and tank and a minimum of two additional sample stations within the distribution system.
 - Status: This improvement has been completed and will be dedicated to CSA 23 prior to approval of the final map for Phase 1 of the Project.
- Additionally, provisions for a future Iron and Manganese Filtration system, if, after one year of service from the Wells and a minimum of 10.6 million gallons of production from the Wells, the water produced from the wells exceed the drinking water standard for iron and manganese
 - Status: This improvement will be completed if the conditions are met. The developer is required to provide a letter of credit prior to the approval of the final map for Phase 1 of the Project, which guarantees the construction of this improvement in the event the conditions are met.

- Thank you for providing information regarding CSA 23's water capacity and demand. We are unclear on some of the data points provided and in order to ensure we have the information needed to support the District's ability to provide service, please also address the questions listed below:
 - Existing Water Capacity of CSA 23
 - **County's Response:** Existing water capacity is 637,000 gallons,
 - Projected Water Capacity of CSA 23 at buildout without project
 - **County's Response:** Projected water capacity at buildout without the project is 637,000 gallons.
 - Projected Water Capacity of CSA 23 at buildout plus new project
 - **County's Response:** The projected capacity of CSA 23 at buildout plus the new project 925,000 gallons.
 - Existing Water Demand of CSA 23
 - **County's Response:** The existing water system can be broken up into three demand categories; Average day demand (ADD), Maximum day demand (MDD), and Peak hour demand (PHD).
 - ADD = 176,750 gallons (123 gallons per minute)
 - MDD = 376,500 gallons (261 gallons per minute)
 - PHD = 31,400 gallons per hour (523 gallons per minute)
 - Projected Water Demand of CSA 23 at buildout without project
 - **County's Response:** The demand at buildout without the project is:
 - ADD = 210,500 gallons (146 gallons per minute)
 - MDD = 421,500 gallons (292 gallons per minute)
 - PHD = 35,100 gallons per hour (584 gallons per minute)
 - Projected Water Demand of CSA 23 at buildout plus new project
 - **County's Response:** The demand at buildout plus the new project is:
 - ADD = 264,500 gallons (183 gallons per minute)
 - MDD = 528,000 gallons (366 gallons per minute)
 - PHD = 43,920 gallons per hour (732 gallons per minute)

- It has been mentioned that the proposed infrastructure improvements will increase the capacity and resiliency of the existing CSA 23 system, please explain how this would occur.
 - **County's Response:** The capacity of the project tank includes 180,000 gallons of fire storage and 54,000 gallons of emergency storage. Upon acceptance of the improvements and completion of the annexation, this additional storage would be available to CSA 23 in the event of an emergency or fire. This increases CSA 23's fire storage capacity by 55% and its emergency storage by 26%.

- Please help us understand the status and capacity of the two additional water wells that the Applicant is proposing to transfer/dedicate to CSA 23 as part of the annexation. How much water /capacity will the two water wells bring into CSA 23? It was mentioned that the two wells are located in a separate groundwater basin, what basin is that? What is the general health of that basin? What would CSA 23's water availability look like after they acquire the new water wells and how is this consistent with the EIR.
 - **County's Response:** There are two water supply wells that will be added to the system, wells 15b and 15c. These wells produce 100gpm and 85gpm respectively with a combined total of 185 gpm or 11,100 gallons per hour. This volume could replenish both CSA 23 and the Project's Equalization storage within 8 hours. The pumps would be used to fill the project tank which then can be pumped to CSA 23.
 - These wells are located between two mapped ground water basins, the Salinas Valley-Atascadero Area 3-004.11 and Rinconada Valley 3-043. The Atascadero Area was determined by the state to be a low priority basin and no longer required to comply with SGMA. The Southern part of that basin is considered "Much Above Normal" at this time (DWR website, <https://storymaps.arcgis.com/stories/b3886b33b49c4fa8adf2ae8bdd8f16c3>). The Rinconada Basin is adjacent to the Salinas River and South of the project wells, there is no current information for that basin.
 - The area for the new wells is unmapped and considered a "groundwater area", not a basin. There are current studies taking place to determine if a groundwater area can be characterized to determine sustainability, but no data is available at this time. The existing Well #3 in CSA 23 is within the same type of area.
 - The project will add two new water supply wells to the system and additional storage. This increases water supply resilience and reliability, additional storage, and redundancy. For more information on CEQA compliance and mitigation requirements, please refer to the attached Kirk Consulting Memorandum dated April 30, 2024.

Cc: Brian Pierik, LAFCO Legal Counsel, bpierik@bwslaw.com
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Doug Filippini, Applicant, doug@apwinery.com
Karl Wittstrom, Applicant, karl@apwinery.com
Christy Gabler, Kirk Consulting, christy@kirk-consulting.net



COUNTY OF SAN LUIS OBISPO
Department of Public Works

John Diodati, Director

Date: February 3, 2022
To: Public Works Utilities Division
From: Jessica Johnson, Accountant II-Finance
Subject: Financial Analysis of Tract 2586 Annexation into CSA 23

Public Works Finance has completed a financial analysis of Tract 2586 annexation into CSA 23.

Buy-in Fee:

The asset list provided by the consultant was evaluated by Finance and it was determined that a buy-in fee is not warranted.

Revenue:

Revenue for Tract 2586 was estimated conservatively using existing CSA 23 rates. Estimated revenue generated from the proposed 111 lots will adequately cover operations and maintenance costs. This tract will likely be annexed as a zone of benefit within CSA 23 and a self-sufficient water service rate will be established. Connection fees will be paid by the owners.

Information regarding CSA 23 including the current rate ordinance can be found here:

<https://www.slocounty.ca.gov/Departments/Public-Works/Committees-Programs/County-Service-Areas/CSA-23-Santa-Margarita.aspx>

Reserves:

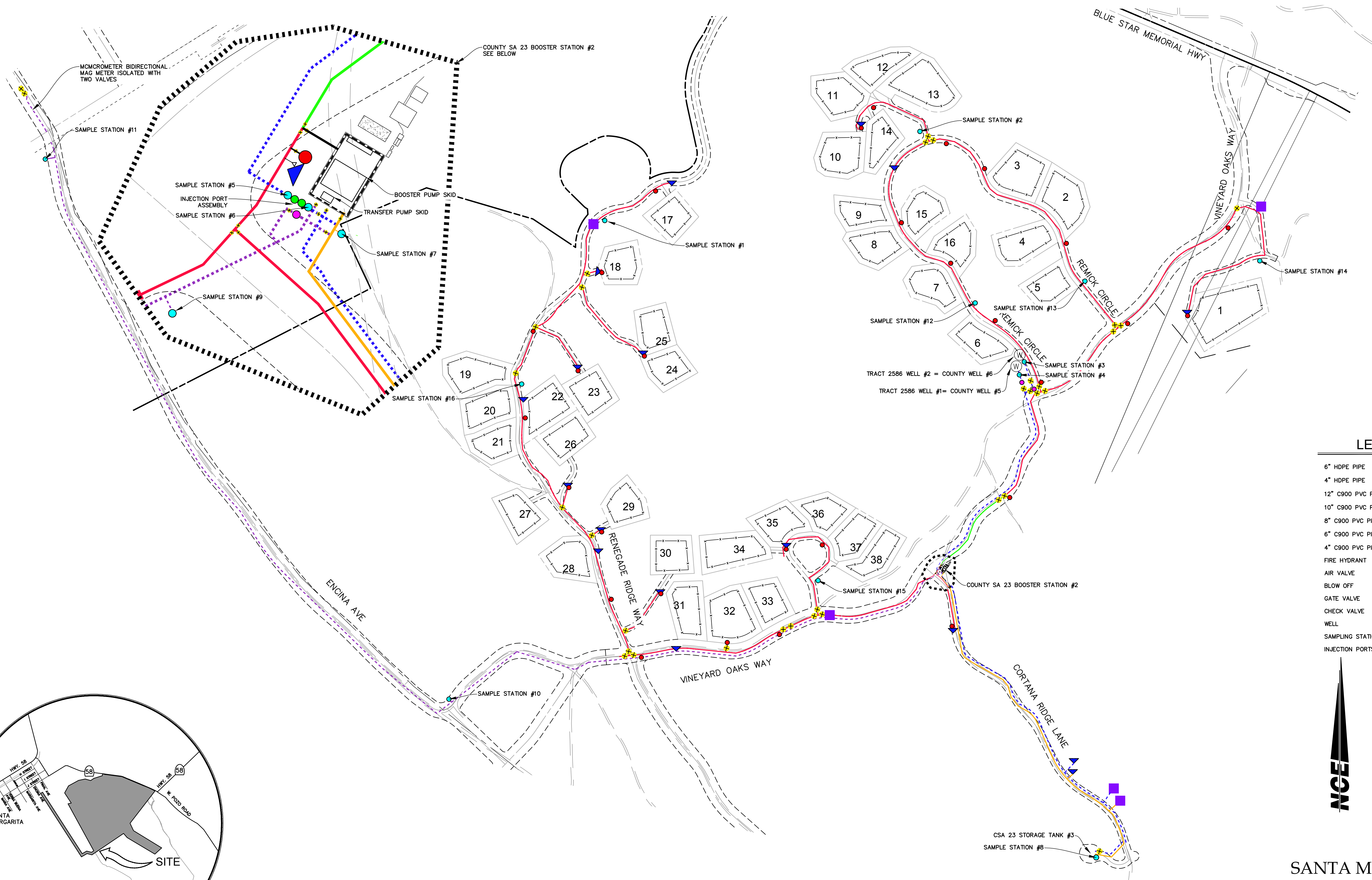
Bolted storage tanks have an estimated 20-year life cycle. Therefore, a separate water service charge will be established for this tract to build up reserves for the expected replacement of the bolted tank with a welded tank. A separate water service charge will be established for this tract to build up reserves to replace the bolted tank.

Any changes related to this analysis will be communicated to the applicant in writing.

Sincerely,

A handwritten signature in blue ink, appearing to read "K. Franco", written over a light blue horizontal line.

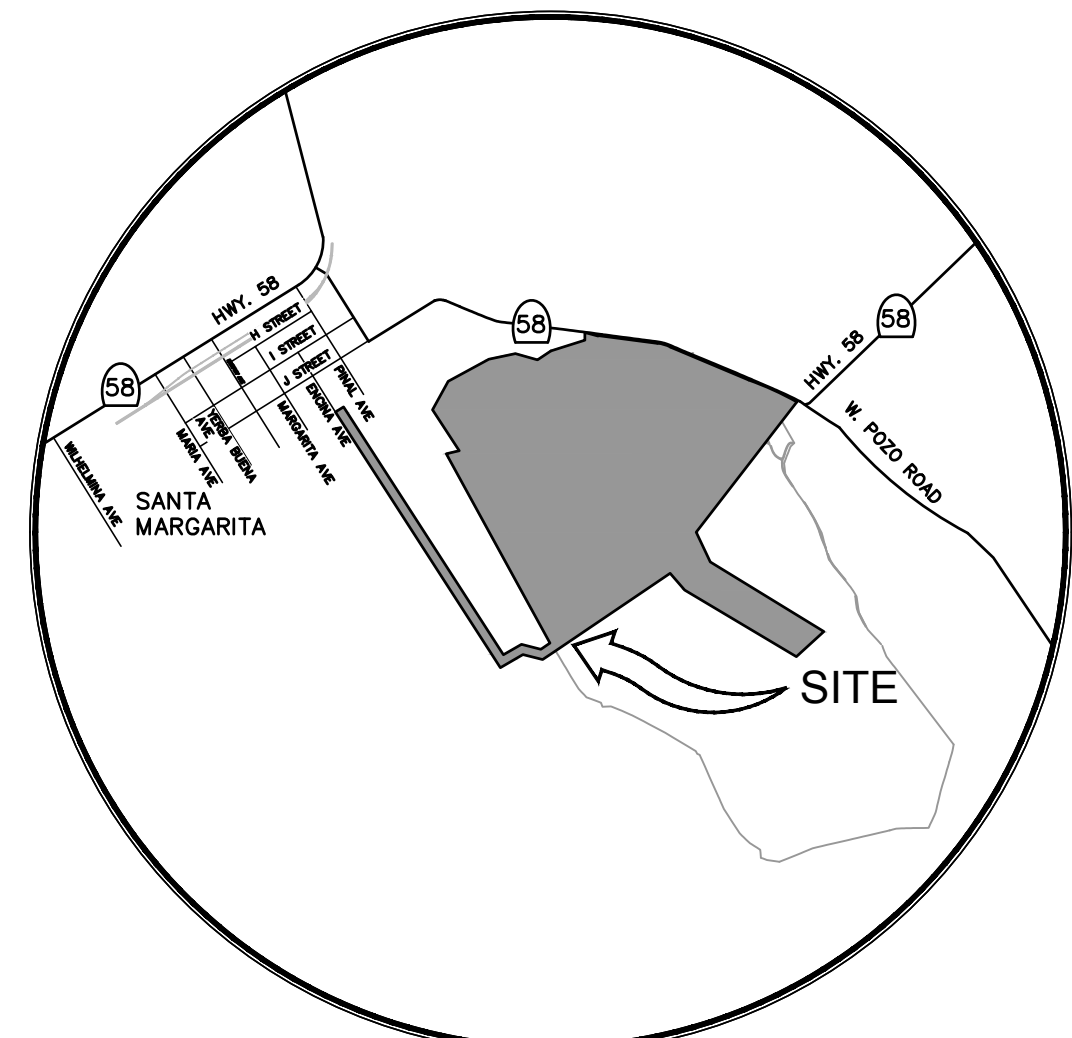
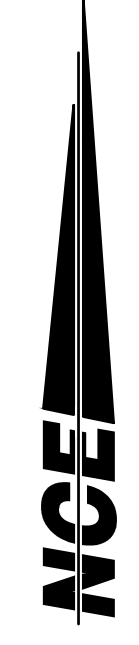
Katie Franco
Provisional Finance Division Manager, San Luis Obispo County



LEGEND

6" HDPE PIPE	---
4" HDPE PIPE	---
12" C900 PVC PIPE	---
10" C900 PVC PIPE	---
8" C900 PVC PIPE	---
6" C900 PVC PIPE	---
4" C900 PVC PIPE	---
FIRE HYDRANT	●
AIR VALVE	▼
BLOW OFF	■
GATE VALVE	+
CHECK VALVE	○
WELL	⊙
SAMPLING STATION	●
INJECTION PORTS	●

NOT TO SCALE



LOCATION MAP
NO SCALE

**SANTA MARGARITA RANCH
CALIFORNIA DIVISION OF
DRINKING WATER EXHIBIT**

REVISED 2/12/2024
(REVISED 09/05/2023)

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