

Attachment B

LAFCO Proposal Review Factors - Government Code 56668, 56668.3, & 56668.5

Annexation #30 to the Nipomo Community Services District (NCSD)

(Dana Reserve Specific Plan) – LAFCO No. 4-R-22

Factor (a)

Population and population density; land area and **land use**; per capita **assessed valuation**; **topography, natural boundaries, and drainage basins**; proximity to other populated areas; the **likelihood of significant growth in the area**, and in adjacent incorporated and unincorporated areas, during the next 10 years.

Response.

Population and Population density:

As demonstrated in Table 11-5 in the Final Environmental Impact Report (EIR) and as shown below, based on an average household size of 3.16, the additional housing units proposed by the 2024 DRSP would result in a total population of 4,810 at buildout. The population density for the DRSP area would be 16.7 persons per acre.

Table 1: 2024 DRSP Population Projections¹

Table 11-5. Project Residential Population Generation (2024 DRSP)

Land Use Type	Number of Dwelling Units	Nipomo Average Household Size ¹	Estimated Population Generated
Single-Family	831		2,626
Multi-Family	539	3.16	1,703
Accessory Dwelling Units	152		480
Total	1,522	--	4,810

¹ Source: U.S. Census Bureau (2019)

According to the NCSD's 2020 Urban Water Management Plan (UWMP), the district has an estimated population of 13,771 people. Once the DRSP is built out, this would result in an estimated 35% increase in Nipomo's population.

The UWMP also provided population projections for NCSD under two scenarios, through 2045, as seen below:

¹ Table 11-5 in the Final EIR, Certified April 23, 2024

Growth Scenario 1 includes NCSD’s existing population, infill development within the existing service area (parcels with reserved District capacity, parcels currently served by private wells, and development of vacant parcels), and future population associated with annexations under review (including 2021 DRSP). Please note that there was a population increase of 255 between the 2021 DRSP and the 2024 DRSP (due to the 152 potential ADUs that were added to the approved project), this represents an increase of 6% from the estimates in the Draft EIR (2021 DRSP).

Table 2: NCSD Population Projections with the DRSP²

Table 3-1: Growth Scenario 1 Population Estimate						
Year	2020	2025	2030	2035	2040	2045
Population Served	13,771	15,407	17,042	17,494	17,946	18,398
NOTES: 2020 population based on 2020 Census Data included in DWR population tool.						

Growth Scenario 2 includes NCSD’s existing population and infill development within the existing service area (parcels with reserved District capacity, parcels currently served by private wells, and development of vacant parcels).

Table 3: NCSD Population Projections without the DRSP³

Table 3-1a: Growth Scenario 2 Population Estimate						
Year	2020	2025	2030	2035	2040	2045
Population Served	13,771	14,223	14,675	15,127	15,579	16,031
NOTES: 2020 population based on 2020 Census Data included in DWR population tool.						

The Final EIR identified impacts to population that would be Class 1, Significant and Unavoidable impacts. For the reasons set forth in the CEQA Findings and Statement of Overriding Considerations, included as Attachment A Exhibit A of the Commission’s staff report, the Commission determines that any significant environmental impacts caused by the proposed annexation have been minimized to the extent feasible, and where not feasible, have been outweighed and counterbalanced by the significant economic, fiscal, social, and land-use benefits to be generated to the County. The Statement of Overriding Considerations

² Table 3-1 in the NCSD’s Final UWMP, December, 2021

³ Table 3-1a in the NCSD’s Final UWMP, December, 2021

justifies finding the unavoidable adverse environmental impacts from the Proposal as acceptable.

The Class I impacts related to population are summarized below:

- **PH Impact 1:** The project would induce substantial unplanned population growth in the Nipomo area.
- **PH Impact 5:** The project would result in a cumulatively considerable impact related to substantial and unplanned population growth.
- **GI Impact 1:** The project would result in substantial growth inducement associated with the proposed project's population as well as the potential to induce additional spatial, economic, or population growth in a geographic area.

Land Area and Land Use:

The 2024 DRSP proposed Land Use Map is included in Figure 1 below. The DRSP contains its own land use categories separate from the County's 14 land use categories. These categories determine the intended future use of each parcel of land within the DRSP. They describe allowable uses and development standards. The proposed land uses are separated into three primary categories, which include Residential, Commercial, and Recreation and Open Space. Please also refer to Table 1, for a 2024 DRSP Land Use Summary by acreage.

Figure 1: DRSP Land Use Map⁴



⁴ Exhibit 2-1a: Land Use Map in the DRSP, April 2024

Table 4: – 2024 DRSP Land Use Summary ⁵

<i>Land Use</i>	<i>Acres</i>	<i>Density Range</i>	<i>Potential Units⁶</i>	<i>Potential Square Feet⁷</i>
RESIDENTIAL				
Residential Single-Family-1 (DR-SF1)	130.8 ⁸	4 – 7 du/ac	707	
Residential Single-Family-2 (DR-SF2)	15.3 ⁹		124	
Residential Multi-Family (DR-MF)	25.7 ¹⁰	18-24 du/ac		
Recreation (DR-REC)				
<ul style="list-style-type: none"> • Neighborhood Park (4.8ac) • Equestrian Staging (1 ac) • Daycare (0.5 ac) 	6.3 ¹¹			
Pocket Parks ¹²	-			
Primary Roads	22			
Residential Rural (RR) – Existing ¹³	10			
<i>SUBTOTAL</i>	<i>210.1</i>		<i>1,370</i>	
COMMERCIAL AND NON-RESIDENTIAL				
Village and Flex Commercial				113k sf
Visitor Serving / Hotel	22.3 ¹⁴			60k sf
Education				30k sf
Internal Neighborhood Roads ¹⁵	-			
Park and Ride ¹⁶	-			
<i>SUBTOTAL</i>	<i>22.3</i>			<i>203k sf</i>
OPEN SPACE / RECREATION				
Open Space (DR-OS) (Open Space, Trails, Basins)	55.6 ¹⁷			
<i>SUBTOTAL</i>	<i>55.6</i>			
TOTAL	288.0		1,370	110-203k sf

⁵ Table 2.1: Land Use Summary in the DRSP, April 2024

⁶ In addition to the Potential Units, a minimum of 100 Accessory Dwelling Units (ADU) will be constructed in Neighborhoods 4,5,6,7,8, and/or 9.

⁷ K indicates thousand.

⁸ All acreage and potential units can be adjusted up to 10% to address site specific constraints and more suitable site design, subject to County review.

⁹ All acreage and potential units can be adjusted up to 10% to address site specific constraints and more suitable site design, subject to County review.

¹⁰ All acreage and potential units can be adjusted up to 10% to address site specific constraints and more suitable site design, subject to County review.

¹¹ Minimum Requirement.

¹² Internal Neighborhood Roads and Pocket Park acreage located within Residential Single-Family land use acreage calculation.

¹³ Includes approximately 2-acre fire station and a potential 1-acre public safety facility.

¹⁴ All acreage and potential units can be adjusted up to 10% to address site specific constraints and more suitable site design, subject to County review.

¹⁵ Internal Neighborhood Roads and Pocket Park acreage located within Residential Single-Family land use acreage calculation.

¹⁶ Park and Ride acreage located within public Collector Roads.

¹⁷ Minimum Requirement.

Per Capita Assessed Valuation:

The total assessed value of the annexation area as determined by the County Assessor is \$6,951,783; \$6,520,802 in land value and \$430,981 in improvement values. The amount of property tax revenue to be transferred between the County of San Luis Obispo and the NCSD shall be as per the approved Tax Exchange Agreements. On July 9, 2024, the County approved a property tax agreement through Resolution No. 2024-169. On August 14, 2024, the NCSD approved a property tax agreement through Resolution No. 2024-1721. The property tax agreements include the following provisions:

- No base property tax revenue shall be transferred from the County of San Luis Obispo to the NCSD.
- An annual tax increment shall be transferred from the County to the NCSD effective the date of the roll year specified by the California Board of Equalization, anticipation fiscal year 2025-2026, and each fiscal year thereafter in the amount of 2.36973 percent of the increment remaining after transfers to the Educational Revenue Augmentation Fund (ERAF).

Topography, Natural Boundaries, and Drainage Basins:

The topography on the DRSP site ranges from nearly level to gently rolling hills. Vegetative communities on-site include coast live oak woodland, chaparral, and grasslands. No mapped water features occur on-site. The DRSP site is largely undeveloped, with the exception of unpaved ranch roads traversing portions of the site. The Specific Plan Area is currently accessed from an unpaved, gated driveway off Hetrick Avenue, located along the western boundary of the main parcel.

Proximity to Other Populated Areas:

Land uses to the north of the DRSP generally consist of rural single-family residences and undeveloped land with scattered oak woodlands under the Residential Rural land use designation. Land uses to the east of the Specific Plan Area include US 101, which runs along the eastern boundary of the main parcel, agricultural cultivation activities on the east side of US 101, and Nipomo High School, located approximately 0.25 miles east of Dana Reserve.

Land uses to the south of the Specific Plan Area consist of a single-family residential neighborhood and commercial uses, including, but not limited to, a veterinary clinic, gym facility, recreational vehicle (RV) dealership, and self-storage facility. Land uses to the west of the Specific Plan Area include single-family residential neighborhoods.

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

Population growth resulting from the project would be significant and unavoidable as it was determined in the Final EIR and as previously mentioned in this Factor. The Statement of Overriding Considerations, included as Attachment A Exhibit A of the Commission's staff report, justifies finding the unavoidable adverse environmental impacts from the Proposal as acceptable. The DRSP is anticipated to be built out within the next 7 to 10 years. Therefore, resulting in an anticipated significant increase in population over the next 10 years within the DRSP area, no additional growth is anticipated to occur in adjacent and surrounding areas.

Factor (b)

1) The **need for organized community services**; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; and probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

2) "Services," as used in this subdivision, refers to governmental

Response.

NCSD is an independent special district authorized to provide water, wastewater, and solid waste service. The applicant has requested that the DRSP area be annexed into NCSD to receive service. The DRSP would allow for development of up to 1,370 single- and multi-family residential units, construction of 100 accessory dwelling units (ADUs), as well as up to 203,000 square feet of village and flex commercial uses (including a hotel, educational/training facilities, and retail/light industrial uses), open space, trails, and a public neighborhood park within the approximately 288-acre Specific Plan Area. If approved, the proposal would allow NCSD to provide water, wastewater, and solid waste service to the new development that would be created by the DRSP.

NCSD is willing and able to provide the requested services and has documented its capability to provide service to the annexation area subject to the terms and conditions of the Annexation Agreement, Plan for Services, Phasing Study, Water Supply Assessment, Revised Dana Reserve Development Water and Wastewater Service Evaluation MKN Study, and Dana Reserve Water and Wastewater Rate Impact Analysis Study.

services whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.

Key highlights are below:

- NCSD has demonstrated there is adequate water supply and wastewater availability to serve the project.
- The DRSP would fund a number of major water and wastewater infrastructure improvements, which are detailed in the Plan for Services and annexation agreement between the applicant (NKT Development, LLC) and NCSD.
- The applicant (NKT Development, LLC) would provide approximately \$45 million in connection fees, an upfront payment of \$4.5 million to the district, and a payment of \$4.6 million for Phase I (170 units).
- All water and wastewater infrastructure improvements directly associated with the DRSP would be funded by the applicant (NKT Development, LLC), not ratepayers.
- Upon buildout of the DRSP, water and wastewater rates would be less than without the DRSP. This is in part because the project would fund a number of infrastructure projects that NCSD is required to construct irrespective of the DSRP, as well as an increased number of ratepayers which dilutes overall costs.
- Buildout of the DRSP would take approximately 7-10 years. In the interim, the DRSP would not affect existing ratepayers. However, rates are expected to increase due to the legal obligation of NCSD to purchase 2,500 acre feet of water per year (AFY) by 2025. This is required irrespective of the DRSP. Ratepayers will begin to see rate reductions as phases of the DRSP are constructed, and full benefits to ratepayers would be realized at full buildout of the DRSP.

Factor (c)

The **effect of the proposed action** and of alternative actions, **on adjacent areas, on mutual social and economic interests**, and on the **local governmental structure of the county**.

Response.

If approved, the proposed action would allow the DRSP area to be annexed into NCSD upon compliance with LAFCO's conditions of approval. The area would continue to be located within the County's unincorporated area and be added to the NCSD's service area for water, wastewater, and solid waste services only.

Impacts to the Governmental Structure of the County

An Economic and Fiscal Impact Analysis was prepared which details the project's anticipated recurring fiscal impact on the County's General Fund. Details of the DRSP's Economic and Fiscal Impact Analysis can be found in Attachment Q of the Commission's staff report. As outlined in the Fiscal Analysis, the project at full buildout would yield a net General Fund surplus of approximately \$130,893 per year (Scenario 1) or as was analyzed by the consultant, a net General Fund deficit of \$612,518 per year (Scenario 2) assuming no exchange in property tax to the NCSD.

Per the Revenue and Taxation Code, the jurisdictional change cannot take place until a resolution to accept the negotiated exchange of property tax revenues is adopted by both governing bodies. On July 9, 2024, the BOS offered and approved a property tax exchange of 2.36973% to be transferred to the NCSD, and on August 28, 2024, the NCSD approved a property tax exchange to accept a 2.36973% property tax transfer. The impact of a 2.36973% exchange to NCSD, under Scenario 1 would mean the estimated loss to the County General Fund would be \$139,707 per year, and under Scenario 2 the loss to the County is estimated to be \$882,518 per year. Therefore, the loss to the County is estimated to be in the range of \$139,707 to \$882,518 per year.

Mutual Social and Economic Interests

The DRSP would include several aspects that have mutual social and economic benefits to the region as listed below:

- Provide a variety of commercial and industrial uses to generate local business activities and increase sales tax revenues.
- Create new construction-related and permanent jobs in the project area and foster future economic growth.
- According to the Economic and Fiscal Impact Analysis for the DRSP, during the construction phase, the project is projected to generate about 4,368 directly related jobs onsite and approximately 1,763 jobs through indirect and induced economic activity. Labor income associated with these jobs would total approximately \$455 million, or more than \$74,000 per job (in 2022 dollars).
- Assist the County in meeting its housing allocation targets and provide a variety of housing types to meet the needs of a variety of renters and buyers.
- A local preference program for home buyers and renters will be included in the marketing of the units within the NBDs 1 through 6. The local preference program will give first priority to individuals who live or work in the South County (identified by the boundaries of the Lucia Mar Unified School District), children of South County residents, first-time home buyers, and buyers who can demonstrate a reduction in vehicle miles traveled by living in the DRSP area.
- Donation land within NBD 10A to Lucia Mar School District for the development of deed-restricted affordable housing by People's Self-Help Housing to be offered to school district employees first.
- Donation of land within NBD 10 B to People's Self-Help Housing for the construction of deed-restricted affordable housing.
- A 2-acre land dedication within the DRSP area for the construction of a future fire station to serve the South County and Nipomo areas.
- A 4-acre land donation for a satellite community college.
- A 0.5-acre land donation for a daycare center to serve the DRSP area and surrounding community.
- Provide \$3.2 million dollar donation to the Community Foundation San Luis Obispo for downpayment assistance of between 3.5% and 10% of the home's purchase price to qualified first-time home buyers.
- Designate approximately 21 percent, or about 62 acres, of the DRSP area for recreational and open space uses.

- Provide funding for enhancement of existing offsite park and recreational facilities through payment of Quimby fees.
- Offer of dedication to an open space and conservation easement on a 388-acre property known as Dana Ridge (Assessor Parcel Numbers 090-031-003 and 090-031-004), consisting of approximately 238 acres of coast live oak woodland.
- Preserve in perpetuity through recordation, known cultural and archaeological resources present within the area.
- Include five connection points to the surrounding community, which would provide alternative emergency evacuation routes for the existing community.
- Consistent with the recommendation of the Nipomo Mesa Management Area, the DRSP would facilitate further implementation of the Nipomo Supplemental Water Project by bringing water into the Nipomo Mesa and applying it to land uses within the mesa, a majority of which would be recaptured through wastewater collection and treated at the NCSD Southland Wastewater Treatment Facility, where it can percolate back into the Nipomo Mesa subbasin.

Factor (d)

The conformity of both the proposal and its anticipated effects with both the adopted **commission policies on providing planned, orderly, efficient patterns of urban development**, and the policies and priorities set forth in Section 56377.

Response.

The County's April 23, 2024, approval of the EIR certification, General Plan Amendment, DRSP, Development Agreement, and the NCSD's Plan for Services, Annexation Agreement, and Phasing Study among other supporting documentation and studies demonstrate that the project would result in orderly and efficient development of the area and the Commission determines that any significant environmental impacts caused by the proposed annexation have been minimized to the extent feasible, and where not feasible, has been outweighed and counterbalanced by the significant economic, fiscal, social, and land-use benefits to be generated to the County. The Statement of Overriding Considerations, included as Attachment A Exhibit A, justifies finding the unavoidable adverse environmental impacts from the Proposal as acceptable.

Applicable Commission Policies are listed below:

Section 2.11 "Application Policies" were deemed met and sufficient on October 22, 2024, when the Certificate of Filing was issued.

Section 2.1 General Policies

Policy 2.1.1. *The Commission shall endeavor to balance the need to efficiently provide public services with the sometimes-competing interests of discouraging urban sprawl, preserving prime agriculture land and open space (Gov. Code Section 56001 and 56301).*

Analysis. NCSD is willing and able to provide the requested services, as it was documented in factors (k) and (l). The property is immediately adjacent to rural single-family residences and undeveloped land with scattered oak woodlands under the Residential Rural land use designation to the north, the US Highway 101 to the east, and single-family residential within the NCSD service area boundary to the south and the west. The site does not contain any prime agricultural land as defined under Government Code Section 56064 or Open-Space Lands as defined under Government Code Section 56059.

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

Analysis. One of the DRSP's goals was to provide a mix of land uses that offers a range of amenities accessible to residents and community members. The DRSP executed this goal by creating its own land use categories separate from the County's 14 land use categories. The proposed land uses are separated into three primary categories, which include Residential, Commercial, and Recreation and Open Space. Please refer to the "Land Area and Land Use" section of Factor (a) on pages 3-6.

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

Analysis. The Specific Plan Area is undeveloped, with the exception of unpaved ranch roads traversing portions of the site. The Specific Plan Area has not been defined a long-term agricultural or open space area as established by the County or other jurisdictions. However, to offset biological impacts identified in the EIR, the project proposes the off-site dedication of a permanent open space and conservation easement on a property known as Dana Ridge (APNs 090-031-003 and 090-031-004)

located approximately three miles east of the project site. The applicant proposes to permanently conserve approximately 388 acres, consisting of approximately 187 acres of coast live oak woodland and 67.5 acres of coast live oak forest that is intermixed with 95.9 acres of chamise chaparral, 19.2 acres of La Panza manzanita chaparral, and 26.4 acres of grassland on Dana Ridge Site (excluding existing unpaved roads). The Dana Reserve site is within the Rural Residential (RR) land use designation and the Dana Ridge site is within the Agriculture (AG) land use designation. The DRSP project site is not subject to a Williamson Act contract; however, Dana Ridge, located to the east of US 101, is subject to an existing Williamson Act contract.

Policy 2.1.10. *Impacts on affordable housing, impact of the creation of new jobs on affordable housing stock, within the annexation area and in neighboring jurisdictions. Demonstration that the effects of the proposed project on affordable housing have been mitigated (Gov. Code Section 56001). The Commission recognizes that providing a range of housing opportunities for persons and families of all incomes is an important factor in promoting orderly development.*

Analysis. Please refer to factor (m) for a detailed discussion of the DRSP's impacts on affordable housing. Overall, the project emphasizes providing housing of all types, sizes, and ranges of affordability addressing the County and State critical housing shortage. A local preference program for home buyers and renters will be included in the marketing of the units within all Neighborhoods. The local preference program will give first priority to individuals who live or work in the South County (identified by the boundaries of the Lucia Mar Unified School District), children of South County residents, first-time home buyers, and buyers who can demonstrate a reduction in vehicle miles travelled by living in the DRSP area rather than their existing residence.

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

Analysis. Please refer to factors (k) and (l) for a detailed discussion on the NCSD's availability of an adequate, reliable, and sustainable supply of water. Please also refer to the NCSD's "Dana Reserve Development Phasing Study," included as Attachment H to the staff report, which summarizes the engineering work and analyses performed by MKN & Associates, Inc. (MKN) to develop a phasing plan for NCSD to provide water and wastewater service. Figure 5-1 in the Phasing Study provides the anticipated schedule for implementation of the water and wastewater projects. Buildout of the Specific Plan Area would require off-site water and wastewater system improvements to the existing NCSD service systems. The project developer would fund these improvements.

Section 2.3 Special District Annexation Policies

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

Analysis. The 288-acre property is immediately adjacent to rural single-family residences and undeveloped land with scattered oak woodlands under the Residential Rural land use designation to the north, the US Highway 101 to the east, and single-family residential within the NCSD service area boundary to the south and the west.

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

Analysis. At the September 19, 2024 study session, the Commission requested a buildout inventory from NCSD per this policy. NCSD provided a buildout inventory on October 23, 2024, and is included as Attachment S to this staff report.

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

Analysis. The project would require annexation into the NCSD service area to facilitate NCSD's provision of water, wastewater, and solid waste services within the Specific Plan Area. The Specific Plan Area is located within the NCSD Sphere of Influence (SOI) and there is no reasonable alternative manner of providing these services.

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

Analysis. A SOI is defined by Government Code Section 56076 as "...a plan for the probable physical boundary and service area of a local agency, as determined by the commission.". The DRSP area is within the NCSD's SOI; therefore, identified as a probable boundary and service area for the NCSD. The 288-acre property is immediately adjacent to rural single-family residences and undeveloped land with scattered oak woodlands under the Residential Rural land use designation to the north, the US Highway 101 to the east, and single-family residential within the NCSD service area boundary to the south and the west.

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

Analysis. On April 23, 2024, the County BOS approved a County-initiated General Plan, Ordinance Amendment, 2024 DRSP, and certified the DRSP EIR. The amendment changed the land use categories within the specific plan area, incorporated the property into the Nipomo Urban Reserve Line, and ensures consistency between the General Plan, Land Use Ordinance, and with the DRSP. The DRSP is the implementing plan for the Dana Reserve property. Other affected agencies have also been consulted and conferred with on the project, including, but not limited to, Caltrans, SLOCOG, and CAL FIRE.

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

Analysis. The DRSP area is within the NCSD's SOI; therefore, identified as a probable boundary and service area for the NCSD. The three parcels proposed for annexation would be subdivided to include the development of up to 1,370 single- and multi-family residential units, construction of 100 accessory dwelling units (ADUs), as well as up to 203,000 square feet of village and flex commercial uses (including a hotel, educational/training facilities, and retail/light industrial uses), open space, trails, and a public neighborhood park.

According to the DRSP Economic and Fiscal Impact Analysis and the consultant the project at full buildout would yield a net General Fund deficit to the County estimated to be in the range of \$139,707 to \$882,518 per year. These estimates include the impact of a 2.36973% exchange to NCSD. For more details regarding the fiscal impacts to the county, please refer to factor (c) and the DRSP Economic and Fiscal Impact Analysis, included as Attachment Q to the staff report. The annexation does not attempt to annex only revenue producing property.

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

Analysis. The boundaries are definite and certain and adhere to assessor parcel lines. The annexation map has been approved by the County Surveyor and is included in the Resolution, Attachment A Exhibit B.

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

Analysis. NCSD is willing and able to provide the requested services and has documented its capability to provide water, wastewater, and solid waste service to the annexation area subject to the terms and conditions of the Annexation Agreement, Plan for Services, Phasing Study, Water Supply Assessment, Revised Dana Reserve Development Water and Wastewater Service Evaluation MKN Study, Dana Reserve Water and Wastewater Rate Impact Analysis Study, NCSD Urban Water Management Plan, among other documents. Buildout of the Specific Plan Area would require off-site water and wastewater system improvements to the existing NCSD service systems. The project developer would fund these improvements, as it is documented in the aforementioned documents.

Section 2.10 California Environmental Quality Act Policies

Policy 2.10.1 *The Commission shall take actions that maintain a high-quality and healthful environment for the people of San Luis Obispo County now and in the future.*

Analysis. The Commission determines that the DRSP would include mutual social and economic benefits to the region as mentioned in factor (c) and as set forth in the

Statement of Overriding Considerations included as Attachment A, Exhibit A of the Commission's staff report.

Policy 2.10.2 *The Commission shall take actions necessary to protect and enhance the environmental quality of San Luis Obispo County.*

Analysis. The Commission, as a Responsible Agency, has reviewed and considered the information in the Final Environmental Impact Report (EIR) for Dana Reserve Specific Plan (DRSP) General Plan Amendment and Ordinance Amendment (LRP2020-00007), Vesting Tentative Tract Map and Conditional Use Permit (SUB2020-00047; Tract 3159); State Clearinghouse Number 2021060558, among other documents. It was concluded that the EIR is adequate for the purposes of the Commission's compliance with CEQA for the proposed action (pursuant to Public Resources Code Section 21000 et seq., and CA Code of Regulations Section 15000 et seq.). The Commission has reached its own conclusion on whether and how to approve the proposed Annexation No. 30, annexing the DRSP area to the Nipomo Community Services District (NCSD).

The Commission concluded that no substantial changes are proposed in the project which will require a major revision of the previously certified EIR, no substantial changes have occurred with respect to the circumstances under which the project is undertaken which will require a major revision of the previously certified EIR, and no new information of substantial importance has been identified which was not known at the time that the previous EIR was certified. The Commission has prepared CEQA Findings and Statement of Overriding Considerations included as Attachment A Exhibit A of the Commission's, staff report. For the reasons set forth in Attachment A Exhibit A, the Commission determines that any significant environmental impacts caused by the proposed annexation have been minimized to the extent feasible, and where not feasible, has been outweighed and counterbalanced by the significant economic, fiscal, social, and land-use benefits to be generated to the County. The Statement of Overriding Considerations justifies finding the unavoidable adverse environmental impacts from the Proposal as acceptable.

Policy 2.10.3 *The Commission shall take actions that will provide the people of San Luis Obispo County with clean air and water, a vibrant and diverse economy, and enjoyment of aesthetic, natural, scenic, and historic environmental qualities.*

Analysis. The Final EIR identified Class I significant and unavoidable impacts related to Air Quality, Biological Resources, Greenhouse Gas Emissions, Land Use and Planning, Population and Housing, Transportation, Growth Inducing Impacts, and a number of Class II, significant and mitigable impacts. The Commission's CEQA Findings and Statement of Overriding Considerations, included as Attachment A Exhibit A of the Commission's staff report reviews all significant impacts and states the reasons why the Commission determines that any significant environmental impacts caused by the proposed annexation have been minimized to the extent feasible, and where not feasible, has been outweighed and counterbalanced by the significant economic, fiscal, social, and land-use benefits to be generated to the County. The Statement of Overriding Considerations justifies finding the unavoidable adverse environmental impacts from the Proposal as acceptable.

Policy 2.10.4 *The Commission shall carry out the environmental review process in an efficient, expeditious manner in order to conserve the available financial and governmental resources with the objective that these resources may be better applied toward the mitigation and avoidance of significant effects on the environment.*

Analysis. The County, as the Lead Agency under the California Environmental Quality Act (CEQA), has prepared the EIR to disclose the impacts that would result from the approval of the DRSP. Please refer to Attachment I in the staff report for the full EIR. On April 23, 2024, the County certified the EIR and reviewed and approved the Mitigation Monitoring Program, Exhibit B of Item 28 of the Board of Supervisors April 23, 2024, meeting. LAFCO will be considered a Responsible Agency under CEQA and will rely upon the certified EIR for its decision-making at the time of annexation.

Policy 2.10.5 *The Commission shall organize and write environmental documents in such a manner that they will be meaningful and useful to decision-makers and the public and consistent with CEQA guidelines.*

Analysis. The Commission, as a Responsible Agency, concluded that no substantial changes are proposed in the project which will require a major revision of the

previously certified EIR (State Clearinghouse Number 2021060558), no substantial changes have occurred with respect to the circumstances under which the project is undertaken which will require a major revision of the previously certified EIR, and no new information of substantial importance has been identified which was not known at the time that the previous EIR was certified. The Commission has prepared CEQA Findings and Statement of Overriding Considerations included as Attachment A Exhibit A of the Commission's staff report.

Policy 2.10.6 *The Commission shall consider the involvement of the public in actions affecting the environment as an essential and indispensable element of the decision-making process.*

Analysis. On July 21, 2022, and September 19, 2024, Study Sessions for the DRSP were agendized at a regularly scheduled Commission Meeting for the proposed annexation into NCSD. The public and affected agencies had multiple opportunities to provide comments and questions. The public and any interested parties, also have the option to access and sign up to be included on the Dana Reserve mailing list to receive Dana Reserve updates/notices. Since the DRSP application submittal in October 2022, LAFCO has continuously received comment letters from the public. All comment letters received are considered a part of the official record and are shared and available on the LAFCO website at <https://slo.lafco.ca.gov/lafco-no-4-r-22-annexation-no-30-to-nipomo-csd-dana-reserve>.

Policy 2.10.7 *The Commission shall prefer avoidance of adverse impacts over mitigation. If, however, mitigation is necessary onsite or offsite mitigation should be fully implemented.*

Analysis. The Commission determines that any significant environmental impacts caused by the proposed annexation have been minimized to the extent feasible, and where not feasible, have been outweighed and counterbalanced by the significant economic, fiscal, social, and land-use benefits, to be generated to the County. The Statement of Overriding Considerations justifies finding the unavoidable adverse environmental impacts from the Proposal as acceptable. The Mitigation Monitoring Program, Exhibit B of Item 28 of the Board of Supervisors April 23, 2024, meeting, has been reviewed by the Board of Supervisors in conjunction with its review of the Final EIR and was adopted. It shall be carried out by the responsible parties by the identified deadlines.

Policy 2.10.8 *The Commission shall help prevent the elimination of the County's fish and wildlife species and preserve for future generation's sustainable representations of the County's native plant and animal communities.*

Analysis. The Final EIR identified impacts to biological resources that would be considered Class I, Significant and Unavoidable impacts, and several Class II, Significant and mitigable, as it was analyzed in the CEQA Findings and Statement of Overriding Considerations included as Attachment A Exhibit A of the Commission's staff report. For the reasons set forth in Attachment A Exhibit A, the Commission determines that any significant environmental impacts caused by the proposed annexation have been minimized to the extent feasible, and where not feasible, have been outweighed and counterbalanced by the significant economic, fiscal, social, and land-use benefits to be generated to the County. The Statement of Overriding Considerations justifies finding the unavoidable adverse environmental impacts from the Proposal as acceptable.

Class I impacts related to native plant & animal communities are summarized below:

- **BIO Impact 1:** The project could directly or indirectly impact special-status plant and wildlife species.
- **BIO Impact 4:** The project could directly and indirectly impact CRPR 4 and Watch List plant species, including California spineflower, sand buck brush, and sand almond.
- **BIO Impact 14:** The project will directly impact Burton Mesa chaparral.
- **BIO Impact 15:** The project will directly impact coast live oak woodland.
- **BIO Impact 18:** The project will result in direct and indirect impacts to coast live oak woodland, coast live oak forest, and individual oak trees.
- **BIO Impact 20:** The project would have cumulatively considerable impacts related to biological resources.

Class II impacts are summarized below:

- **BIO Impact 2:** The project could directly and indirectly impact Pismo clarkia.
- **BIO Impact 3:** The project could directly and indirectly impact mesa horkelia, Nipomo Mesa ceanothus, and sand mesa manzanita.
- **BIO Impact 5:** The project could indirectly impact monarch butterflies.

- **BIO Impact 6:** The project could directly and indirectly impact northern California legless lizards and Blainville's horned lizards.
- **BIO Impact 7:** The project could directly and indirectly impact special-status birds, raptors, and nesting birds.
- **BIO Impact 8:** Project activities, including tree removal, have the potential to impact special-status bat species and roosting bats.
- **BIO Impact 9:** The proposed project could directly impact American badger.
- **BIO Impact 10:** The development of the North Frontage Road Extension Parcel could directly or indirectly impact special-status plant and wildlife species.
- **BIO Impact 11:** Off-site transportation, water, and wastewater improvements could directly or indirectly impact monarch butterfly, sharp-shinned hawk, Cooper's hawk, white-tailed kite, and other nesting birds.
- **BIO Impact 12:** Off-site NCSD water improvements could directly or indirectly impact California red-legged frog, western pond turtle, and two-striped gartersnake.
- **BIO Impact 13:** Off-site NCSD water improvements could directly or indirectly impact least Bell's vireo and southwestern willow flycatcher.
- **BIO Impact 16:** Off-site NCSD water improvements could directly and indirectly impact riparian habitat and sensitive aquatic resources.
- **BIO Impact 17:** Off-site NCSD water improvements will directly and indirectly impact aquatic habitats under the jurisdiction of the USACE, CDFW, and RWQCB.
- **BIO Impact 19:** Off-site transportation improvements and/or trenching of new water and wastewater pipelines could result in direct and indirect impacts to oak trees.

Policy 2.10.9. *The Commission shall balance preventing negative environmental effects while providing a decent home and satisfying living environment for every San Luis Obispo County resident.*

Analysis. For the reasons set forth in the CEQA Findings and Statement of Overriding Considerations included as Attachment A Exhibit A, the Commission determines that any significant environmental impacts caused by the proposed annexation have been minimized to the extent feasible, and where not feasible, have been outweighed and counterbalanced by the significant economic, fiscal, social, and land-use benefits,

including affordable housing, to be generated to the County. The Statement of Overriding Considerations justifies finding the unavoidable adverse environmental impacts from the Proposal as acceptable.

Government Code Section 56377 states:

***56377.** In reviewing and approving or disapproving proposals which could reasonably be expected to include, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider all of the following policies and priorities:*

(a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.

(b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing sphere of influence or the local agency.

Analysis. The approximately 288-acres of undeveloped land proposed for annexation does not contain any prime agricultural land as defined under Government Code Section 56064 or Open-Space Lands as defined under Government Code Section 56059. Consistent with the latest Sphere of Influence Update and Municipal Service Review for the NCSD, adopted on March 15, 2018, the DRSP area is located within the NCSD's Sphere of Influence (SOI) boundary. Additional factors must be considered when considering a change of organization or reorganization with land subject to Williamson Act Contract as stated in Government Code Section 56856.5; the annexation site is not subject to a Williamson Act contract.

Factor (e)

The effect of the proposal on maintaining the physical and economic **integrity of agricultural lands**, as defined by Section 56016.

Response.

The area includes three parcels, under one ownership. The parcels are unincorporated and have seen no development under its previous land use designation of Rural Residential, currently consisting of undeveloped land, with the exception of unpaved ranch roads traversing portions of the site. The property had been periodically utilized for seasonal cattle grazing and periodic seasonal dry farming for feed over the past 100 years. The Dana Reserve was once part of a large cattle ranch known as Dana Rancho Nipomo, which was owned by the Cañada family beginning in 1912. The approximately 288-acre DRSP area does not qualify as agricultural land as defined by section 56016.

The Final EIR identified the following Class II impacts related to Agriculture:

- **Impact AG-5:** The project could involve other changes in the existing environment which, due to their location or nature, could result in conversion of farmland to non-agricultural use. Impacts would be less than significant with mitigation (Class II).
- **Impact AG-6:** Off-site improvements could involve other changes in the existing environment which, due to their location or nature, could result in conversion of farmland to non-agricultural use. Impacts would be less than significant with mitigation (Class II).

The Commission determines that any significant environmental impacts caused by the proposed annexation have been minimized to the extent feasible. Please refer to the CEQA Findings and Statement of Overriding Considerations included as Attachment A Exhibit A of the Commission's staff report, for a summary of each potentially significant impact, applicable mitigation measures identified in the Final EIR as adopted by the County, and the Commission's findings on the significance of each impact after imposition of the adopted mitigation measures.

Factor (f)

The **definiteness and certainty of the boundaries** of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

Response.

The boundaries for the annexation have been deemed definite and certain by the County Surveyor and will adhere to assessor parcel lines; APN: 091-301-073, 091-301-031, and 091-301-029. The annexation map is attached as Attachment A Exhibit B in the staff report. The proposed annexation will remain within the unincorporated County; therefore, it does not create an island or corridor of unincorporated territory.

Factor (g)

A **regional transportation plan** adopted pursuant to Section 65080.

Response.

The 2019 and 2023 San Luis Obispo Council of Governments (SLOCOG) Regional Transportation Plan's (RTP) were adopted pursuant to requirements of California Government Code Section 65080.

The 2023 RTP accounted for the DRSP and included it in its Transportation Efficiency Analysis. Currently, the Transportation Efficiency Analysis identifies a small portion of the DRSP site as potentially efficient due to existing transportation improvements, e.g. Willow Road. The majority of the site is not efficient because it is currently undeveloped and has no transportation improvements. According to SLOCOG, upon completion of required transportation improvements, the site will be considered transportation efficient.

Proximate roadways within the project vicinity include but are not limited to, Willow Road, US 101, SR 1, Pomeroy Road, and Hetrick Avenue. The project would further improve regional circulation by developing two collector routes through the Specific Plan Area to provide connection to Willow Road, and by contributing to a Caltrans improvement that would improve traffic signal timing at the US 101/Willow Road interchange. Further discussion of external roadway improvements and internal roadway design is included in Section 4.17, Transportation within the Final EIR, included as Attachment I of the staff report.

The Final EIR analyzed the DRSP's consistency with SLOCOG's 2019 RTP. Table 4.17-1 in the Final EIR provides an analysis of the DRSP's consistency with the 2019 RTP, commencing on page 4.17-22 through 4.17-25 in Attachment I. State and Local goals, including efforts to reduce Vehicle Miles Traveled (VMT) and greenhouse gas emission, as well as to maintain and maximize efficiency of existing transportation system and operations. In summary, the Final EIR concluded that there are several Class I significant and unavoidable impacts relating to Transportation and the RTP's goals as seen below:

- **TR Impact 3:** Buildout of the Specific Plan Area would exceed the County VMT thresholds
- **TR Impact 9:** The project would result in a cumulatively considerable impact to transportation and traffic.
- **LUP Impact 3:** The project would adversely affect the local jobs-to-housing ratio within the project area and would be inconsistent with County policies
- **GHG Impact 3:** The project would conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of greenhouse gases.
- **GHG Impact 5:** The project would result in a cumulatively considerable impact to greenhouse gas emissions.
- **AQ Impact 1:** The project would conflict with an applicable air quality plan.
- **AQ Impact 3:** The project would result in a cumulatively considerable net increase of criteria pollutants in exceedance of established SLOAPCD daily emissions thresholds.
- **AQ Impact 9:** The project would result in cumulatively considerable impacts related to air quality.

The Commission determines that any significant environmental impacts caused by the proposed annexation have been minimized to the extent feasible, and where not feasible, have been outweighed and counterbalanced by the significant economic, fiscal, social, and land-use benefits to be generated to the County. The Statement of Overriding Considerations, included as Attachment A Exhibit A, justifies finding the unavoidable adverse environmental impacts from the Proposal as acceptable.

<p>Factor (h)</p> <p>The proposal's consistency with city or county general and specific plans.</p>	<p>Response.</p> <p>The County General Plan sets policy direction for allowable land use on both public and private lands, within the unincorporated areas, and acts to provide applicable review bodies appropriate guidance and direction in making future land use decisions. On April 23, 2024, the County BOS approved a County-initiated General Plan, Ordinance Amendment, and the 2024 DRSP. The amendment changed the land use categories within the specific plan area, incorporated the property into the Nipomo Urban Reserve Line, and ensures consistency between the General Plan, Land Use Ordinance, and with the DRSP.</p>
<p>Factor (i)</p> <p>The Sphere of Influence of any local agency that may be applicable to the proposal being reviewed.</p>	<p>Response.</p> <p>A Sphere of Influence (SOI) means a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission. The approximately 288-acre DRSP area is currently in NCSD’s SOI and is now proposed to be annexed into the NCSD’s service area. The proposal does not conflict with the Sphere of Influence of any other jurisdiction.</p>
<p>Factor (j)</p> <p>The comments of any affected local agency or other public agency.</p>	<p>Response.</p> <p>Since the DRSP application submittal in October 2022, LAFCO has received the following comments / referral responses:</p> <ul style="list-style-type: none">• <u>SLOCOG</u> provided the comment letters they prepared for the “Draft Environmental Impact Report for the Dana Reserve Specific Plan (PLN-1119, SUB2020-00047, LRP2020-00007, ED21-094)” and “SUB2020-00047 Dana Reserve LLC & NKT Development LLC, Tract Map & Conditional Use Permit (corresponding LRP2020-00007 General Plan Amendment)”.• <u>APCD</u> provided the comment letters they prepared for the Draft EIR, and their comment letters to SLO County Planning & Building for the DRSP project on July 21, 2020, July 26, 2021, and July 27, 2022, concluding that while some of the items outlined in those letters were addressed in the Draft Environmental Impact Report,

others have not yet been addressed or cannot be addressed until construction plans are finalized. APCD does not have any further comments for LAFCO on the project. All comment letters received are considered a part of the official record and considered in the proposal analysis. No resolutions raising objections to the annexation were received from any affected agency.

Factor (k)

The **ability** of the newly formed or receiving entity **to provide the services** that are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

Response.

When applying for a change of organization, a plan for services is required in accordance with Government Code Section 56653. NCSD adopted a plan for services on August 28, 2024, included as Attachment F. The NCSD plans to provide the following services to the proposed annexation site:

- Solid Waste and Recycling
- Water Supply and Distribution
- Wastewater Collection and Treatment

In addition, the NCSD has prepared a number of studies that demonstrate its financial and service-related capability to support the annexation of the DRSP into the District’s service area boundary. A list of these documents is provided below and can be found as separate attachments to the staff report:

- Attachment F: Plan for Services
- Attachment G: Annexation Agreement between NCSD and NKT Development, LLC
- Attachment H: Dana Reserve Development Phasing Study
- Attachment N: Dana Reserve Water and Wastewater Rate Impact Analysis Study
- Attachment O: Revised Dana Reserve Development Water and Wastewater Service Evaluation MKN Study
- Attachment P: Dana Reserve Water Supply Assessment

Water Service

Overview of NCSD’s Water Supply

Groundwater was the sole source of the NCSD’s water supply until 2015 when the District began importing water from the City of Santa Maria as part of the Nipomo Supplemental Water Project (NSWP). The NCSD executed the Wholesale Water Supply Agreement with the City on May 7, 2013. Supplemental Water consists of a “municipal mix” of both surface water from the State Water Project and groundwater from the City of Santa Maria. The Wholesale Agreement dictates a minimum water delivery to the NCSD of 2,500 AFY by fiscal year 2025-26 with a maximum allowable delivery of 6,200 AFY, however, pump replacements and additional pipelines would be required to deliver the full 6,200 AFY to the District service area. While the District is obligated to meet the minimum delivery from the Wholesale Agreement, the District will continue operating the groundwater wells to serve existing and future demands. The delivery estimates also include delivery to Woodlands Mutual Water Company (WMWC), Golden State Water Company (GSWC), and Golden State Water Company Cypress Ridge.

Through the NSWP, the District has a maximum supply capacity of 2,167 AFY (including the remaining 500 AFY of NSWP water to serve new development demands). This excludes the 833 AFY allocation for WMWC and GSWC. Table 4 below shows the NSWP Total Water Available Per Purveyor. Based on the existing infrastructure of the NSWP and contractual obligations, between the District and the City, and as stated in the NCSD’s plan for services, this water supply source is considered 100% reliable and available during normal, single, and multiple dry year conditions.

Table 5: NSWP Total Water Available Per Purveyor (2025-2026)¹⁸

Purveyor	Contracted Delivery (A.F.Y.)	Additional Capacity (A.F.Y.)	Total (A.F.Y.)
NCSD	1,667	500	2,167
GSWC	208.25		208.25
RWC (GSWC)	208.25		208.25
WMWC	416.5		416.5
Total	2,500	500	3,000

¹⁸ Table 4.1.1 in the Dana Reserve Water Supply Assessment, Revised March 6, 2024

At the July 21, 2022, LAFCO Study Session that was held specific to the DRSP and Draft EIR, the Commission expressed concern about the sustainability and ongoing availability of water from the City of Santa Maria. LAFCO staff reviewed and provided comments on the draft EIR on August 1, 2022, to ensure that the Lead Agency appropriately addressed any concerns of the Commission. The County, responded to LAFCO's EIR comment letter in the Master Response MR-1, Groundwater Water Management and Impacts, in Section 9.1 Volume 2: Chapter 9 of the Final EIR (pages 9.1-1 through 9.1-3 in Attachment I).

In summary, Master Response MR-1 characterized the final court judgment that was filed in 2008 for the Santa Maria Groundwater Basin that fully adjudicated and dictated its management by the courts. Furthermore, Master Response MR-1 mentioned that as described in Section 1.2 of the 2020 Urban Water Management Plan (UWMP), the most recent version of the Nipomo Mesa Management Area Technical Group's annual report (13th Annual Report) was used in developing the UWMP. The UWMP evaluates the reliability of water supply sources, and the NCSD's 2020 UWMP determined that based on the existing infrastructure already in place and existing contractual obligations between the NCSD and the City of Santa Maria, Nipomo supplemental water is considered 100% reliable and available during normal, single dry, and multiple dry years.

In addition, the 2020 City of Santa Maria Urban Water Management Plan concluded that water supplies from local groundwater and purchased water exceed total future estimated water demands under normal, single-dry year, and multiple-dry years. Each scenario analyzed demonstrated that the City of Santa Maria has adequate water supply reliability to meet demand in 2040.

DRSP Water Demand

The total project water demand is 377 AFY for the 2024 DRSP, as detailed in Table 5. This is 25 AFY greater than the water demand of the original project of 352 AFY, as was identified in the UWMP (352 AFY + 25 AFY = 377 AFY). The UWMP also mentioned that under the most severe conditions there would be a surplus water supply of 440 AFY. However, including the additional water demand of 25 AFY for the 2024 DRSP would result in a surplus of 415 AFY (440 AFY – 25 AFY = 415 AFY). Table 6 below shows the Multiple Dry Years Supply and Demand

Comparison for Stage 5, as the most severe water supply scenario. To view the comparison for all stages please refer to Table 5.1.1 in Attachment P.

Table 6: Dana Reserve Specific Plan Water Demand ¹⁹

Type of Usage	Units	gal/unit-day	Acreage	Demand (A.F.Y.)
Grand Subtotal				
Residential	1,370			280.97
Commercial				51.71
Public				22.15
Subtotal				354.83
152 Potential ADUs	152			21.28
Total	1,522			376.11

Table 7: Multiple Dry Years Supply and Demand Comparison for Stage 5²⁰

		2025	2030	2035	2040	2045
Fifth year (NMMA Stage 5)	Groundwater Supply	1,013	1,013	1,013	1,013	1,013
	Imported Water Supply	3,000	3,000	3,000	3,000	3,000
	Total	4,013	4,013	4,013	4,013	4,013
	District (Existing and Infill)	2,118	2,186	2,253	2,320	2,388
	Annexations Under Review	176	352	352	352	352
	Sales to Other Agencies	833	833	833	833	833
	Total	3,127	3,371	3,438	3,505	3,573
Difference (AF)	886	642	575	508	440	

Wastewater Service

Overview of NCSD's Wastewater Capacity

The NCSD is developing the Blacklake Sewer System Consolidation Project to regionalize wastewater treatment at a single District facility by 2025. Existing influent wastewater from

¹⁹ Portion of Table 8.1 in the Dana Reserve Water Supply Assessment, Revised March 6, 2024

²⁰ Portion of Table 5.1.1 in the Dana Reserve Water Supply Assessment, Revised March 6, 2024

the Blacklake sewer collection system will be diverted from the Blacklake Water Reclamation Facility (WRF) to the Southland Wastewater Treatment Facility (WWTF) through the installation of a lift station at the existing Blacklake WRF site and construction of a force main to convey wastewater from the Blacklake system to the Town sewer system for conveyance and treatment at the Southland WWTF. The existing Blacklake WRF will be demolished.

Based on the hydraulic analysis for the Dana Water and Wastewater Evaluation a number of improvements were identified to address the observed system deficiencies and to accommodate the addition of the DRSP. Improvements were described in detail within the NCSD's plan for services included as Attachment F. Once all of NCSD's identified wastewater system improvements are in place, the NCSD will have adequate capacity to treat future wastewater flows from the DRSP and projected growth within the NCSD service area.

DRSP Wastewater Flows

As discussed in the 2024 Water Supply Assessment (WSA), the total estimated 2022 wastewater flow to the Southland WWTF and Blacklake WWTF was 593 AFY. In addition, the WSA reported the DRSP would add approximately 244.40-acre feet per year (AFY) of wastewater flows. Adding the flow from the DRSP to the existing flow of the Southland WWTF and Blacklake WWTF would result in a projected total inflow to the Southland WWTF of 837.40 AFY.

Wastewater recharged into the underlying groundwater basin is referred to as "return flows." The NMMA 15th Annual Report identifies present Wastewater Discharge and Reuse quantities in the NMMA. The annual report identifies 2022 wastewater flows to the Southland WWTF and Blacklake WWTF at 593 AFY. Accounting for losses due to solids removal and evaporation from the settling ponds, the amount identified for infiltration back into the groundwater basin was 516 AFY. The 516 AFY represents a thirteen percent (13%) loss from the original influent value of 593 AFY.

The wastewater from the DRSP will be processed at the NCSD's Southland WWTF. The total amount of wastewater available for use to the NCSD after the contribution of the wastewater

from the Project will be approximately 729 AFY. NCSD will utilize all processed wastewater to recharge the groundwater basin (return flows).

Table 8: Summary of Return Flows Sources and Losses²¹

Wastewater Source	Wastewater Quantity	Return Flow Available (13% loss)
Dana Reserve	244.40 AFY	213 AFY
Combined Southland and Blacklake W.W.T.F	593.0 AFY	516 AFY
Total	837.4 AFY	729 AFY

Solid Waste and Recycling Service

The NCSD has a franchise service agreement with South County Sanitary Services for garbage, green waste, and recycling services. South County Sanitary Services disposes of collected solid waste at the Cold Canyon Landfill, which is a regional facility. South County Sanitary Services has reviewed the conceptual plans and will provide solid waste, recycling, and green waste pick-up service to the 2024 DRSP. The NCSD’s franchise agreement includes all areas that are annexed into the District.

The Final EIR identified the following Class II impacts related to Utilities and Service Systems:

- Impact USS-1:** The project would require the construction of new or expanded water, wastewater treatment, stormwater drainage, electric power, natural gas, and telecommunications facilities. Impacts would be less than significant with mitigation (Class II).
- Impact USS-2:** The project would require the construction of new and expanded off-site water and wastewater system improvements. Impacts would be less than significant with mitigation (Class II).
- Impact USS-3:** The project may not have sufficient water supplies available to serve the project and reasonably foreseeable future development during

²¹ Table 4.3.2 in the Dana Reserve Water Supply Assessment, Revised March 6, 2024

normal, dry, and multiple dry years. Impacts would be less than significant with mitigation (Class II).

Impact USS-11: The project could result in a cumulatively considerable impact to utilities and service systems. Cumulative impacts would be less than significant with mitigation (Class II).

The Commission determines that any significant environmental impacts caused by the proposed annexation have been minimized to the extent feasible. Please refer to the CEQA Findings and Statement of Overriding Considerations included as Attachment A Exhibit A of the Commission's staff report, for a summary of each potentially significant impact, applicable mitigation measures identified in the Final EIR as adopted by the County, and the Commission's findings on the significance of each impact after imposition of the adopted mitigation measures.

Factor (I)

Timely **availability of water** supplies adequate for projected needs as specified in Section 65352.5.

Response.

The 2020 Urban Water Management Plan (UWMP) for the NCSD was adopted in December 2021. At the time, the DRSP was included in the 2020 UWMP as an anticipated "annexation under review" and accounted for the water demand that would arise if the site were annexed and developed. The Dana Reserve Water Supply Assessment was also prepared at the County's request, to address the requirements of Senate Bill (SB) 610, as they apply to the Dana Reserve Project. SB 610 generally requires that a "public water system" that may be called upon to serve a proposed "project" (as defined in Water Code section 10912) determine whether the public water system will be able to provide water for such a project using "existing water supply entitlements, water rights, or water service contracts" during "normal, single dry, and multiple dry water years." The WSA must consider a 20-year planning period, considering "the public water system's existing and planned future uses, including agricultural and manufacturing uses." (Wat. Code, § 10910(c)(3).) Consistent with the provisions of Water Code section 10910(c)(2), the UWMP is referenced in the WSA to address items regarding water supply, water reliability, and water entitlements.

The WSA concluded that NCSD will be able to serve the DRSP with existing supplies during normal, single dry, and multiple dry water years over a 20-year planning period, taking into account existing and planned future uses in NCSD's service area, including agricultural and

manufacturing uses. Thus, there is no need for NCS to identify any additional water supplies to serve the Project. The annual water demand for the Dana Reserve Project is 377 AF. The water demand for the Project is detailed in Table 8.1 in the WSA, included as Attachment P in the Staff report.

This amount of water is available from existing water supplies, as explained below.

The NCS's UWMP states that, in the fifth dry year of five successive dry years, in the year 2045, the total available water supply will be 4,013 AF. This water supply consists of 1,013 AF of groundwater from the Nipomo Mesa Management Area (NMMA) portion of the adjudicated Santa Maria River Valley Groundwater Basin and 3,000 AF of imported water from the Nipomo Supplemental Water Project (NSWP), which includes both surface water from the State Water Project (originating in the Feather River) and groundwater from the Santa Maria Valley Management Area (SMVMA) portion of the Santa Maria River Valley Groundwater Basin. The NSWP was a required element of the Santa Maria Groundwater Adjudication, Stipulated Agreement ("Stipulation"), and is further defined within the Wholesale Water Supply Agreement and the Supplemental Water Management and Groundwater Replenishment Agreement (see Appendices 4 and 5 of the WSA). NCS's annexation policy requires that annexed properties shall be served entirely by imported water. The NSWP imports water from the City of Santa Maria to the NMMA. The City of Santa Maria UWMP substantiates that, in the fifth year of five successive dry years, in 2045, there will be more than an ample water supply to provide the 3,000 AF of imported water to the NSWP. The primary physical features of the NSWP are already in place, and the NSWP is presently delivering over 1,000 AFY. The remaining items to be constructed to deliver the 3,000 AFY are scheduled to be completed by the NCS by 2025.

The NCS's plan for services concluded that based on the existing infrastructure of the NSWP and contractual obligations, between the District and the City, this water supply source is considered 100% reliable and available during normal, single, and multiple dry year conditions. In addition, the District owns five wells, four of which are active and one currently being rehabilitated. These five wells have a combined pumping capacity of 3,100 gpm or 5,000 AFY. However, for planning purposes, 2,100 gpm is available assuming the largest well is out of service.

Furthermore, the plan for services identifies the level and range of services to be provided to the DRSP, an overview of the water distribution system, wastewater collection, and water & wastewater treatment improvements required to serve the DRSP, the entity responsible for financing/construction of the necessary improvements, and the approximate timeframe for completion. Regarding service financing, major capital improvement projects will be funded by the project developer through capacity charges collected by the District.

For more details regarding NCSD’s water supply, demand, and infrastructure projects please refer to factor k and the Dana Reserve Water Supply Assessment, Annexation Agreement between NCSD and NKT Development, LLC, Phasing Study, and Plan for Services (included as separate attachments within the staff report).

Factor (m)

The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the **regional housing needs** as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.

Response.

The Regional Housing Needs Allocation (RHNA) establishes the total number of housing units that the County and each of the seven (7) cities must plan for within the planning period. The County’s Housing Element defines affordable housing as housing that is affordable to very low-, low-, moderate-, or workforce-income households. In the context of meeting the unincorporated county’s allocation of regional housing needs share, dwelling units typically must be deed restricted to limit rental or purchase of the dwelling units to households that qualify at extremely low-, very low-, and low-income levels. Table 8 below defines each income category.

Table 9: Income Categories for Households in San Luis Obispo County²²

Income Level	Range in Area Median Income (AMI)
Extremely Low	No more than 30% AMI
Very Low	up to 50% AMI
Low	50-80% AMI
Moderate	80-120% AMI
Above Moderate	Above 120% AMI

²² County of SLO General Plan – 2020-2028 Housing Element, Adopted November 17, 2020

○ Workforce	120-160% AMI
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The 2024 DRSP would allow for the development of up to 1,370 single- and multi-family residential units and a minimum requirement to construct 100 accessory dwelling units (ADUs) for a total of 1,470 units. Of the 1,470 units, 1,022 will be categorized as “above moderate” income, 242 units (including 50 ADUs) will be categorized as “moderate” income, and 50 ADUs will be categorized as “low” income for a total of 1,314 units that will be constructed by NKT Development, LLC. Of the remaining estimated 156 units, 102 units would be categorized as “very low” income and 54 would be “low” income; they will be located in neighborhoods (NBD) 10A and 10B and be constructed by a local non-profit. This assumes that NBD 2 is developed with rental (as opposed to for sale) housing. If NBD 2 is developed with for sale product housing, then all NBD 2 units (210 total) are projected to be at the workforce housing level. Table 9 below summarizes the types of housing provided within the 2024 DRSP.

Table 10: 2024 DRSP Affordable Housing Plan

Neighborhood	Extremely Low	Very Low	Low	Mod	Above Moderate - Workforce	Above Moderate	Total
NBD 1	0	0	0	87	86	0	173
NBD 2 (if rental)	0	0	0	105	105	0	210
NBD 3	0	0	0	0	0	124	124
NBDs 4-9	0	0	50 ADUs	50 ADUs	0	707	807
NBD 10A	0	51	27	0	0	0	78
NBD 10B	0	51	27	0	0	0	78
Total	0	102	104	242	191	831	1,470

NBDs 10A and 10B consist of the donation of undeveloped land to a local non-profit(s) to allow for the construction of a minimum of 156 deed-restricted very low- and low-income affordable apartment units. NKT Development, LLC would install improvements to the lots,

including utilities stubbed to the property lines, mass grading, and installation of all frontage improvements, including curb/gutter/sidewalks, drainage and stormwater compliance associated with perimeter street runoff, sidewalks, streetlights, water mains, sewer mains, and dry utilities. The mix of very low- and low-income units will depend on a variety of factors, such as the requirements of the funding sources secured by the non-profit(s) to construct the housing. These 156 affordable units that will be constructed by the non-profit(s) represent approximately 11% of the project’s proposed 1,370 units (excluding the minimum requirement to construct 100 ADUs).

Table 10 below compares the 2024 DRSP Housing Plan to the County’s 6th Cycle unmet RHNA targets (assuming a for-rent NBD 2 scenario). If NBD 2 is developed with for sale units, the 2024 DRSP would provide 137 moderate-income units. Please note that units are not officially counted towards annual RHNA tracking until they are permitted.

Table 11: 2024 DRSP Contributions to RHNA

Income Level	Required RHNA (2019-2028)	Unmet RHNA	DRSP Units
Extremely Low	400	794	0
Very Low	401		102
Low	505	334	104
Mod	585	395	242
Above Mod	1,365	30	1,022
Total	3,256	1,553	1,470

Factor (n)

Any information or **comments from** the landowner or **landowners, voters, or residents** of the affected territory.

Response.

Since the DRSP application submittal in October 2022, LAFCO has continuously received comment letters from the public. All comment letters received are considered a part of the official record and are shared and available on the LAFCO website at <https://slo.lafco.ca.gov/lafco-no-4-r-22-annexation-no-30-to-nipomo-csd-dana-reserve>.

Factor (o)

Any information relating to **existing land use designations**.

Response.

The project site was previously zoned Rural Residential (RR) land use designation. On April 23, 2024, the County BOS approved a County-initiated General Plan, Ordinance Amendment, and the 2024 DRSP. The amendment changed the land use categories within the specific plan area, incorporated the property into the Nipomo Urban Reserve Line, and ensures consistency between the General Plan, Land Use Ordinance, and with the DRSP. The proposed land uses are separated into three primary categories, which include Residential, Commercial, and Recreation and Open Space. Please refer to the "Land Area and Land Use" section of Factor (a) on pages 3-6.

Factor (p)

The extent to which the proposal will promote **environmental justice**. As used in this subdivision, "environmental justice" means the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins, with respect to the location of public facilities and the provision of public services, to ensure a healthy environment for all people such that the effects of pollution are not disproportionately borne by any particular populations or communities.

Response.

The residential units and commercial spaces proposed would be available to people of all races, cultures and a range of income levels (as described in factor (m)). With regard to the location of public facilities and the provision of public services, this project does not affect the fair treatment of people of any race, culture, or income class. Facilities (pipelines and other infrastructure) associated with development will be located within public roadways or on the site.

Factor (q)

Information contained in a **local hazard mitigation plan**, information contained in a safety element of a general plan, and any maps that identify land as a **very high fire hazard zone** pursuant to Section 51178 or maps that identify land determined to be in a state responsibility area pursuant to Section 4102 of the Public Resources Code, if it is determined that such information is relevant to the area that is the subject of the proposal. (Amended by Stats. 2019, Ch. 360)

Response.

The San Luis Obispo County’s Multi-Jurisdictional Hazard Mitigation Plan was adopted in October 2019 and establishes the County’s emergency policies and procedures in the event of a disaster and addresses the allocation of resources and protection of the public in the event of an emergency. Table L.3 in the County’s Multi-Jurisdictional Hazard Mitigation Plan provides a Hazard Risk Summary for the Nipomo CSD. There are no hazards that are unique to this CSD. Table L.3 “Nipomo CSD Hazard Risk Summary” reflects the hazards that could potentially affect the District in major ways. Based on this analysis, the priority hazard (High Significance) for mitigation is Drought. The second priority hazards (Medium Significance) are Earthquake and Liquefaction. The discussion of vulnerability for each of the assessed hazards is contained in the following sections. Those of Medium or High significance for the Nipomo CSD are identified below.

- Drought
- Earthquake & Liquefaction
- Wildfire
- Human Caused Hazards: Hazardous Materials

For more information regarding NCSD’s hazard mitigation plan, please refer to San Luis Obispo County’s Multi-Jurisdictional Hazard Mitigation Plan, “Annex L: Nipomo Community Services District”.

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

The state provides wildland and watershed fire protection within State Responsibility Areas (SRAs); it does not provide structure protection, rescue and emergency service, or hazardous materials response. Counties provide fire services at their discretion and service levels vary from county to county. SLO County chose to protect residents and property within its jurisdiction by creating County Fire in partnership with CAL FIRE. The affected territory is within a State Responsibility Area and would be considered a “Moderate” fire hazard severity

zone, pursuant to CAL FIRE's Fire Hazard Severity Zones maps; predictions are based on factors including fuel availability, topography, fire history, and climate.

According to the FEIR, the Specific Plan Area would be provided fire protection services by CAL FIRE Station 20. According to the County Fire Department Strategic Plan, due to recent and ongoing growth in the Nipomo area, there is an increasing need for a new fire station to meet increasing demand for fire protection services and achieve response time goals (Resolute Associates 2021). Travel time from Station 20 to the project site using the North Frontage Road access point is 7 minutes (Resolute Associates 2021).

The Final EIR identified the following Class II Impact related to fire:

- **PS Impact 1:** The project would result in an increased need for fire protection services.
- **WF Impact 1:** The project could impair an adopted emergency response plan or emergency evacuation plan.
- **WF Impact 3:** The project could exacerbate wildfire risks due to development within a high fire hazard severity zone.

The Commission determines that any significant environmental impacts caused by the proposed annexation have been minimized to the extent feasible and impacts would be less than significant with mitigation for the reasons set forth in the CEQA Findings and Statement of Overriding Considerations included as Attachment A Exhibit A. Mitigation would, in part, include an approximately 2-acre land dedication within the DRSP area for the construction of a future fire station to serve the South County and Nipomo areas.

56668.3

Response.

(a) If the proposed change of organization or reorganization includes a city detachment or district annexation, except a special reorganization, and the proceeding has not been

(a)(1) The proposed annexation will, in part, be in the interest of NCSD ratepayers. Upon buildout of the DRSP, water and wastewater rates would be less than without the DRSP. This is in part because the project would fund a number of infrastructure projects that NCSD is required to construct irrespective of the DSRP, as well as an increased number of ratepayers would dilute the overall cost of water. Primarily related to the legal obligation of NCSD to purchase 2,500 acre feet of water per year (AFY) by 2025. This is required irrespective of the

terminated based upon receipt of a resolution requesting termination pursuant to either Section 56751 or Section 56857, factors to be considered by the commission shall include all of the following:

- (1)** In the case of district annexation, whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district.
- (2)** In the case of a city detachment, whether the proposed detachment will be for the interest of the landowners or present or future inhabitants within the city and within the territory proposed to be detached from the city.
- (3)** Any factors which may be considered by the commission as provided in Section 56668.
- (4)** Any resolution raising objections to the action that may be filed by an affected agency.
- (5)** Any other matters which the commission deems material.

DRSP. Ratepayers will begin to see rate reductions as phases of the DRSP are constructed, and full benefits to ratepayers would be realized at full buildout of the DRSP.

The proposed annexation will also be in the interest of the NCSD community and future inhabitants within the territory proposed to be annexed to the district. As previously mentioned in factor (c), the DRSP would provide several mutual social and economic benefits to the region. Furthermore, future inhabitants would have a variety of housing types and costs to meet the needs of renters and buyers with a variety of income levels, including single-family, townhomes, and multi-family options.

(a)(2) This part is not applicable because the proposal consists of a district annexation and not a detachment.

(a)(3) The commission considered the factors specified in Government Code Section 56668, as seen in this document, and has determined that any significant environmental impacts caused by the proposed annexation have been minimized to the extent feasible, and where not feasible, has been outweighed and counterbalanced by the significant economic, fiscal, social, and land-use benefits to be generated to the County. The Statement of Overriding Considerations, Attachment A Exhibit A of the Commission's staff report, justifies finding the unavoidable adverse environmental impacts from the Proposal as acceptable.

(a)(4) The Commission did not receive any resolutions from any affected agency raising objections to the action.

(a)(5) On July 21, 2022, and September 19, 2024, LAFCO Study Sessions were held for the proposed annexation into NCSD for the DRSP area. The Commission had multiple opportunities to provide comments and questions, provide direction, and/or request additional information as needed regarding the proposed annexation. The Commissioners did not deem material any other matters that would require additional information. At the September 19, 2024, Study Session, the Commissioners directed the Executive Officer to schedule a November 14, 2024, Commission Meeting to consider the item.

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| <p>(b) The commission shall give great weight to any resolution raising objections to the action that is filed by a city or a district. The commission's consideration shall be based only on financial or service related concerns expressed in the protest. Except for findings regarding the value of written protests, the commission is not required to make any express findings concerning any of the other factors considered by the commission.</p> | <p>(b) The Commission did not receive any resolutions from the NCSD raising objections to the action.</p> |
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56668.5

The commission may, but is not required to, consider the **regional growth goals** and **policies** established by a collaboration of elected officials only, formally representing their local jurisdictions in an official capacity on a regional or subregional basis.

Response.

The San Luis Obispo County Housing & Infrastructure Regional Framework (Attachment R in the staff report) is a document adopted by the seven Cities, the County of San Luis Obispo, and SLOCOG in response to the region's growing housing and infrastructure shortage. The Framework inventories infrastructure barriers and priorities for housing, identifies available grant funding options to implement infrastructure needs, and develops foundational information for the future 2027 Regional Housing Needs Assessment (RHNA). SLOCOG's Transportation Efficiency Analysis was used as the basis for the Framework, and it identified a small portion of the DRSP site as potentially efficient for housing due to existing infrastructure improvements near the site. The majority of the site is not efficient because it is currently undeveloped and has no major improvements. According to SLOCOG, upon completion of required improvements, the site will be considered efficient for housing.