

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

Thursday, January 16, 2025

RESOLUTION NO. 2025-02

**RESOLUTION APPROVING A SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION NO. 1
TO COUNTY SERVICE AREA NO. 23
(111 RESIDENTIAL LOTS IN TRACT 2586) | LAFCO NO. 2-R-23**

The following resolution is now offered and read:

RECITALS

WHEREAS, on June 22, 2023, the County of San Luis Obispo filed a resolution to initiate proceedings and an application with the San Luis Obispo County Local Agency Formation Commission, hereinafter referred to as "Commission", pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH"); and

WHEREAS, the application before the Commission seeks approval of a sphere of influence amendment and a change of organization of approximately 143-acres of unincorporated territory in the County of San Luis Obispo involving annexation into the County Service Area No. 23 (CSA 23) of 111 residential clustered lots within Tract 2586 (LAFCO File No. 2-R-23); and

WHEREAS, the affected territory as proposed includes the 111 lots currently within a portion of a legal parcel identified by the County of San Luis Obispo's Assessor's Office as 070-094-007, but the area will be subdivided, and Assessor Parcel Numbers will be available following the three-phased Final Tract 2586 Map recordation; and

WHEREAS, the sphere of influence and annexation boundary is proposed to be co-terminus with the lots created by the three-phased Final Tract 2586 Map, and Phase I will include 38 residential lots (approximately 52-acres), Phase II will include 44 residential lots (approximately 54-acres), and Phase III will include 29 residential lots (approximately 36-acres); and

WHEREAS, on December 23, 2008, the San Luis Obispo County Board of Supervisors held a public hearing and approved (1) Resolution 2008-455, which upheld an appeal and reversed the

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decision of the Planning Commission and Conditionally approved the application of Santa Margarita Ranch LLC and the Findings and Conditions of Approval for a Tentative Tract/ Conditional Use Permit, Tract 2586, and (2) Conditional Use Permit S030115U, which certified Environmental Impact Report, including a statement of overriding considerations, and (3) Resolution 2008-455, which approved a three-phase Major Agricultural Cluster consistent with the Amended Project which included the 111 residential clustered lots (approx. 143-acres) that are proposed for a sphere of influence amendment and annexation into CSA 23; and

WHEREAS, on December 9, 2014, the San Luis Obispo County Board of Supervisors approved the Addendum to the Final Environmental Impact Report for the Santa Margarita Ranch Agriculture Residential Cluster Subdivision Project, Project #S030115U; and

WHEREAS, on March 12, 2024, the San Luis Obispo County Board of Supervisors approved a property tax agreement for a zero-property tax exchange to be transferred to CSA 23 pursuant to the Revenue and Taxation Code Section 99; and

WHEREAS, on December 4, 2024, the Executive Officer filed a Certificate of Filing deeming the application as acceptable for filing; and

WHEREAS, the Executive Officer has given the notices required by law and forwarded copies of his report to officers, persons, and public agencies prescribed by law; and

WHEREAS, the Executive Officer conducted an analysis of the proposal and prepared a report including staff's recommendations thereon, and presented staff's findings for Commission consideration; and

WHEREAS, the matter was set for public hearing at 9:00 a.m. on January 16, 2025, and the public hearing was duly conducted and determined and a decision was made on January 16, 2025; and

WHEREAS, at said hearing this Commission heard and received all oral and written protests,

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objections, and evidence, which were made, presented, or filed, and all persons present were given the opportunity to hear and be heard in respect to any matter relating to the proposal and report; and

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

- 1) It will enable the applicant to receive water services from CSA 23 to meet the needs associated with the development of the 111 residential lots within Tract 2586. An intertie with Tract 2586 would add two new water supply wells to the CSA 23 system increasing water supply, fire flow pressure, available storage, and redundancy.

WHEREAS, the Commission determined that the environmental documentation prepared by the County of San Luis Obispo, including the certified Environmental Impact Report and Addendum to the Environmental Impact Report (State Clearinghouse Number 2004111112) meets the requirements of the California Environmental Quality Act (CEQA); and

WHEREAS, the Commission determined that the Environmental Findings, Mitigation Monitoring and Reporting Program, and Statement of Overriding Considerations adopted by the County of San Luis Obispo are appropriate and adequate and that none of the conditions in Section 15164 of the CEQA Guidelines are present to warrant preparation of a subsequent EIR. Acting as a Responsible Agency, LAFCO adopts its own Findings of Fact and statement of overriding consideration that meets the requirements of the CEQA as contained in Exhibit A hereto; and

WHEREAS, the Commission has considered all factors required to be considered by Government Code Sections 56430 and 56425 (e) and adopts as its written statements of determinations and record therein, the determinations set in the Executive Officer's Staff Report dated January 16, 2025, attachments and testimony, and said record and determinations being incorporated by reference herein as though set forth in full; and

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WHEREAS, the Commission has considered all factors required to be considered by Government Code Sections 56668, 56668.3, as well as adopted local policies and procedures and adopts as its written statements of determinations and record therein, the determinations set in the Executive Officer's Staff Report dated January 16, 2025, attachments and testimony, and said record and determinations being incorporated by reference herein as though set forth in full; and

WHEREAS, the Commission duly considered the proposal and finds that the proposed sphere of influence amendment and annexation into CSA 23's service area should be approved.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Local Agency Formation Commission of the County of San Luis Obispo, State of California, as follows:

1. That the recitals set forth hereinabove are true, correct, and valid.
2. That as a Responsible Agency, this Commission reviewed, considered, and determined the certified Environmental Impact Report and Addendum (SCH No. 2004111112) to be adequate for the purposes specified in Section 15096 of the CEQA Guidelines and adopts its own Findings of Fact and statement of overriding consideration that meets the requirements of the CEQA as contained in Exhibit A hereto.
3. That the map and legal description for Phase 1 and the general vicinity map which includes tentative boundaries for the remaining phases approved by this Commission is attached hereto, marked as Exhibit B hereto.
4. That the Executive Officer of this Commission is authorized and directed to mail copies of this resolution in the manner provided by law.
5. That pursuant to Government Code Section 56662(d), the Commission waives protest proceedings and order the annexation subject to requirements of CKH, because (a) the territory is uninhabited, (b) the proposal is accompanied by proof that the single owner of all land in the 111 residential lots has given his written consent to the proposal, and (c) the CSA 23 has not submitted written opposition to a waiver of protest proceedings.

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6. That the Sphere of Influence Amendment and Annexation No. 1, annexing the 111 residential lots within Tract 2586 into CSA 23, is hereby approved with the following conditions:
 1. The Sphere of Influence Amendment is effective immediately but is conditioned on the County proceeding with each of the three-phase tract maps associated with Tract 2586.
 2. Prior to filing the Certificate of Completion with the County Clerk Recorder, the following must be submitted to LAFCO:
 - a. Submittal of Final Tract 2586 Map for Phase 1.
 - b. County Surveyor verification that Phase 1 annexation map & legal is consistent and identical with Final Tract 2586 Map for Phase 1.
 3. The effective date for Phase 1 of the annexation would be the date that the Certificate of Completion is filed with the County Clerk Recorder and subsequently the Phase 1 annexation map and legal description may be filed with the State Board of Equalization.
 4. After filing the Certificate of Completion with the County Clerk Recorder, and once the documents are made available, the following must be submitted to LAFCO prior to deeming Phase 2 of the annexation effective:
 - a. Submittal of Final Tract 2586 Map for Phase 2.
 - b. Final Phase 2 annexation map and legal description that is consistent with LAFCO mapping standards and that it has been reviewed and stamped by the County Surveyor.
 - c. County Surveyor verification that Phase 2 annexation map & legal description is consistent and identical with Final Tract 2586 Map for Phase 2.
 5. After filing the Certificate of Completion with the County Clerk Recorder, and once the documents are made available, the following must be submitted to LAFCO prior to deeming Phase 3 of the annexation effective:
 - a. Submittal of Final Tract 2586 Map for Phase 3.
 - b. Final Phase 3 annexation map and legal description that is consistent with LAFCO mapping standards and that it has been reviewed and stamped by the County Surveyor.
 - c. County Surveyor verification that Phase 3 annexation map & legal description is consistent and identical with Final Tract 2586 Map for Phase 3.
 6. The effective date for Phase 2 of the annexation would be the date that the Executive Officer issues a letter to CSA 23, as the applicant, stating that service may commence and subsequently file the annexation map and legal description with the State Board of Equalization.

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7. The effective date of the Phase 3 annexation would be the date that the Executive Officer issues a letter to CSA 23, as the applicant, stating that service may commence and subsequently file the annexation map and legal description with the State Board of Equalization.
 8. The Landowner, Santa Margarita Ranch, LLC, and CSA 23 shall provide all the fees associated with filing with the State Board of Equalization (BOE). Due to the 3 phased approach, three separate checks will be required with the filing of each phase.
 9. The Landowner, Santa Margarita Ranch, LLC, and CSA 23 shall comply with all terms and conditions set forth in the Annexation Agreement dated June 6, 2023.
 10. For each phase of the annexation, the Landowner, Santa Margarita Ranch, LLC, shall pay all previously established CSA 23 fees and charges.
 11. Any substantial deviation from Phase 2 and 3 as approved by the Commission and shown in Exhibit B of Attachment A shall require the Executive Officer to not issue a letter to commence service and as a result would prohibit the respective phase from becoming effective. In this circumstance a new annexation application would be required for the respective phase/phases and would need to be considered by the Commission at a public hearing.
 12. This condition applies to the extent allowed by law. The County and Santa Margarita Ranch, LLC shall defend, indemnify, hold harmless and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.
 13. After a Certificate of Completion has been filed with the County Clerk-Recorder, CSA 23 shall establish a zone of benefit for phase 1 and subsequently for phases 2 and 3 as they become effective and conduct a successful proposition 218 protest process to fund the costs of additional infrastructure maintenance.
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7. Completion of the 30-day reconsideration period provided under Government Code Section 56895.
 8. The effective date shall be the date of execution of the Certificate of Completion and

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effective from the dates specified in the terms and conditions of the Commission resolution pursuant to Government Code §56020.5 and 57202 (b). The Certificate of Completion must be recorded within one calendar year unless an extension is requested and approved by the Commission.

- 9. The Commission hereby directs staff to file a Notice of Determination within five working days of this Resolution in compliance with Tit. 14 California Code Regulations §15094.

Upon a motion of Vice Chair Moreno, seconded by Commissioner Ortiz-Legg, and on the following roll call vote:

AYES: VICE CHAIR HEATHER MORENO, COMMISSIONERS DAWN ORTIZ-LEGG, ROBERT ENNS, ED WAAGE, DAVID WATSON, CHAIRPERSON STEVE GREGORY AND COMMISSIONER ED EBY

NAYS: NONE


ABSENT: NONE

ABSTAIN: NONE


The foregoing resolution is hereby adopted.

Signed by: Steve Gregory 1/28/2025
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 Steve Gregory, Chairperson Date
 Local Agency Formation Commission

ATTEST:


 _____ 1/28/25
 Rob Fitzroy Date
 LAFCO Executive Officer

APPROVED AS TO FORM AND LEGAL EFFECT:


 _____ 1/22/2025
 Holly Whatley Date
 LAFCO Legal Counsel