



San Luis Obispo Local Agency Formation Commission Meeting Agenda October 15, 2026, 9:00 am

MEETING

OCTOBER 15, 2026 –
9 A.M. BOARD OF
SUPERVISORS CHAMBERS
COUNTY GOVT. CENTER
1055 MONTEREY STREET,
SAN LUIS OBISPO, CA 93408

CONTACT

ROB FITZROY
EXECUTIVE OFFICER
805-781-5795
SLO.LAFCO.CA.GOV

COMMISSIONERS

HEATHER MORENO, CHAIR, COUNTY
DAVE WATSON, VICE CHAIR, PUBLIC
DAWN ORTIZ-LEGG, COUNTY
STEVE GREGORY, CITY
ED WAAGE, CITY
ED EBY, SPECIAL DISTRICT
NAVID FARDANESH, SPECIAL DISTRICT
BRUCE GIBSON, COUNTY ALTERNATE
CARLA WIXOM, CITY ALTERNATE
JOHN JOYCE, SPECIAL DISTRICT ALTERNATE
MICHAEL DRAZE, PUBLIC ALTERNATE

MEETING PARTICIPATION

- **To submit a written comment**, please reference the agenda item and submit your comments by email to mbing@slo.lafco.ca.gov, through the online submission form at slo.lafco.ca.gov, or by U.S. mail to 1042 Pacific St, Suite A, San Luis Obispo, CA, 93401. All correspondence received will be distributed to the Commission and become part of the official record for the Commission meeting.
- **To submit a pre-recorded verbal comment**, please call (805) 781-5795, state and spell your name, reference the agenda item to which your comment pertains, and leave your message. All comments received will be distributed to the Commission and become part of the official record for the Commission meeting.
- **To provide live comment**, please attend the in-person meeting, complete a Request to Speak form, and submit it to the Commission Clerk before consideration of the applicable agenda item. Each speaker will be allotted up to three minutes to address the Commission. Applicants or their representatives will be invited to speak first following the staff report and after any questions from the Commission have been addressed.

Other Notes:

- In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to participate in this meeting, please contact the Commission Clerk at 805-781-5795. Notification provided a minimum of 48 hours prior to the meeting will enable the Commission Clerk to make reasonable arrangements to ensure accessibility to this meeting. Pursuant to the ADA, the meeting room is accessible to the physically disabled.
- It is required by Government Code Section 84308 that a participant in a LAFCO proceeding who has a financial interest in the decision and who has made a campaign contribution of more than \$500 to any Commissioner within 12 months prior to the proceeding must disclose the contribution. If you are affected, please notify Commission Staff before the hearing.



MEETING AGENDA

Pledge of Allegiance

Call to Order/Roll Call

Approval of the Minutes: September 17, 2026 (Page 4 - 10)

Non-Agenda Public Comment Period

This portion of the meeting is reserved for public comments on matters that are not listed on the regular agenda. Members of the public may submit comments using any of the three methods described above in the Meeting Participation section.

Consent Agenda

A-1: Special District Risk Management Authority Memorandum of Understanding Amendments (Page 11 - 22)

Recommendation:

Action: Adopt a resolution approving the form of and authorizing execution of the amended Memorandum of Understanding and authorizing continued participation in the Special District Risk Management Authority's Health Benefit Program.

A-2: First Quarter Fiscal Year 2026-2027 Budget Status and Work Plan Report (Page 23 - 35)

Recommendation:

Action: Review and approve the first quarter budget and work plan report for Fiscal Year 2026-2027 and direct the Executive Officer to file it with the County Auditor.

A-3: Status Update on the Adopted City of Paso Robles and County of San Luis Obispo Memorandum of Agreement Regarding the City of Paso Robles 2026 Sphere of Influence Update (Page 36 - 50)

Recommendation:

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

Regular Matters

B-1: LAFCO File No. 1-R-24: Sphere of Influence Amendment and Annexation No. 1 to Shandon San Juan Water District (Kylix Vineyards LP and Dimello LP Properties) (Page 51 - 110)

Recommendation:

Action 1: Find, by motion, the proposal to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption Guidelines Section 15320 and CEQA General Rule Exemption Section 15061(b)(3).

Action 2: Approve, by resolution, the proposed Sphere of Influence Amendment and Annexation No. 1 to Shandon San Juan Water District, as contained in Attachment A, subject to conditions of approval, and waive protest proceedings pursuant to Government Code Section 56662(a).



Commissioner Comments

Legal Counsel Comments

Executive Officer Comments

Adjournment

Tentative Future Meeting Schedule, Subject to Change

- November 2026 – Linne CSD MSR and SOI Study Session, Cal Valley CSD Status Update, Annual Meeting and Holiday Calendar
- December 2026 – No Meeting
- January 2027 – Cayucos Sanitary District MSR and SOI Study, Ground Squirrel Hollow CSD MSR and SOI Study, Squire Canyon CSD MSR and SOI Study



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
SEPTEMBER 17, 2026, MEETING MINUTES**

Call to Order

The San Luis Obispo Local Agency Formation Commission (LAFCO) meeting was called to order at 9:00 a.m. on Thursday, September 17, 2026, by Chairperson Heather Moreno in the Board of Supervisors Chambers at the County Government Center, 1055 Monterey Street, San Luis Obispo, CA 93408.

Pledge of Allegiance

Roll Call

Present: Chairperson Heather Moreno, Vice Chair Dave Watson, Commissioners Ed Eby, Navid Fardanesh, Steve Gregory, and Ed Waage

Absent: Commissioner Dawn Ortiz-Legg, and Alternate Commissioners Michael Drazee, Bruce Gibson, John Joyce, and Carla Wixom,

Staff: Rob Fitzroy, LAFCO Executive Officer
Imelda Marquez-Vawter, LAFCO Senior Analyst
Morgan Bing, LAFCO Analyst
Holly Whatley, LAFCO Legal Counsel

Approval of the Minutes: June 18, 2026

Chairperson Moreno announced the consideration of approval of the June 18, 2026, Regular Meeting Minutes.

Chairperson Moreno asked for Commissioner comments, hearing none.

Chairperson Moreno opened the item for public comment. Hearing no public comments, the public comment period was closed.

Chairperson Moreno called for a motion to approve the June 18, 2026, Regular Meeting Minutes.

Vice Chair Watson moved to approve the minutes.

Commissioner Gregory seconded the motion.

AYES: Vice Chair Watson, Commissioners Gregory, Eby, Fardanesh, and

Chairperson Moreno

NAYS: None

ABSTENSIONS: Commissioner Waage

The motion passed.

Non-Agenda Public Comment Period

Chairperson Moreno opened the non-agenda public comment. Hearing no requests to speak, Chairperson Moreno closed the public comment period.

Consent Matters

A-1: Year End Budget Report and Work Plan Update for Fiscal Year 2025-2026

Chairperson Moreno introduced the consent matters and invited Commissioner questions or comments.

Chairperson Moreno opened the item for public comment. Hearing no public comments, the public comment period was closed.

Chairperson Moreno called for a motion to approve the Consent Agenda.

Commissioner Fardnesh moved to approve the Consent Agenda.

Commissioner Waage seconded the motion.

AYES: Commissioners Fardanesh, Waage, Eby, Gregory, Vice Chair Watson, and Chairperson Moreno

NAYS: None

ABSTENSTIONS: None

The motion passed unanimously.

Informational Matters

B-1: Update on the Proposed Dissolution of the San Simeon Community Services District | LAFCO File No. 2-R-24

Mr. Fitzroy presented the item.

Chairperson Moreno opened the item for Commissioner questions and comments.

Commissioner Waage inquired about the condition and requirements imposed by the California Coastal Commission on San Simeon Community Services District's (SSCSD) wastewater treatment plant.

Mr. John Diodati, Director of Public Works for the County of San Luis Obispo, commented on the condition and status of the wastewater treatment plant.

Commissioner Waage also asked about SSCSD's water service operations.

Mr. Diodati provided comment on SSCSD's water system, budget, and rates.

Commissioner Waage inquired about State Park's water usage.

John Diodati responded.

Commissioner Eby asked about the number of registered voters within SSCSD, potential costs of consolidation or annexation into Cambria Community Services District (CCSD), and budget deficits.

John Diodati responded.

Vice Chair Watson inquired about the grant funding process, project timelines, and coordination with the Coastal Commission.

John Diodati responded.

Vice Chair Watson asked whether correspondence from LAFCO to the Coastal Commission would be beneficial.

Mr. Fitzroy responded.

Commissioner Gregory inquired about wastewater service from CCSD.

Mr. Fitzroy responded.

Commissioner Gregory asked about the State's responsibility.

Ms. Whatley responded.

Commissioner Gregory commented on the State Park's water supply.

John Diodati responded.

Commissioner Fardanesh inquired about rates.

John Diodati responded.

Commissioner Fardanesh inquired about SSCSD's Board of Directors.

John Diodati responded.

Chairperson Moreno inquired about Board vacancies.

John Diodati responded.

Chairperson Moreno opened the item for public comment and, hearing none, closed the public comment period. This item was received and filed.

Regular Matters

C-1: Municipal Service Review Policies and Guidelines

Mr. Fitzroy introduced the item, providing background information and presenting proposed policy 2.7.4 and the associated proposed implementation guidelines 3.5.8 and 3.5.9.

Chairperson Moreno suggested that discussion occur following each individual proposed policy.

Mr. Fitzroy concurred.

Vice Chair Watson recommended adding references to Capital Improvement Plans within proposed Implementation Guideline 3.5.8.

Mr. Fitzroy acknowledged the suggestion and stated that staff could incorporate the revision if supported by the Commission.

Commissioner Eby asked if the proposed policies apply to cities as well as special districts.

Mr. Fitzroy responded.

Mr. Fitzroy presented proposed policy 2.7.5 and associated proposed implementation guidelines 3.5.10 and 3.5.11.

Chairperson Moreno asked for Commissioner questions, hearing none.

Mr. Fitzroy presented proposed policy 2.7.6 and associated proposed implementation guidelines 3.5.12, 3.5.13, 3.5.14, 3.5.15, and 3.5.16.

Commissioner Eby commented on proposed implementation guideline 3.5.16 and asked if it

would also apply to the dissolution of cities.

Mr. Fitzroy responded.

Ms. Whatley clarified that LAFCOs do not have the authority to initiate disincorporation of a city.

Chairperson Moreno asked if cities are included in Government Code Section 56375.1.

Mr. Fitzroy responded that Government Code Section 56375.1 pertains only to special districts.

Vice Chair Watson suggested adding language to proposed implementation guideline 3.5.16 to clearly indicate that it only applies to special districts.

Mr. Fitzroy stated that staff could revise the language accordingly to provide clarity.

Commissioner Fardanesh inquired about staff providing status updates during remediation periods.

Mr. Fitzroy responded.

Mr. Fitzroy presented proposed policy 2.6.13 and associated proposed implementation guideline 3.5.17.

Chairperson Moreno suggested incorporating references to capital improvement planning to proposed implementation guideline 3.5.17.

Mr. Fitzroy responded.

Mr. Fitzroy presented proposed policy 2.7.7 and associated proposed implementation guidelines 3.5.18, 3.5.19, 3.5.20, 3.5.21, and 3.5.22.

Commissioner Waage commented on the Upper Salinas – Las Tablas Resource Conservation District's audit progress.

Commissioner Fardanesh asked how frequently the policies would be reviewed and updated.

Mr. Fitzroy responded and suggested that staff provide the Commission with a policy review and status update in one year.

Commissioner Fardanesh expressed support for a one-year check in.

Mr. Fitzroy concluded the presentation.

Chairperson Moreno opened the item for Commissioner questions.

Commissioner Fardanesh asked about the statutory timeline for Municipal Service Reviews.

Mr. Fitzroy responded.

Chairperson Moreno opened the item for public comment, announcing it was closed shortly after hearing none.

Chairperson Moreno called for a motion to approve the item with the following modifications:

- Revise the guidelines associated with Policies 2.7.4 and 2.6.13 to incorporate references to capital improvement planning.
- Revise the implementation guideline associated with Policy 2.7.6 to clarify that Government Code Section 56375.1 applies only to special districts.
- Direct staff to provide the Commission with a status update on the policies in approximately one year.

Commissioner Eby moved to approve the item with the modifications.

Vice Chair Watson seconded the motion.

AYES: Commissioner Eby, Vice Chair Watson, Commissioners Fardanesh, Gregory, Waage, and Chairperson Moreno

NAYS: None

ABSTAIN: None

The motion passed unanimously.

Commissioner Comments:

Chairperson Moreno inquired about the public comment letter received regarding the CALAFCO Board of Directors elections.

Legal Counsel Comments:

None.

Executive Officer Comments:

Mr. Fitzroy provided updates on the CALAFCO Board of Directors election, the tentative future meeting schedule, and the Commission Clerk position recruitment.

Adjournment: With no further business before the Commission, the meeting adjourned at 10:16 AM until the next meeting of the Commission in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo.

THESE MINUTES ARE NOT OFFICIAL NOR ARE THEY A PERMANENT PART OF THE RECORD

UNTIL THEY ARE APPROVED BY LAFCO COMMISSIONERS AT THE NEXT REGULAR MEETING.

Respectfully submitted,
Morgan Bing, LAFCO Analyst

DRAFT



San Luis Obispo Local Agency Formation Commission

COMMISSIONERS

Chairperson
HEATHER MORENO
County Member

Vice-Chair
DAVID WATSON
Public Member

DAWN ORTIZ-LEGG
County Member

STEVE GREGORY
City Member

Ed WAAGE
City Member

Ed EBY
Special District Member

NAVID FARDANESH
Special District Member

ALTERNATES

BRUCE GIBSON
County Member

CARLA WIXOM
City Member

JOHN JOYCE
Special District Member

MICHAEL DRAZE
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Senior Analyst

MORGAN BING
Analyst

HOLLY WHATLEY
Legal Counsel

TO: MEMBERS OF THE COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: OCTOBER 15, 2026

**SUBJECT: SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
MEMORANDUM OF UNDERSTANDING AMENDMENTS**

RECOMMENDATION

Action: Adopt a resolution approving the form of and authorizing execution of the amended Memorandum of Understanding and authorizing continued participation in the Special District Risk Management Authority's Health Benefit Program.

DISCUSSION

The San Luis Obispo Local Agency Formation Commission (LAFCO) participates in the Special District Risk Management Authority's (SDRMA) Health Benefits Program to provide health insurance benefits to eligible employees.

At its June 24th, 2026 meeting, the SDRMA Board of Directors approved amendments to the Health Benefits Memorandum of Understanding (MOU) applicable to all participating agencies. All changes to the MOU are shown in red tracked changes in Attachment B. According to SDRMA, the amendments are intended to better align the Health Benefits Program MOU with the governing agreement used by SDRMA's affiliated risk-sharing pool, Public Risk Innovation Solutions and Management (PRISM), and with current industry standards and administrative practices. The amended MOU updates and clarifies provisions related to program participation, eligibility requirements, premium payments and billing procedures, benefits administration, assessments and dividends, withdrawal requirements, and dispute resolution.

To maintain participation in SDRMA's Health Benefits Program, participating agencies must approve the revised MOU (Attachment B) and return an executed

original to SDRMA by November 1, 2026. Accordingly, staff recommends that the Commission adopt the resolution (Attachment A) approving the form of the amended MOU, authorizing its execution, and authorizing continued participation in SDRMA Health Benefit's Program. Approval of the MOU will have no financial impact on LAFCO.

ATTACHMENTS

Attachment A: Draft LAFCO Resolution 2026 - XX Approving the Form and Execution of the Memorandum of Understanding with the Special District Risk Management Authority authorizing LAFCO's participation in the Special District Risk Management Authority's Health Benefits Plan

Attachment B: Amended SDRMA Memorandum of Understanding

Attachment A

Draft Resolution 2026 - XX

Approving the Form and Execution of the
Memorandum of Understanding with SDRMA
authorizing LAFCO's participation in SDRMA's
Health Benefits Plan

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

Thursday, October 15, 2026

RESOLUTION NO. 2026-XX

**RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM
OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK
MANAGEMENT AUTHORITY'S HEALTH BENEFITS PROGRAM**

The following resolution is now offered:

RECITALS

WHEREAS, the San Luis Obispo Local Agency Formation Commission, a public agency duly organized and existing under and by virtue of the laws of the State of California (the "ENTITY"), has determined that it is in the best interest and to the advantage of the ENTITY to participate in the Health Benefits Program offered by Special District Risk Management Authority (the "Authority"); and

WHEREAS, the Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing risk financing, risk management programs and other coverage protection programs; and

WHEREAS, participation in Authority programs requires the ENTITY to execute and enter into a Memorandum of Understanding which states the purpose and participation requirements for the Health Benefits Program; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the ENTITY is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE ENTITY AS FOLLOWS:

Section 1. Findings. The ENTITY's Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the ENTITY.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the ENTITY and the Authority, in the form presented at this meeting and on file with the ENTITY's Secretary, is hereby approved. The ENTITY's Governing Body and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the

name and on behalf of the ENTITY, to execute and deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. The ENTITY's Governing Body approves participating in the Special District Risk Management Authority's Health Benefits Program.

Section 4. Severability. If any provision of this resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution which can be given effect without the invalid provision or application, and to this end the provisions of this resolution are severable.

Section 5. Other Actions. The Authorized Officers of the ENTITY are each hereby authorized and directed to execute and deliver any and all documents which are necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 6. Effective Date. This resolution shall take effect immediately upon its passage.

Upon a motion of Commissioner _____, seconded by Commissioner _____, and on the following roll call vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

Heather Moreno, Chairperson Date
Local Agency Formation Commission

ATTEST:

Rob Fitzroy Date
LAFCO Executive Officer

APPROVED AS TO FORM AND LEGAL EFFECT:

Holly Whately Date
LAFCO Legal Counsel

Attachment B

Amended SDRMA Memorandum of Understanding



MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER "MEMORANDUM") IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER "SDRMA") AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER "ENTITY") WHO IS SIGNATORY TO THIS MEMORANDUM.

WHEREAS, on August 1, 2006, SDRMA in its capacity as a member of Public Risk Innovation, Solutions and Management (PRISM) and having executed the Joint Powers Agreement (JPA) governing PRISM, was appointed administrator for the purpose of enrolling small public entities into the Public Risk Innovation, Solutions and Management (PRISM) Health and/or Employee Benefits Small Group Program (hereinafter "PROGRAMprogram"); and

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by the PRISM Health Committee and/or PRISM Employee Benefits Committee for the PROGRAMprogram (the "COMMITTEEcommittee") and not SDRMA; and

WHEREAS, ENTITY desires to enroll and participate in the PROGRAMprogram, acknowledging that SDRMA acts solely in an administrative capacity and does not establish Program terms.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. DEFINITIONS. For purposes of this MEMORANDUM, unless the context otherwise requires, the following terms when capitalized have the respective meanings set out below and are applicable to the singular as well as to the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

a. "Committee" means the PRISM Health Committee and/or PRISM Employee Benefits Committee for the Program.

b. "Coverage Documents" means, except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the Program and will be provided by SDRMA to each ENTITY. Documents will be made available through the online SDRMA Portal and be accessible to approved users of the ENTITY.

c. "Program Participation Agreement" means the agreement issued by PRISM/AUS Underwriting to the Entity that details the final terms of acceptance and any special exceptions or terms that have been made a part of the underwriting approval and is required to be

completed and executed in order to constitute full acceptance as a member of the PRISM Small Group Program.

d. "Program" or "PRISM" means the Public Risk Innovation, Solutions and Management (PRISM) Health and/or Employee Benefits Small Group Program.

e. "Program Documents" means the following: SDRMA Program Administrative Guidelines, SDRMA Resolution, Program Underwriting application and any required underwriting documents, Program approval, Program Underwriting & Eligibility Rules and Program Participation Agreement.

12. PURPOSE. ENTITY is signatory to this MEMORANDUM for the ~~express-sole~~ purpose of enrolling in the ~~P~~rogram~~ROGRAM~~.

23. ENTRY INTO PROGRAM. ENTITY shall ~~enroll~~ apply for participation in the ~~P~~rogram~~ROGRAM~~ by ~~making application through executing and all forms prescribed by SDRMA. SDRMA shall submit the completed forms to which shall be subject to approval by the~~ Program~~ROGRAM~~'s Underwriter who has the authority to accept or reject Entity's application in its sole discretion based on the Program's and governing documents and in accordance with the Program's~~applicable~~ eligibility guidelines.

34. MAINTENANCE OF EFFORT. ~~P~~rogram ~~ROGRAM is designed to provide an alternative provides~~ health benefits ~~solution~~ to all ~~participants~~ active employees, retired employees, dependents of an active or retired employee and public officials of the ENTITY who satisfy requirements for participation. of the ENTITY including active employees, retired employees (optional), dependents (optional) and public officials (optional). ENTITY public officials may participate in the ~~P~~rogram~~ROGRAM~~ only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements

45. PREMIUMS. ENTITY ~~understands~~ agrees and acknowledges that premiums and rates for the ~~P~~rogram ~~ROGRAM~~ are set by the ~~COMMITTEE~~Committee and that SDRMA's Administrative Fee is set by SDRMA For each billing cycle. ENTITY will remit the total monthly ~~premiums based upon rates established amount billed by SDRMA~~ for each category of participants and the census of covered employees, public officials, dependents and retirees. PREMIUMs are based on a full month, and there are no partial months or prorated PREMIUMs. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.

~~Rates for the ENTITY and each category of participant will be determined by the COMMITTEE designated for the PROGRAM based upon advice from its consultants and/or a consulting Benefits Actuary and insurance carriers. In addition, SDRMA adds an administrative fee to premiums and rates for costs associated with administering the PROGRAM. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of all public entities participating in the PROGRAM and differences in benefits provided (plan design), if any.~~

~~SDRMA will administrate a billing to ENTITY each month, with payments due by the date specified by SDRMA. Payments received after the specified date will accrue penalties up to and including termination from the PROGRAM. Premiums are based on a full month, and there are no partial months or prorated premiums. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.~~

~~Late Payment Penalties. ENTITY shall pay all PREMIUM invoices as billed to SDRMA, regardless of any changes to eligibility or adjustments to PREMIUMS that may occur during the billing month and not reflected in the PREMIUM invoice. SDRMA shall issue PREMIUM invoices to ENTITY prior to the coverage month in which they are due. PREMIUM invoices are due by the due date stated on the invoice and considered delinquent thirty (30) calendar days from the due date. In addition to the outstanding balance due for any unpaid invoice, ENTITY shall be liable to SDRMA for a late payment penalty of 1% of the outstanding balance of any unpaid portion of such invoice effective (30) calendar days after the invoice due date. SDRMA reserves the right to terminate the MEMORANDUM and ENTITY'S Participation Agreement, including immediate cessation of all services under the Program, any time after it provides written notice to ENTITY of its failure to pay the amount due of any invoice.~~

- ~~56.~~ **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the ~~P~~rogram ~~ROGRAM~~ and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to ~~P~~rogram ~~ROGRAM~~ underwriter for approval.
- ~~6.~~ **COVERAGE DOCUMENTS.** ~~Except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM and will be provided by SDRMA to each ENTITY. SDRMA will provide each ENTITY with additional documentation, defined as the SDRMA Program Administrative Guidelines which provide further details on administration of the PROGRAM.~~
- ~~7.~~ **PROGRAM FUNDING.** ~~It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss~~

~~coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.~~

~~8. ASSESSMENTS. Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the ENTITY may be utilized to ensure the approved funding level for applicable policy periods. Any assessments which are deemed necessary to ensure approved funding levels shall be made upon the determination and approval of the COMMITTEE in accordance with the following:~~

~~a. Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.~~

~~b. If a dividend/assessment is declared, allocation will be based upon each ENTITY's proportional share of total premiums paid for the preceding 3 years. An ENTITY must be a current participant to receive a dividend, except upon termination of the PROGRAM and distribution of assets.~~

~~c. ENTITY will be liable for assessments for 12 months following withdrawal from the PROGRAM.~~

~~d. Fund equity will be evaluated on a total PROGRAM-wide basis as opposed to each year standing on its own.~~

7. ASSESSMENTS AND DIVIDENDS. The Program annual premium, as approved by the Committee will be established at a level which is anticipated to provide adequate overall funding. The Program will directly manage surpluses and deficits. Premiums are targeted to fund expected claims (including incurred-but-not-reported (IBNR) and run-out), reinsurance (if any), Program/administrative expenses, and any reserve or margin adopted by the Committee.

If Program funds are insufficient (including funding IBNR), the Committee may impose premium assessments on all applicable participating Entities, consistent with the JPA, including ENTITY signing this MEMORANDUM. Entities that have withdrawn from the Program are liable for assessments attributable to plan year(s) in which they participated.

After appropriate reserves and obligations are funded and any Committee-approved margin is achieved, the Committee may declare a dividend or premium credit, using a formula recommended by the Program Underwriters and actuary.

98. WITHDRAWAL. ENTITY may withdraw from this MEMORANDUM and terminate its Program Participation Agreement for a subsequent calendar year subject to the following condition: ENTITY shall notify SDRMA and the PROGRAM in writing of its

~~intent to withdraw at least 90 days prior to their requested withdrawal date. ENTITY shall notify SDRMA in writing of its intent to withdraw from this MEMORANDUM and terminate its Program Participation Agreement at least 120 days prior to January 1st of the subsequent calendar year in which it shall be effective . No withdrawal shall become effective until December 31 of the year that notice of termination is received. ENTITY may rescind its notice of intent to withdraw and terminate no later than October 1st.~~ Once ENTITY withdraws from the ~~Program~~PROGRAM, there is a 3-year waiting period to come back into the ~~Program~~PROGRAM, and the ENTITY will be subject to underwriting approval ~~again~~.

~~10. LIAISON WITH SDRMA. Each ENTITY shall maintain staff to act as liaison with SDRMA and between the ENTITY and SDRMA's designated PROGRAM representative.~~

~~9. ARBITRATION OF DISPUTES. To the extent permitted by law, all controversies between the ENTITY and SDRMA that may arise out of or relate to any of the services provided by SDRMA under the MEMORANDUM, or the construction, performance or breach of this or any other agreement between the ENTITY and SDRMA, whether entered into prior to, on or subsequent to the date hereof, shall be settled by binding arbitration in the City of Sacramento, California, under the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon any award rendered by the arbitrator(s) shall be final, and may be entered into any court having jurisdiction.~~

~~11~~10. GOVERNING LAW. This MEMORANDUM shall be governed in accordance with the laws of the State of California.

~~12~~11. VENUE. Venue for any dispute or enforcement shall be in the City of Sacramento, California.

~~13~~12. ATTORNEY FEES. The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.

~~14~~13. COMPLETE AGREEMENT. This MEMORANDUM together with the related ~~P~~rogramPROGRAM documentsDocuments constitutes the full and complete agreement of the ENTITY.

~~15~~14. SEVERABILITY. Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.

~~16~~15. AMENDMENT OF MEMORANDUM; WAIVER. This MEMORANDUM may not be modified, nor shall any provision hereof be waived or amended, except in a writing duly signed by authorized representatives of SDRMA and ENTITY. The failure of either Party to enforce at any time any provision of the MEMORANDUM shall not be construed to be a waiver of such provision, nor in any way to affect the validity of the MEMORANDUM or the



~~right of either party thereafter to enforce each and every such provision may be amended by the SDRMA Board of Directors and such amendments are subject to approval of ENTITY's designated representative, or alternate, who shall have authority to execute this MEMORANDUM. Any If ENTITY who fails or refuses to execute an amendment to this MEMORANDUM by the deadline included in written notice of SDRMA'S execution of said amendment, SDRMA reserves the right to terminate shall be deemed to have withdrawn this MEMORANDUM and ENTITY'S Program Participation Agreement from the PROGRAM effective as of on the next annual renewal date.~~

~~1716.~~ EFFECTIVE DATE. This MEMORANDUM shall become effective on the later of the first date of coverage for the ENTITY or the last date of signing of this MEMORANDUM by the Chief Executive Officer or Board President of SDRMA and the authorized person for the ENTITY.

~~1817.~~ EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: _____

By: _____

Special District Risk
Management Authority

Dated: _____

By: _____

Agency ENTITY Name



San Luis Obispo Local Agency Formation Commission

COMMISSIONERS

Chairperson
HEATHER MORENO
County Member

Vice-Chair
DAVID WATSON
Public Member

DAWN ORTIZ-LEGG
County Member

STEVE GREGORY
City Member

ED WAAGE
City Member

ED EBY
Special District Member

NAVID FARDANESH
Special District Member

ALTERNATES

BRUCE GIBSON
County Member

CARLA WIXOM
City Member

JOHN JOYCE
Special District Member

MICHAEL DRAZE
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Senior Analyst

MORGAN BING
Analyst

HOLLY WHATLEY
Legal Counsel

TO: MEMBERS OF THE COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: OCTOBER 15, 2026

**SUBJECT: FIRST QUARTER FISCAL YEAR 2026-2027 BUDGET STATUS AND
WORK PLAN REPORT**

RECOMMENDATION

Action: Review and approve the first quarter budget and work plan report for Fiscal Year 2026-2027 and direct the Executive Officer to file it with the County Auditor.

BUDGET OVERVIEW

This report is the first Fiscal Year (FY) 2026-2027 quarterly report for the San Luis Obispo Local Agency Formation Commission (LAFCO). The LAFCO operating budget is comprised of four components: 1) salaries, payroll taxes, and benefits, 2) services and supplies, 3) revenues, and 4) fund balance and reserves. Day-to-day management of the budget is based on “bottom-line” principles that allow for variation within individual line-item accounts as long as the overall expenditures remain within the approved budget.

LAFCO’s budget is funded by the County, Cities, and Independent Special Districts. City and District shares are pro-rated based on general revenues reported to the State Controller’s Office on an annual basis. LAFCO also receives revenue from application fees and interest earnings.

The County Auditor-Controller-Treasurer-Tax Collector provides LAFCO with various financial services. All of LAFCO’s financial transactions are processed through the County Auditor’s financial system. This approach ensures accuracy, transparency, and accountability. The County Auditor’s Office also provides LAFCO with claims processing, invoicing, and financial review services. The County Auditor’s financial tracking system assists LAFCO in monitoring the budget, compiling budget report data, as well as providing an independent review of the budget.

QUARTERLY BUDGET SUMMARY

Executive Officer Comments. The first quarter's budget actuals indicate that LAFCO continues to be in a strong budgetary position. Expenditures and revenue are as expected within the first quarter. With 25% of the fiscal year complete, revenues are 59% realized.

Expenditures. Overall, first-quarter expenditures are at 26%, with 25% of the fiscal year complete, as expected. A detailed budget report is provided in Attachment A. Below is a brief summary of line-item expenditures:

- Salaries and benefits are 25% expended. Although the Commission Clerk position is currently vacant and resulting in salary savings, salary expenditures remain at approximately 25% due to an additional payroll period occurring during the first quarter.
- Services and Supplies are 29% expended.

LAFCO uses a credit card from a program implemented by the Special District Risk Management Association (SDRMA) for public agencies. LAFCO's policy is to pay each bill in full each month. The statements for July, August, and September are included as Attachment B. Additionally, with any "significant value" (i.e., a purchase over \$400), a receipt is provided for that item for further transparency.

- **July:** Adobe Subscription \$179.88, Microsoft Subscription \$58.80, Quality Tinting & Signs \$6.79, Fedex \$10.86, Target \$152.21,
- **August:** Microsoft Subscription \$58.80
- **September:** USPS \$1.75, Microsoft Subscription \$58.80, CalPERS \$40.94, Costco \$64.51

Revenues. Overall, revenues are 59% realized through the first quarter. Contributing agencies (Cities, Special Districts, and the County) have paid 62% of the LAFCO contributions billed in the first quarter by the County Auditor. Application fees have been 12% realized.

Fund Balance (Reserves). Fund Balance is the LAFCO reserve of funds for various expenditures. Fund Balance expenditure requires Commission approval. The current fund balance available is \$227,612.

WORK PLAN QUARTERLY UPDATE

Work Plan Update. In conjunction with the FY 2026-2027 budget process, the Commission adopted an accompanying Work Plan for FY 2026-2027. Our adopted work prioritization is as follows:

1. Process proposal applications as mandated by statute and conduct critical operations necessary for the organization to function.
2. Prepare Municipal Service Reviews (MSRs) as mandated by statute, based on the date an MSR was last updated.
3. Execute special work efforts as directed by the Commission.

Consistent with the priorities established by the Commission for the FY 2026-2027 Work Plan, during the first quarter, staff have been diligently working on the following items:

- Municipal Service Review Policies and Guidelines
- Shandon San Juan Water District Annexation
- Cayucos Sanitary District Annexation (Stienmann, in progress)
- Estrella – El Pomar – Creston Water District Detachment (in progress)
- San Simeon Community Services District Dissolution (in progress)
- Linne Community Services District MSR and SOI Study (in progress)
- Squire Canyon Community Services District MSR and SOI Study (in progress)
- Ground Squirrel Hollow Community Services District MSR and SOI Study (in progress)
- City of San Luis Obispo MSR and SOI Study (in progress)
- Cayucos Sanitary District MSR and SOI Study (in progress)
- City of Morro Bay MSR and SOI Study (in progress)
- Water Mutual/Private Wastewater System Consolidation Coordination with State and Regional Water Boards
- Conducted ongoing critical operations, invoicing, payroll, records management, office administration, and directory update
- Additional work efforts include attendance/presentations at various district public meeting to discuss LAFCO processes, response to numerous public inquiries regarding annexations, incorporations, and dissolutions, coordination with numerous districts and cities regarding potential future annexations, coordination with districts regarding activation/divestiture of powers, responses to Public Record Act requests, reorganizing our record management systems, and LAFCO maps/GIS Boundary Data maintenance

Significant Project Status Updates

Below is a brief summary of the current status of significant applications currently in process or items that will be forthcoming in the near future:

- **San Simeon CSD Dissolution** – The San Simeon CSD submitted a Resolution of Application to LAFCO on May 30, 2024. As required by the Government Code, staff provided a 30-day review letter, a copy of which was provided to your Commission. The dissolution is currently on information hold. In brief, the County, as the proposed successor agency, requested time to study the issue and would like to explore options. The LAFCO 30-day response letter details some of the items that need to be analyzed, much of which depends on how the County would like to proceed as the successor agency. The process requires a comprehensive analysis of existing and future governance structures and the services to be provided. A study was completed in August 2026 and presented to the Board of Supervisors on September 1, 2026. The Board directed County staff to return with a framework to engage state officials and agencies, evaluate the need for special legislation, collaborate with Cambria CSD to explore consolidation options, and identify funding sources and costs associated within continued involvement. On September 17, 2026, LAFCO staff provided the Commission with a status update on the dissolution. LAFCO will continue processing the application once the County has implemented said direction and a Plan for Service is approved by the Board of Supervisors and submitted to

LAFCO. Future hearing dates are unknown at this time. LAFCO staff continue to host ongoing meetings, promote regional coordination, and provide updates to the public about the status and process. We have received a large number of inquiries on this matter.

- **Upper Salinas – Las Tablas Resource Conservation District Audit Status** - As part of the Commission’s approval of the Upper Salinas–Las Tablas Resource Conservation District (US-LTRCD) MSR and SOI Study, several conditions of approval were adopted. One condition requires LAFCO staff to include status updates in each regular Quarterly Budget and Work Plan report during the District’s LAFCO-established 12-month remediation period (February 2026 through February 2027). These updates are to address the District’s progress toward completing required audits and implementing financial remediation measures. The following provides an update on the District’s audit and financial remediation efforts.

The US-LTRCD has formally engaged Moss, Levy & Hartzheim LLP to conduct audits for the fiscal years ending in 2024 and 2025. The audit report and financial statements for FY 2023-24 were completed in May 2026 and received an unmodified (clean) audit opinion, indicating that the District’s financial statements fairly present its financial position in accordance with applicable accounting and auditing standards. The District is currently working with its auditor to finalize the FY 2024-25 audit and continues to provide the information and documentation necessary to complete the audit process.

- **Shandon San Juan Water District Annexation** – A landowner petition of application request to annex approximately 4,000 acres into the District has been formally submitted. The proposal was reviewed within the 30-day review period and placed on hold. The applicant has recently provided additional information, and the proposal is being processed accordingly. The item will be presented to the Commission in October 2026.

Work Plan Projections. Looking ahead, we expect the workload to remain high and staff to be operating at full capacity. We will be focused on MSRs and applications as allowed.

ATTACHMENTS

Attachment A: Quarterly Budget Status Report

Attachment B: Credit Card Statements

Attachment A

Quarterly Budget Status Report

	Adopted FY 26-27	Expenditures / Revenue	Percent Expended / Revenue	Projected Year End
Expenditures Summary	\$924,005	\$238,085	26%	\$924,005
Revenues Summary	\$924,005	\$547,680	59%	\$924,005
<i>Services and Supplies Expenditure Details</i>				
Vehicle Stipend	\$5,400	\$1,454	27%	\$5,400
Vehicle Rental	\$750	\$0	0%	\$750
Computer Software	\$3,000	\$297	10%	\$3,000
Copying-Printing	\$300	\$11	4%	\$300
Commission Meeting Expenses	\$750	\$0	0%	\$750
LAFCO Insurance Policies	\$22,000	\$15,969	73%	\$22,000
IT Support	\$850	\$0	0%	\$850
Maintenance-Equipment	\$500	\$0	0%	\$500
Maintenance-Software	\$500	\$0	0%	\$500
CALAFCO / SDRMA / Other Memberships	\$9,000	\$0	0%	\$9,000
Employee Mileage Reimbursement	\$200	\$0	0%	\$200
Commissioner Mileage Reimbursement	\$1,500	\$213	14%	\$1,500
Office Supplies	\$3,000	\$489	16%	\$3,000
Custodial Services	\$1,800	\$450	25%	\$1,800
County Auditor Services	\$10,800	\$10,542	98%	\$10,800
Legal Counsel	\$32,000	\$6,166	19%	\$32,000
Postage	\$2,000	\$0	0%	\$2,000
General / Commissioner Stipends	\$17,000	\$3,396	20%	\$17,000
Publication & Legal Notices	\$1,000	\$0	0%	\$1,000
Training	\$8,000	\$0	0%	\$8,000
Office Lease	\$42,000	\$10,500	25%	\$42,000
Large Equipment	\$3,000	\$0	0%	\$3,000
Small Equipment	\$1,000	\$0	0%	\$1,000
Telephone / Internet	\$3,000	\$879	29%	\$3,000
Travel Expenses	\$3,000	\$0	0%	\$3,000
<i>Services/ Supplies Subtotal</i>	<i>\$172,350</i>	<i>\$50,366</i>	<i>29%</i>	<i>\$172,350</i>
<i>Salary, Benefits, and Taxes Expenditures</i>				
Salaries	\$450,080	\$113,233	25%	\$450,080
Federal Taxes - FICA Social Security	\$27,905	\$7,481	27%	\$27,905
SDI/SDU	\$500	\$0	0%	\$500
Federal Taxes - Medicare	\$6,526	\$1,750	27%	\$6,526
SLOCPT Pension Rate	\$158,722	\$39,562	25%	\$158,722
Heath Insurance	\$78,483	\$18,811	24%	\$78,483
SLOCPT Pension Obligation Bond	\$19,439	\$4,195	22%	\$19,439
Deferred Compensation	\$10,000	\$2,688	27%	\$10,000
<i>Salary, Benefits and Taxes Subtotal</i>	<i>\$751,655</i>	<i>\$187,719</i>	<i>25%</i>	<i>\$751,655</i>
Total Expenditures	\$924,005	\$238,085	26%	\$924,005
<i>Revenues</i>				
Interest Earned	\$20,000	\$0	0%	\$20,000
Environmental Review Fees	\$3,000	\$500	17%	\$3,000
Sphere of Influence Fees	\$3,000	\$1,000	33%	\$3,000
Application Processing Fees	\$24,000	\$2,000	8%	\$24,000
Other Revenue (Transfer of Reserves)	\$0	\$0	0%	\$0
<i>Agency Contributions</i>				
Cities	\$291,335	\$261,471	90%	\$291,335
County	\$291,335	\$0	0%	\$291,335
Special Districts	\$291,335	\$282,709	97%	\$291,335
Total Revenue	\$924,005	\$547,680	59%	\$924,005
Reserves Fund Balance	\$218,003	\$227,612	104%	\$227,612

Attachment B

Credit Card Statements



Cardholder Account Summary						
ROBERT FITZROY #### #### #			Payments & Other Credits \$0.00	Purchases & Other Charges \$238.68	Cash Advances \$0.00	Total Activity \$238.68
Cardholder Account Detail						
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount	
07/06	07/07	PPLN01	24036296187742261288629	ADOBE *ADOBE 408-536-6000 CA	\$179.88	
07/26	07/26	PPLN01	24011346207100038542141	MICROSOFT#G173491242 MICROSOFT.COM WA	\$58.80	

Cardholder Account Summary						
MELISSA MORRIS #### ####			Payments & Other Credits \$0.00	Purchases & Other Charges \$17.65	Cash Advances \$0.00	Total Activity \$17.65
Cardholder Account Detail						
Trans Date	Post Date	Plan Name	Reference Number	Description		Amount
07/08	07/09	PPLN01	24692166189405891767341	IN *QUALITY TINTING & SIG 805-5415533 CA		\$6.79
07/15	07/16	PPLN01	24431066196468256377527	FEDEX OFFICE 5150 SBPK SAN LUIS OBIS CA		\$10.86

Finance Charge Summary / Plan Level Information									
Plan Name	Plan Description	FCM ¹	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
Purchases									
PPLN01001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$408.54
Cash									
CPLN01001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 31		
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate		
1 FCM = Finance Charge Method									
(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.									



BL AC
Account Number: #### ##



Account Summary

Billing Cycle		08/31/2026
Days In Billing Cycle		31
Previous Balance		\$408.54
Purchases	+	\$58.80
Cash	+	\$0.00
Balance Transfers	+	\$0.00
Special	+	\$0.00
Credits	-	\$0.00
Payments	-	\$408.54
Other Charges	+	\$0.00
Finance Charges	+	\$0.00

NEW BALANCE **\$58.80**

Credit Summary

Total Credit Line	\$10,000.00
Available Credit Line	\$9,941.20
Available Cash	\$0.00
Amount Over Credit Line	\$0.00
Amount Past Due	\$0.00
Disputed Amount	\$0.00

Account Inquiries



Call us at: (866) 777-9013
Lost or Stolen Card: (866) 839-3485



Go to ColumbiaBank.com



Write us at PO BOX 35142 - LB1181, SEATTLE, WA 98124-5142

Payment Summary

NEW BALANCE **\$58.80**

MINIMUM PAYMENT **\$58.80**

PAYMENT DUE DATE **09/25/2026**

NOTE: Grace period to avoid a finance charge on purchases, pay entire new balance by payment due date. Finance charge accrues on cash advances until paid and will be billed on your next statement.

Corporate Activity

TOTAL CORPORATE ACTIVITY					\$408.54-
Trans Date	Post Date	Reference Number	Transaction Description	Amount	
08/17	08/18	70005606230555230760198	PAYMENT - THANK YOU SPOKANE WA	\$408.54-	

Cardholder Account Summary

ROBERT FITZROY #### ####	Payments & Other Credits \$0.00	Purchases & Other Charges \$58.80	Cash Advances \$0.00	Total Activity \$58.80
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
08/26	08/26	PPLN01	24011346238100043476650	MICROSOFT#G180138321 MICROSOFT.COM WA	\$58.80

PLEASE DETACH COUPON AND RETURN PAYMENT USING THE ENCLOSED ENVELOPE - ALLOW UP TO 7 DAYS FOR RECEIPT

- *

COLUMBIA BANK
PO BOX 35142 - LB1181
SEATTLE WA 98124-5142



Account Number

####

Check box to indicate
name/address change
on back of this coupon ☐

AMOUNT OF PAYMENT ENCLOSED

Closing Date

08/31/26

New Balance

\$58.80

Total Minimum
Payment Due

\$58.80

Payment Due Date

09/25/26

\$



e-Statement

MAKE CHECK PAYABLE TO:



COLUMBIA BANK
PO BOX 35142 - LB1181
SEATTLE WA 98124-5142

Finance Charge Summary / Plan Level Information									
Plan Name	Plan Description	FCM ¹	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
Purchases									
PPLN01001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$58.80
Cash									
CPLN01001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
* Periodic Rate (M)=Monthly (D)=Daily							Days in Billing Cycle: 31		
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate		
1 FCM = Finance Charge Method									
(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.									



Cardholder Account Summary						
ROBERT FITZROY #### #### ####4			Payments & Other Credits \$0.00	Purchases & Other Charges \$58.80	Cash Advances \$0.00	Total Activity \$58.80
Cardholder Account Detail						
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount	
09/26	09/27	PPLN01	24011346269100042677805	MICROSOFT#G186879980 MICROSOFT.COM WA	\$58.80	

Cardholder Account Summary						
MORGAN BING #### ####6			Payments & Other Credits \$0.00	Purchases & Other Charges \$105.45	Cash Advances \$0.00	Total Activity \$105.45
Cardholder Account Detail						
Trans Date	Post Date	Plan Name	Reference Number	Description		Amount
09/02	09/03	PPLN01	24755426245182451875699	CALPERS SACRAMENTO MAIN 916-7957621 CA		\$40.00
09/02	09/03	PPLN01	24755426246132469047004	ELAVON SERVICE FEE 916-7957621 TN		\$0.94
09/11	09/13	PPLN01	24943006255503832601670	COSTCO WHSE #0741 SAN LUIS OBIS CA		\$64.51

Finance Charge Summary / Plan Level Information									
Plan Name	Plan Description	FCM ¹	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
Purchases									
PPLN01001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$166.00
Cash									
CPLN01001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 30 APR = Annual Percentage Rate		
** includes cash advance and foreign currency fees									
¹ FCM = Finance Charge Method									
(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.									



San Luis Obispo Local Agency Formation Commission

COMMISSIONERS

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HEATHER MORENO
County Member

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Senior Analyst

MORGAN BING
Analyst

HOLLY WHATLEY
Legal Counsel

TO: MEMBERS OF THE COMMISSION

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

DATE: OCTOBER 15, 2026

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

RECOMMENDATION

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

BACKGROUND

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

DISCUSSION

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

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

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

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

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

ATTACHMENTS

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

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

Attachment A

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

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

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

Attachment B

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

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

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

WITNESSETH

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

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

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

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

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

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

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

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

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



Mayor

City of Paso Robles

APPROVED AS TO FORM AND LEGAL EFFECT:



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

City Attorney

Dated: 10/06/2026

ATTEST:



City Clerk

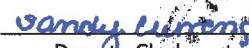
Dated: 10/5/2026

COUNTY OF SAN LUIS OBISPO


Chairperson of the Board of Supervisors

ATTEST:

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

By: 
Deputy Clerk

[SEAL]

APPROVED AS TO FORM AND LEGAL EFFECT

JON ANSOLABEHERE
County Counsel

By: 
Deputy County Counsel

Dated: 8.14.26

EXHIBIT A

PROVISIONS

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

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

County for comment.

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

Director of Planning and Building
County of San Luis Obispo

Community Development Director
City of Paso Robles

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

Agricultural Commissioner
San Luis Obispo County Department of Agriculture

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

Templeton Community Services District
420 Crocker Street
Templeton, CA 93465

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

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

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

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

of agricultural easements to the satisfaction of the annexing agency and the County.

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

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

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

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

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

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

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

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

EXHIBIT B

SPHERE OF INFLUENCE

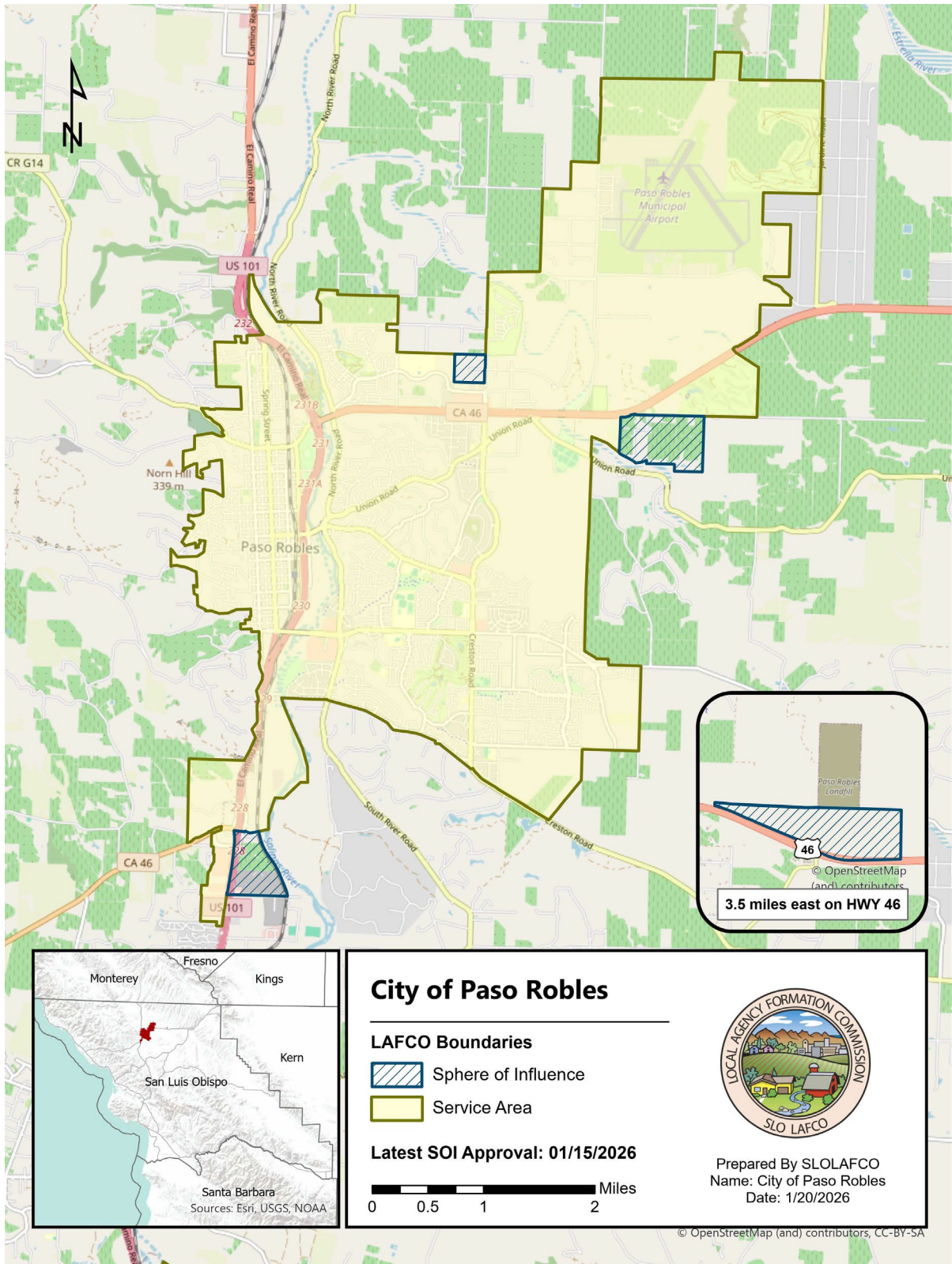
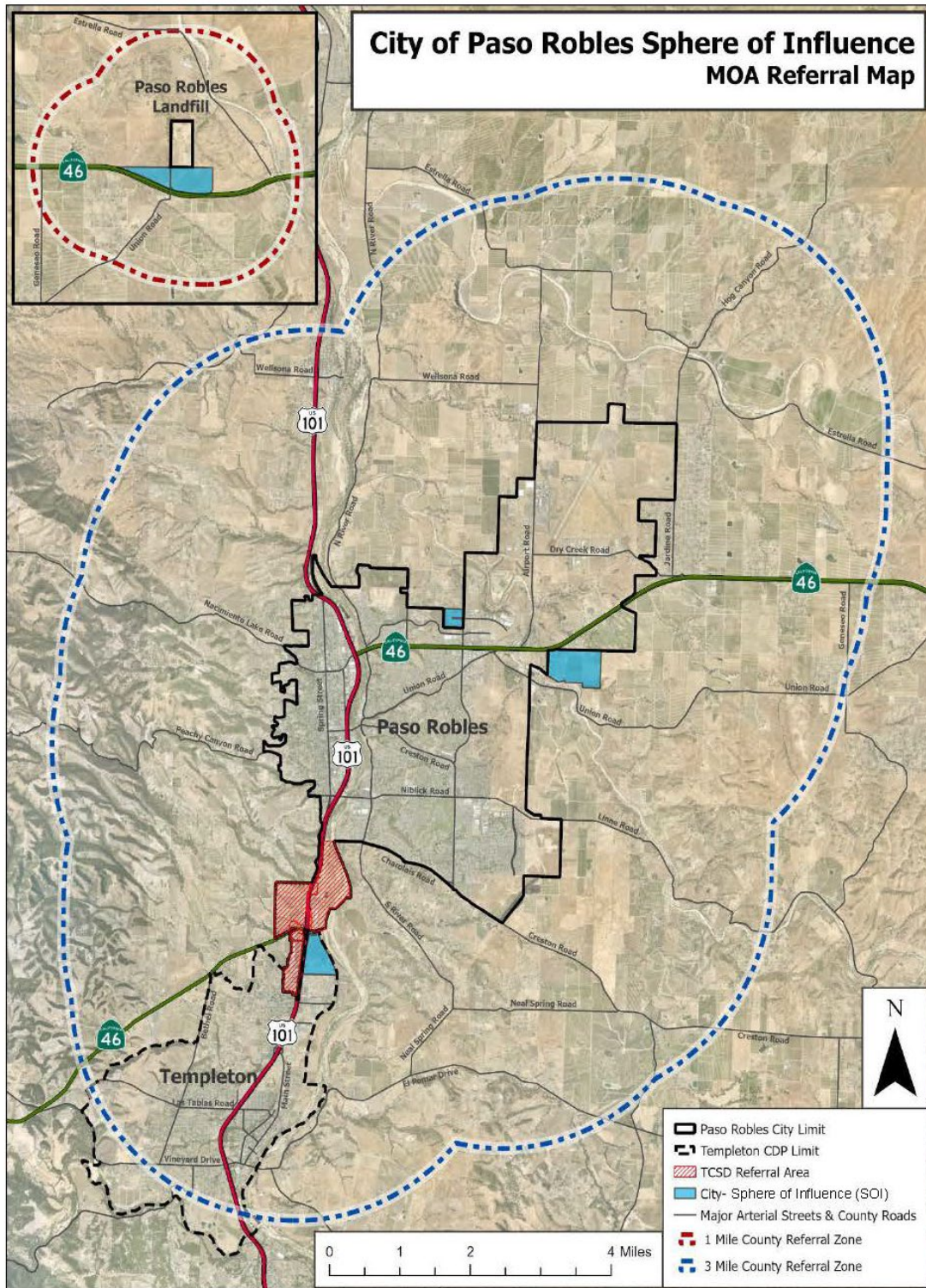


EXHIBIT C

CITY AND COUNTY REFERRAL AREA





San Luis Obispo Local Agency Formation Commission

COMMISSIONERS

Chairperson
HEATHER MORENO
County Member

Vice-Chair
DAVID WATSON
Public Member

DAWN ORTIZ-LEGG
County Member

ED WAAGE
City Member

STEVE GREGORY
City Member

Ed EBY
Special District Member

NAVID FARDANESH
Special District Member

ALTERNATES

BRUCE GIBSON
County Member

CARLA WIXOM
City Member

JOHN JOYCE
Special District Member

MICHAEL DRAZE
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Senior Analyst

MORGAN BING
Analyst

HOLLY WHATLEY
Legal Counsel

TO: MEMBERS OF THE COMMISSION

FROM: IMELDA MARQUEZ-VAWTER, SENIOR ANALYST

VIA: ROB FITZROY, EXECUTIVE OFFICER

DATE: OCTOBER 15, 2026

SUBJECT: LAFCO FILE NO. 1-R-24: SPHERE OF INFLUENCE AMENDEMNT AND ANNEXATION NO. 1 TO SHANDON SAN JUAN WATER DISTRICT (KYLIX VINEYARDS LP AND DIMELLO LP PROPERTIES)

RECOMMENDATION

Action 1: Find, by motion, the proposal to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption Guidelines Section 15320 and CEQA General Rule Exemption Section 15061(b)(3).

Action 2: Approve, by resolution, the proposed Sphere of Influence Amendment and Annexation No. 1 to Shandon San Juan Water District, as contained in Attachment A, subject to conditions of approval, and waive protest proceedings pursuant to Government Code Section 56662(a).

PROJECT OVERVIEW

Project Applicant: Landowner Petition of Application by Kylix Vineyards LP and Dimello LP

Certificate of Filing: Issued on August 21, 2026

Acreage and General Location: The approximately 3,957-acre property is located along Truesdale Road and Shell Creek Road in rural Shandon, approximately four miles south of highway (HWY) 46 and two miles east of HWY 41, immediately adjacent to the Shandon San Juan Water District (SSJWD or District) service area and sphere of influence (SOI) boundaries as seen in Attachment D. In addition, the affected territory is currently located within the County of San Luis Obispo (County) unincorporated territory and County Groundwater Sustainability Agency (GSA).

Assessor Parcel Number (APN): APNs 037-301-020, 037-301-025, 037-301-026, 037-301-007, 037-321-001, 037-331-015, and 037-331-016.

Summary: SSJWD's only function as a water district is to provide GSA representation under the Sustainable Groundwater Management Act (SGMA). The landowners have requested a SOI amendment and annexation of approximately 3,957-acres into SSJWD so that they may be represented by SSJWD instead of the County. The affected territory consists of approximately 742.9 acres of irrigated vineyards, and 2,040.33 acres used for cattle grazing.

SSJWD's Plan for Services, included as Attachment E, demonstrates the District's capability and willingness to extend their boundary and service responsibilities to the affected territory. The applicable Groundwater Sustainability Plan (GSP) will remain unchanged and continue to be implemented in coordination with the other GSAs within the Paso Robles Subbasin. Because the same GSP will continue to apply, the proposed annexation is not expected to adversely affect groundwater sustainability management or other service providers.

If approved, a corresponding GSA boundary modification would occur whereby the County, at its discretion, will relinquish its GSA authority over the subject properties and SSJWD would assume that responsibility. Staff recommend conditions of approval that establish the sequence of actions necessary to complete the GSA boundary modification.

The SOI amendment and annexation represent a logical and reasonable boundary adjustment that is consistent with the District's intent to function primarily as a representative entity for landowners who elect to annex into the District as the GSA. In addition, this action would encourage administrative consistency, coordination, and long-term planning alignment for the property owners who already own and operate approximately 5,200-acres of agricultural parcels within the existing SSJWD boundary and adjacent to the affected territory.

Timeline of Events: On February 22, 2024, the landowner applied to LAFCO through a petition of application for a SOI amendment and annexation into SSJWD.

On February 26, 2024, LAFCO distributed referrals for the proposal to all affected agencies.

On March 19, 2024, the County Director of Groundwater Sustainability provided LAFCO with a response to the application referral, expressing concern over potential ramifications of a jurisdictional change over the subject property. The comments provided were based on provisions within State Executive Order N-7-22 (originally issued on March 28, 2022, and subsequently reaffirmed) related to worsening drought conditions, that generally required a GSA to make specified determinations before the well-construction permitting authority could issue a permit within its jurisdiction.

On March 21, 2024, within the 30-day response requirement period, staff placed the project on hold until the items identified in the response letter were addressed and submitted.

On April 16, 2024, the Commission formally received notice, at a Commission meeting, of the petition of application initiated by the landowner, as required by Government Code Section 56857.

On April 12, 2024, the County Auditor's office sent the SSJWD a notice for a negotiated exchange of property taxes pursuant to Revenue and Taxation Code 99 (b) (1), however, on April 22, 2024, the District clarified that as a non-AB8 District, they did not wish to negotiate a property tax exchange as the District directly levies and collects their assessments annually.

On May 21, 2024, the County Board of Supervisors (BOS) approved Resolution No. 2024-124, a property tax exchange of 0% to be transferred to SSJWD for Annexation No. 1 pursuant to the Revenue and Taxation Code Section 99.

On August 22, 2025, the County Director of Groundwater Sustainability provided a letter to LAFCO clarifying the concerns previously expressed in the correspondence dated March 19, 2024. The letter confirmed that concerns about potentially inconsistent implementation of the requirement between the County GSA and SSJWD GSA had been resolved, given that the provisions within State Executive Order N-7-22 were rescinded on September 5, 2024.

On June 18, 2026, the SSJWD Board of Directors approved an initial Plan for Services for the proposed annexation.

On August 5, 2026, the applicant submitted SSJWD's revised Plan for Services (Attachment E), that addressed LAFCO staff questions and comments.

On August 21, 2026, the application met submission requirements and allowed staff to issue a Certificate of Filing and schedule the item for a hearing.

On September 24, 2026, notice of the proposed SOI amendment and annexation was mailed to all landowners and registered voters within 300 feet of the proposed annexation property boundary. The mailing was sent out at least 21 days in advance of the hearing. An advertisement was also published in the *New Times* 21 days in advance of the hearing. In addition, notice was provided to the applicants, the County, affected agencies, and other interested parties.

ACTION 1 | ENVIRONMENTAL DETERMINATION

LAFCO, as the Lead Agency, has determined that the proposal is Categorical Exempt pursuant to State CEQA Guidelines Section 15320 and CEQA General Rule Exemption Section 15061(b)(3). These exemptions apply because the SOI amendment and annexation area consists of territory that will not require physical improvement or infrastructure since SSJWD only provides groundwater management, monitoring, and reporting services as a GSA. The affected territory is currently receiving groundwater management, monitoring, and reporting services by the County as the existing GSA authority; therefore, the change of organization does not change the geographical area subject to groundwater management. Based on these facts, it can be seen with certainty that there is no possibility that the SOI amendment and annexation may have a significant effect on the environment.

In addition, this proposal consists of an annexation to a special district of areas containing existing private structures developed to the density allowed by the current Agriculture land use

designation. The project does not present any cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the foregoing exemptions inapplicable.

Recommendation: Find, by motion, the proposal to be categorically exempt from CEQA pursuant to CEQA Guidelines Section 15320 and CEQA General Rule Exemption Section 15061(b)(3).

ACTION 2 | SPHERE OF INFLUENCE & ANNEXATION

Sphere of Influence Amendment: Government Code Section 56430 requires that a Municipal Service Review (MSR) be used to analyze a proposed SOI amendment. An MSR is a study of the District's service capabilities and addresses seven factors described in Government Code Section 56430. LAFCO last adopted an MSR and SOI Study for the SSJWD in December 2025.

Prior to the annexation, the SOI must be amended to include the subject territory. The SOI is a plan for the probable physical boundaries of a local agency as determined by LAFCO per Government Code Section 56076. A SOI is generally considered a 20-year, long-range planning tool, and a mandatory step in the process. The SOI amendment is proposed concurrently with the annexation.

To amend the SOI, Government Code Section 56425(e) requires that five factors be considered, and determinations be made by LAFCO. SOI determinations have been made and are included in Attachment B. In summary, the SOI amendment for the SSJWD is recommended to include the proposed annexation area. This is based on the information and application materials provided by the applicant, SSJWD, and the County as contained or referenced in this staff report. The SSJWD has considered the impacts of this proposed SOI amendment and annexation on its service capacities and determined that they are willing and able to provide the requested services.

Annexation: When evaluating a proposal, the Commission is required to consider all factors specified in Government Code Section 56668 (applicable to all proposals) and 56668.3 (specific to district annexations). The factors in the previously mentioned code sections, along with Commission policies, standards, and procedures, allow the Commission to continue to exercise its powers in a manner that encourages and provides planned, well-ordered, and efficient urban development patterns with consideration of preserving open space and agricultural lands. All factors and applicable LAFCO policies were addressed within Attachment C. The analysis contained therein, as well as all information contained in the record to date, was used to inform the recommendation for approval.

Need for Organized Community Services: The proposed SOI amendment and annexation area is within the unincorporated County and is under the County's GSA authority, which administers SGMA responsibilities pursuant to the adopted Paso Robles Area GSP. The landowners are

requesting a concurrent SOI amendment and annexation to transfer GSA authority from the County to SSJWD.

Unlike traditional water service providers, SSJWD was created primarily to function as a GSA under SGMA and does not deliver water or infrastructure services. Instead, it functions primarily as a representative entity for landowners who elect to annex in ensuring their interests are reflected in groundwater management efforts under SGMA by the SSJWD as the GSA. SSJWD currently provides groundwater management, monitoring, and reporting services and does not provide sewer, municipal, or industrial water service.

The County, SSJWD, City of Paso Robles and Estrella-El Pomar-Creston Water District have adopted the same GSP for the Paso Robles Subbasin and formed the Paso Robles Area Groundwater Authority (PRAGA) to ensure coordinated GSP implementation. The applicable GSP will remain unchanged and continue to be implemented in coordination with the other GSAs within the Paso Robles Subbasin. Because the same GSP will continue to apply, the proposed SOI amendment and annexation is not expected to adversely affect groundwater sustainability management or other service providers.

The Plan for Services, included as Attachment E, confirms that the District is willing to provide service and has adequate administrative, financial, and technical resources, to extend their boundary and service responsibilities to the affected territory. The affected territory contains approximately 742.9 acres of irrigated vineyard, two existing agriculture structures located on APN 037-301-007, and five existing agriculture structures located on APN 037-321-001. No development or physical improvements are required as part of the SOI amendment and annexation. If approved, the affected territory will contribute proportionately to District operating revenues and will not increase costs for existing members.

SSJWD's exercise of GSA authority over the proposed territory must follow a specific sequence because SSJWD cannot exercise GSA authority over territory not within its district. As a result, the annexation must be completed before SSJWD takes formal action to exercise GSA authority over the affected territory. Staff has included a condition of approval that requires the applicant to apply to detach from the SSJWD in the unlikely event that SSJWD does not take the required action to assert GSA authority over the territory after the annexation is completed.

Coordination with Existing Service Provider: On June 6, 2023, the County BOS adopted Resolution No. 2023-142, which involved withdrawing from serving as the groundwater sustainability agency within the service area of the Estrella-El Pomar-Creston Water District (EPCWD) through the modification of the boundaries for the "Paso Basin – County of San Luis Obispo Groundwater Sustainability Agency". This policy change for the EPCWD is presumed to apply to all annexations resulting in GSA boundary modifications.

On February 26 and March 11, 2024, LAFCO distributed project referrals to all affected agencies. In response to these project referrals, County staff initially raised concerns about potential impacts of a jurisdictional change affecting the subject territory, based on provisions within State Executive Order N-7-22. These concerns focused on potential inconsistencies between the

County and SSJWD GSA's implementation of the Executive Order. On August 22, 2025, County staff provided LAFCO with an additional letter clarifying that concerns no longer existed, given that the provisions were rescinded on September 5, 2024. Additionally, the County and SSJWD have adopted the same GSP for the Paso Robles Subbasin and entered into a JPA with the City of Paso Robles and the EPCWD to ensure coordinated GSP implementation within all jurisdictions. However, it should be noted that regardless of the BOS's June 6, 2023, action, the County still holds discretion over relinquishing GSA authority over its territory. The proposed SOI amendment and annexation request is motivated by the applicant's desire to receive GSA representation from the SSJWD. Conditions of approval have been incorporated into staff's recommendation and establish the sequence of actions necessary to complete the GSA boundary modification, including County consideration of relinquishing its GSA authority over the affected territory. If the County rejects the proposed GSA boundary modification for the affected territory, the proposed SOI amendment and annexation would no longer be necessary. As a result, the required conditions would not be met within the prescribed timeframe, deeming the action abandoned pursuant to Government Code Section 57001.

Recommendation: Approve, by resolution, the proposed Sphere of Influence Amendment and Annexation No. 1 to the Shandon San Juan Water District, as contained in Attachment A, subject to conditions of approval, and waive protest proceedings pursuant to Government Code Section 56662(a).

1. Prior to LAFCO's filing of the Certificate of Completion with the County Clerk-Recorder, the County of San Luis Obispo, at its discretion, shall, within 120 days of LAFCO's conditional approval of the SOI amendment and annexation, consider withdrawing as the Groundwater Sustainability Agency (GSA) for APNs 037-301-020, 037-301-025, 037-301-026, 037-301-007, 037-321-001, 037-331-015, and 037-331-016 through a modification of the boundaries of the County GSA at a public hearing during a regular meeting of the County Board of Supervisors in accordance with the Sustainable Groundwater Management Act (SGMA).
2. Pursuant to Condition of Approval No. 1, should the County decide to withdraw as the GSA over the subject territories, and once all other applicable conditions have been satisfied, LAFCO shall file the Certificate of Completion. Within 90 days thereafter, Shandon San Juan Water District (SSJWD) shall, after taking any and all actions prerequisite thereto, submit to the Department of Water Resources (DWR) the notification and any and all other information identified by DWR necessary to become the presumed exclusive GSA for the subject territories as described in Water Code section 10723.8.
3. If SSJWD does not become the presumed exclusive GSA over the subject territories within one year of LAFCO's approval of the SOI amendment and annexation, pursuant to Conditions of Approval No. 1 and No. 2, the applicant or SSJWD shall submit an application to LAFCO to detach the affected parcels from the SSJWD within 120 days of the expiration of the first year following LAFCO's approval.
4. This condition applies to the extent allowed by law. The landowner, Kylix Vineyards LP and Dimello LP, and the affected agency, SSJWD shall defend, indemnify, hold harmless,

and release the 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.

Alternatives for Action: At the conclusion of its consideration, the Commission may approve the request, with or without amendment, wholly, partially, or conditionally, or disapprove the request. The Commission has discretion in light of the whole record to make its decision. The following alternative actions are available:

Alternative One:

Continue consideration to the next regular meeting for reasons determined by the Commission.

Alternative Two:

Disapprove the change of organization proposal with direction to staff to return to the next regular meeting with a conforming resolution for adoption.

If approved, following a 30-day reconsideration period provided under Government Code Section 56895, the SOI amendment and annexation will become effective upon filing the Certificate of Completion with the Clerk-Recorder pursuant to Government Code Section 56020.5. Government Code Section 57001 allows up to one year for a Certificate of Completion to be filed with the Clerk-Recorder, otherwise, the action is deemed abandoned. LAFCO may grant extensions based on a reasonable request by the applicant. The time frame for an extension is at LAFCO's discretion based on the circumstances of the proposal.

ATTACHMENTS

Attachment A: Draft LAFCO Resolution 2026 - XX Approving the Sphere of Influence Amendment and Annexation

Exhibit A: Categorical Exemption

Exhibit B: Annexation Map and Legal Description

Attachment B: LAFCO MSR & SOI Review Factors - Government Code Section 56425(e)

Attachment C: LAFCO Proposal Review Factors - Government Code Sections 56668 and 56668.3

Attachment D: Vicinity Map

Attachment E: Plan for Services

Attachment A

Draft LAFCO Resolution 2026 - XX
Approving the Sphere of Influence Amendment
and Annexation

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

Thursday, October 15, 2026

RESOLUTION NO. 2026-XX

**RESOLUTION APPROVING A SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION NO. 1
TO SHANDON SAN JUAN WATER DISTRICT (KYLIX VINEYARDS LP AND DIMELLO LP
PROPERTIES) | LAFCO NO. 1-R-24**

The following resolution is now offered and read:

RECITALS

WHEREAS, on June 22, 2022, interested landowner – Kylix Vineyards LP and Dimello LP – filed a petition 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 3,957-acres of unincorporated territory in the County of San Luis Obispo, hereinafter referred to as “County”, involving annexation into the Shandon San Juan Water District (LAFCO File No. 1-R-24); and

WHEREAS, the affected territory as proposed includes seven properties, including legal parcels identified by the County Assessor’s Office as 037-301-020, 037-301-025, 037-301-026, 037-301-007, 037-321-001, 037-331-015, and 037-331-016; and

WHEREAS, on April 16, 2024, the Commission formally received notice of the petition of application initiated by the landowner as required by Government Code Section 56857. Subsequently, a 60-day period began in which the District had an opportunity to terminate the annexation if any financial or service-related concerns existed as outlined in Government Code Section 56857. The District did not request termination during this period, allowing the application to continue to be processed by staff; and

WHEREAS, on April 12, 2024, the County Auditor's office sent the SSJWD a notice for a negotiated exchange of property taxes pursuant to Revenue and Taxation Code 99(b)(1), however, on April 22, 2024, the District clarified that as a non-AB8 District, they did not wish to negotiate a property tax exchange as the District directly levies and collects their assessments annually; and

WHEREAS, on May 21, 2024, the County Board of Supervisor's approved Resolution No. 2024-124, a property tax exchange of 0% to be transferred to SSJWD for Annexation No. 1 pursuant to the Revenue and Taxation Code Section 99; and

WHEREAS, on August 21, 2026, 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 therein, and presented staff's findings for Commission consideration; and

WHEREAS, the matter was set for public hearing at 9:00 a.m. on October 15, 2026, and the public hearing was duly conducted and determined and a decision was made on October 15, 2026; and

WHEREAS, at said hearing this Commission heard and received all oral and written protests, 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 services from the SSJWD instead of the County for

groundwater management services to the area consistent with California's Sustainable Groundwater Management Act (SGMA) requirements.

WHEREAS, the Commission determined that the proposed sphere of influence amendment and annexation is categorically exempt from review under the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15320 Class 20, because it consists of a change of organization of local government agencies where the changes do not change the geographical area in which previously existing powers are exercised by the County as the GSA authority; and is also exempt under the general rule exemption Section 15061(b)(3) because the action consists of territory that will not require physical improvement and no new or additional infrastructure since the SSJWD only provides groundwater management, monitoring, and reporting services as a GSA and because the annexation to the SSJWD consists of areas containing existing private structures developed to the density allowed by the current Agriculture zoning and it thus can be seen with certainty that there is no possibility that the SOI amendment and annexation may have a significant effect on the environment. ; 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 October 15, 2026, attachments and testimony, and said record and determinations being incorporated by reference herein as though set forth in full; and

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 October 15, 2026, 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 the SSJWD 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 the Notice of Exemption prepared for this proposal is complete and adequate, having been prepared in accordance with the provisions of CEQA, and is hereby determined to be sufficient for the Commission's actions as contained in Exhibit A hereto.
3. That the map and legal description approved by this Commission is attached hereto, marked as Exhibit B and incorporated by reference herein as though set forth in full.
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 orders the annexation subject to requirements of CKH, because (a) the territory is uninhabited, (b) the proposal is accompanied by proof that the owners of all land have given written consent to the proposal, and (c) the SSJWD has not submitted written opposition to a waiver of protest proceedings.
6. That the Sphere of Influence Amendment and Annexation No. 1 to the Shandon San Juan Water District, is hereby approved with the following conditions:
 - 1) Prior to LAFCO's filing of the Certificate of Completion with the County Clerk-Recorder, the County of San Luis Obispo, at its discretion, shall, within 120 days of LAFCO's conditional approval of the SOI amendment and annexation, consider withdrawing as the Groundwater Sustainability Agency (GSA) for APNs 037-301-020, 037-301-025, 037-301-026, 037-301-007, 037-321-001, 037-331-015, and 037-331-016 through a modification of the boundaries of the County GSA at a public hearing during a regular meeting of the County Board of Supervisors in accordance with the Sustainable Groundwater Management Act (SGMA).

- 2) Pursuant to Condition of Approval No. 1, should the County decide to withdraw as the GSA over the subject territories, and once all other applicable conditions have been satisfied, LAFCO shall file the Certificate of Completion. Within 90 days thereafter, Shandon San Juan Water District (SSJWD) shall, after taking any and all actions prerequisite thereto, submit to the Department of Water Resources (DWR) the notification and any and all other information identified by DWR necessary to become the presumed exclusive GSA for the subject territories as described in Water Code section 10723.8.
- 3) If SSJWD does not become the presumed exclusive GSA over the subject territories within one year of LAFCO's approval of the SOI amendment and annexation, pursuant to Conditions of Approval No. 1 and No. 2, the applicant or SSJWD shall submit an application to LAFCO to detach the affected parcels from the SSJWD within 120 days of the expiration of the first year following LAFCO's approval.
- 4) This condition applies to the extent allowed by law. The landowner, Kylix Vineyards LP and Dimello LP, and the affected agency, SSJWD shall defend, indemnify, hold harmless, and release the 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.

7. Completion of the 30-day reconsideration period provided under Government Code Section 56895.
8. The effective date shall be the date of recordation of the Certificate of Completion. 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 Exemption within five working days of this Resolution in compliance with Section 15062 of Title 14 of the California Code of Regulations.

Upon a motion of Commissioner _____, seconded by Commissioner _____, and on the following roll call vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby adopted.

Heather Moreno, Chairperson Date
Local Agency Formation Commission

ATTEST:

Rob Fitzroy Date
LAFCO Executive Officer

APPROVED AS TO FORM AND LEGAL EFFECT:

Holly Whatley Date
LAFCO Legal Counsel

DRAFT

Exhibit A

Categorical Exemption

Notice of Exemption

To: ✓ Office of Planning and Research
PO Box 3044, 1400 Tenth Street, Room 222
Sacramento, CA 95812-3044

✓ County Clerk
County of San Luis Obispo
County Government Center
San Luis Obispo, CA 93408

From: San Luis Obispo LAFCO
Rob Fitzroy, Executive Officer
1042 Pacific St. Suite A
San Luis Obispo, CA 93401
(805) 781 – 5795
rfitzroy@slo.lafco.ca.gov

Project Title: LAFCO File No. 1-R-24 | Sphere of Influence Amendment and Annexation No. 1 To Shandon San Juan Water District

Project Location: The 3,957-acre affected territory is located along Truesdale Road and Shell Creek Road in rural Shandon, approximately four miles south of Highway (HWY) 46 and two miles east of HWY 41, immediately adjacent to the Shandon San Juan Water District (SSJWD) service area and sphere of influence (SOI) boundaries. The affected territory consists of APNs 037-301-020, 037-301-025, 037-301-026, 037-301, 037-331-015 (formerly 037-321-016), and 037-331-016 (formerly 037-331-014).

Description of Nature, Purpose, & Beneficiaries of Project: On February 22, 2024, the landowners applied to LAFCO through a petition of application proposing to amend the SOI and annex approximately 3,957-acres into the SSJWD. The annexation facilitates the transfer of Groundwater Sustainability Agency (GSA) authority for groundwater management, monitoring, and reporting service responsibilities from the County of San Luis Obispo to the SSJWD. No new or additional infrastructure will be constructed as part of this annexation. The District's powers related to water export or sewer service remain inactive. LAFCO is a Lead Agency under CEQA.

Name of Public Agency Approving Project: The Local Agency Formation Commission (LAFCO) of San Luis Obispo County conducted a noticed public hearing on this item scheduled for October 15, 2026, at 9:00 a.m. Additional information on the meeting is available on the LAFCO website at <https://slo.lafco.ca.gov/>.

Exemption Status: (check one)

☐ Ministerial (Sec. 21080(b)(1); 15268);	☒ Categorical Exemption: Section 15320
☐ Declared Emergency (Sec. 21080(b)(3); 15269(a));	☐ Statutory Exemptions: State code number
☐ Emergency Project (Sec. 21080(b)(4); 15269 (b)(c));	☒ Other: General Rule Exemption, Section 15061(b)(3)

Reasons Why Project is Exempt: It has been determined with certainty that the SOI and annexation is categorically exempt under Section 15320, Class 20, and the general rule exemption under Section 15061(b)(3). The action consists of a change of organization of local government agencies where the changes do not change the geographical area in which previously existing powers are exercised by the County as the GSA authority. The action also consists of territory that will not require physical improvement and no new or additional infrastructure since the SSJWD only provides groundwater management, monitoring, and reporting services as a GSA. The annexation to the SSJWD consists of areas containing existing private structures developed to the density allowed by the current Agriculture zoning. There is no possibility that this action may have a significant effect on the environment because there are no land use changes nor development associated with the documents; therefore, the action is found to be exempt. There are no circumstances under Section 15300.2 that would make the foregoing exemptions inapplicable.

Rob Fitzroy, Executive Officer

Date

Exhibit B

Annexation Map and Legal Description

EXHIBIT "A"
ANNEXATION NO. 1
SHANDON-SAN JUAN WATER DISTRICT
Legal Description

Being Parcels 1 and 2 of COAL 22-0044 as described in Document No.: 2024-012516 and Document No.: 2024-012517 respectively in the office of the San Luis Obispo County Clerk Recorder, all of Sections 9 and 16, the South half of the Southwest Quarter of Section 4, and the South half of the Southeast Quarter of Section 4, all in Township 27 South, Range 15 East, Mount Diablo Meridian, in the County of San Luis Obispo, State of California, more particularly described as follows:

Beginning at the Northwest corner of said Parcel 1, being also the Northwest corner of Section 21 in the aforementioned Township; thence along the following 20 courses and distances:

1. North 0°29'21" East, along the West line of said Section 16, 5300.47 feet to the Northwest corner thereof and to the Southeast corner of the Shandon San Juan Water District boundary; thence,
2. North 0°54'24" East, along the West line of said Section 9 and along said Shandon San Juan Water District boundary, 5329.49 feet to the Northwest corner thereof; thence,
3. North 0°04'06" West, along the West line of said Section 4, and along said Shandon San Juan Water District boundary 1329.55 feet to the Northwest corner of the South half of the Southwest Quarter of said Section 4; thence,
4. South 89°08'41" East, along the North lines of the South half of the Southwest Quarter and the South half of the Southeast Quarter of said Section 4, and along said Shandon San Juan Water District boundary 5310.05 feet to the Northeast corner thereof; thence,
5. South 0°02'53" East, along the East line of said Section 4, and along said Shandon San Juan Water District boundary 1325.85 feet to the Southeast corner thereof; thence,
6. South 0°40'48" West, along the East line of said Section 9, and along said Shandon San Juan Water District boundary 5313.13 feet to the Southeast corner thereof; thence,
7. South 0°16'39" West, along the East line of said Section 16, and along said Shandon San Juan Water District boundary 5312.82 feet to the Southeast corner thereof; thence along the following 13 courses as shown on the Record of Survey by EMK Associates filed in Book 80 at Page 44,

8. South 89°13'45" East, along the north line of said Parcel 1, and along said Shandon San Juan Water District boundary, 1337.61 feet to the Northeast corner of the said Parcel 1; thence,
9. South 0°21'45" West, along the east line of said Parcel 1, and along said Shandon San Juan Water District boundary 2524.93 feet to the Northeast corner of said Parcel 2; thence,
10. South 0°21'45" West, along the east line of said Parcel 2, and along said Shandon San Juan Water District boundary 2812.26 feet to an angle point in said East line; thence,
11. South 0°20'35" West, 2562.00 feet along said east line and along said Shandon San Juan Water District boundary to an angle point in said East line; thence,
12. South 0°21'15" West, 8401.01 feet along the east line of said Parcel 2 and along said Shandon San Juan Water District boundary to the Southeast corner of said Parcel 2 and the south line of Section 34; thence,
13. North 89°36'43" West, 1320.53 feet along the south lines of said Parcel 2, Section 34 and along said Shandon San Juan Water District boundary to Southeast corner of Section 33; thence,
14. North 89°38'08" West, 5334.06 feet along the said south lines of Parcel 2, Section 33 and along said Shandon San Juan Water District boundary to the Southwest corner of Section 33; thence,
15. North 89°38'08" West, 1333.49 feet along said south line of Parcel 2 and along said Shandon San Juan Water District boundary to the Southwest corner of said Parcel 2; thence,
16. North 0°11'14" East, 1306.06 feet along the west line of said Parcel 2 and along said Shandon San Juan Water District boundary to an angle point in said west line; thence leaving said Shandon San Juan Water District boundary,
17. South 89°38'08" East, 1334.63 feet along said west line to an angle point in said west line of Parcel 2 and the west line of Section 33; thence,
18. North 0°14'13" East, 9394.02 feet along said west lines of Parcel 2 and Section 33 and Section 28 to the Northwest corner of Section 28; thence,
19. North 0°14'13" East, 2251.92 feet along the west line of said Parcel 2 and Section 21 to the Northeast corner of said Parcel 2; thence,

20. North 0°14'13" East, 3098.13 feet along said west line to the Northwest corner of said Parcel 1 and Northwest corner of Section 21 to the **Point of Beginning**.

The above-described parcel containing 3956.63 acres, more or less.

END OF DESCRIPTION


Michael B. Stanton,
PLS 5702
date 6-22-2019



Disclaimer:

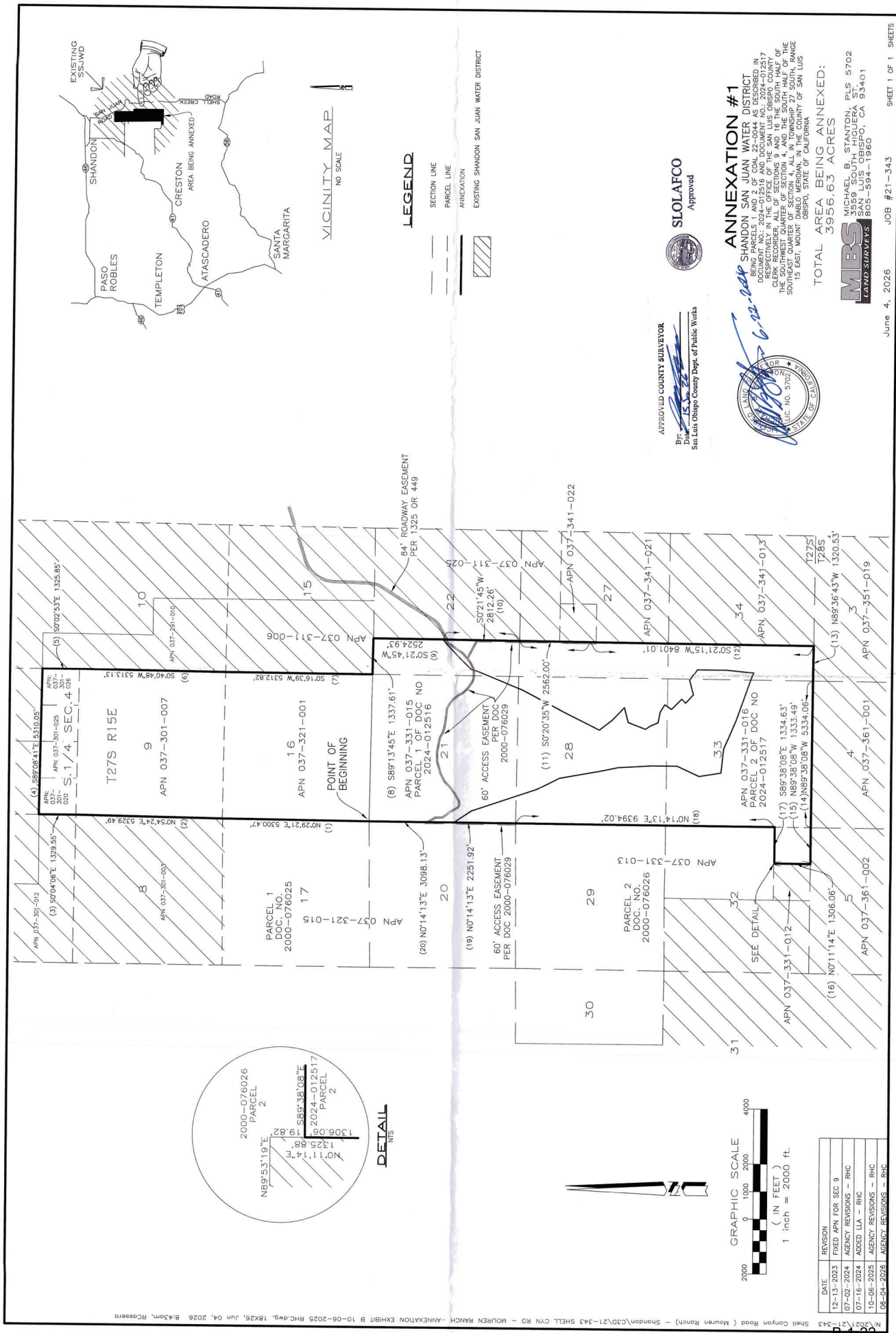
"For assessment purposes only. This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale of the land described."

APPROVED COUNTY SURVEYOR

By: 
Date: 15 Jun 2019
San Luis Obispo County Dept. of Public Works



SLOLAFCO
Approved



Attachment B

LAFCO MSR & SOI Review Factors -
Government Code Section 56425(e)

Attachment B

LAFCO Government Code Sections 56425(e) Factor Proposal Review

LAFCO No. 1-R-24

Sphere of Influence Amendment and Annexation No. 1 to Shandon San Juan Water District

Government Code Section 56425 - Sphere of Influence Analysis

Sphere of Influence Amendment: Prior to the annexation, Shandon San Juan Water District's (SSJWD or District) Sphere of Influence (SOI) must be amended to include the subject territories. An SOI is defined by Government Code Section 56425 as "...a plan for the probable physical boundary and future service area of a local agency or municipality...". An SOI is generally considered a 20-year, long-range planning tool, and a mandatory step in the process before annexation. The SOI amendment is proposed concurrently with the annexation.

Sphere of Influence Factors. To amend a local agency's SOI, Government Code Section 56425(e) requires the following five specific determinations be considered by LAFCO. The determinations, factors, and responses are provided below:

1. **The present and planned land uses in the area, including agricultural and open-space lands.** The present land use designation within the proposed SOI amendment and annexation area is Agriculture and the zoning designation will remain unchanged. The affected territory in its entirety is subject to Williamson Act Contracts (County of San Luis Obispo Resolution Nos. 76-93 and 76-622), which restricts these properties to agricultural uses, helping preserve agricultural land. According to the County, there have been no written approvals for modifications, non-renewals, or cancellations for these parcels. Therefore, the contracts are expected to remain in effect for the foreseeable future.
2. **The present and probable need for public facilities and services in the area.** The affected territory is currently within the County's Groundwater Sustainability Agency (GSA) which provides groundwater management services to the area consistent with Sustainable Groundwater Management Act (SGMA) requirements. If approved, this proposal would conditionally amend the SOI and annex the approximately 3,957-acre property into SSJWD, transferring GSA authority from the County to the SSJWD, subject to County Board of Supervisors relinquishing GSA authority over the affected territory. As stated in the attached Plan for Services, Attachment E, the SSJWD would extend its services at the same level and range currently implemented within the District, including:
 - **Groundwater Management and Compliance with SGMA:** Participation in basin-wide groundwater monitoring, management, enforcement, and reporting pursuant to SGMA and the adopted Paso Robles Subbasin Groundwater Sustainability Plan (GSP).

- Data Collection and Reporting:
Regular collection and reporting of groundwater pumping, elevation, and quality data to the SSJWD Board of Directors and the Department of Water Resources (DWR).
- Sustainability Planning:
Contribution to the development and implementation of the Paso Basin GSP, including monitoring, best management practices (BMPs), and groundwater recharge initiatives.
- Regulatory Coordination:
Collaboration with neighboring GSAs, including the County, and state agencies to ensure basin-wide sustainable management.
- Water Resource Stewardship:
Promotion of water conservation and recharge projects, as well as exploration of feasible supplemental water sources to support agricultural operations, groundwater augmentation, and sustainable groundwater management.

No municipal water supply, sewer, or fire protection services will be provided, and no new or additional infrastructure will be constructed as part of this annexation. The SSJWD's focus remains exclusively on groundwater management and sustainability consistent with its enabling legislation and SGMA authority. The District's powers related to water export or sewer service remain inactive. The SSJWD may, at its discretion, require groundwater monitoring equipment (such as flow meters or telemetry) to ensure compliance with the GSP. Any future improvement projects identified through the GSP (e.g., recharge basins or monitoring wells) would be subject to further evaluation, funding availability, and environmental review.

- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.** The District's main purpose at formation was to enable participating landowners to comply with the SGMA by creating a water district that could also serve as a GSA under SGMA. In addition to its role as a GSA, the District is authorized to provide all services under Water Code Section 34000, with the exception of exportation of water and sewer services. At present, it appears that the District has the capacity to fulfill its responsibilities as a GSA under SGMA. As a member of the Paso Basin Cooperative Committee (PBCC), SSJWD contributed to the development of the Paso Robles Subbasin GSP, which was approved by the California Department of Water Resources in June 2023.

The District's capacity is further demonstrated through its participation in the GSP's five-year evaluation, submitted in January 2025. The evaluation reported encouraging trends,

including rising groundwater levels attributed to above-average rainfall, enhanced data collection efforts, and progress in policy implementation. To support long-term GSP execution and improve regional coordination, a new governance entity—the Paso Robles Area Groundwater Authority—was established in March 2025 through a Joint Powers Agreement. This Authority replaces the PBCC and will oversee GSP implementation, funded primarily through groundwater extraction fees. Overall, as was previously determined in the SSJWD MSR and SOI Study, adopted in December 2025, and according to the submitted Plan for Services included as Attachment E, SSJWD demonstrates adequate capacity to carry out its groundwater management responsibilities.

4. **The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.** There are no known relevant social or economic communities of interest in the District’s existing boundaries and within the proposed SOI amendment and annexation area.
5. **For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.** One DUC was identified within the SSJWD existing service area boundary and within the proposed SOI amendment and annexation area, as seen and described in Figure 1 of the [SSJWD MSR and SOI Study](#), available on the LAFCO website. Although this DUC was identified, SSJWD does not provide public facilities or services related to wastewater, municipal or industrial water, or structural fire protection, and therefore, no infrastructure deficiencies to a DUC would result from changes to the SSJWD’s SOI or service area boundary.

Local Sphere of Influence Policies. The Government Code requires that each commission establish written policies and procedures and states that LAFCOs are to exercise their powers consistent with those policies and procedures. The San Luis Obispo LAFCO’s policies encourage and provide for well-ordered, efficient urban development patterns, balanced with preserving open space and agriculture land while discouraging urban sprawl. The SOI Update for the SSJWD is consistent with those policies and the purposes of LAFCO.

Sphere of Influence Amendment Analysis and Conclusions. The SOI amendment for the SSJWD is recommended to include the proposed annexation area. This is based on the information, application, and documents provided by the applicant, SSJWD, and the County that are contained or referenced by in this Staff Report. The SSJWD has considered the impacts of this SOI amendment and annexation on its service capacities and determined that they are willing and able to provide the requested services.

Attachment C

LAFCO Proposal Review Factors -
Government Code Section 56668
and 56668.3

Attachment C

LAFCO Proposal Review Factors - Government Code Sections 56668 & 56668.3

Sphere of Influence Amendment and Annexation No. 1 to Shandon San Juan Water District – LAFCO No. 1-R-24

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:

Due to the Shandon San Juan Water District's (SSJWD or District) irregular and non-contiguous boundaries, precise population data is not readily available. However, regional forecasts from the San Luis Obispo Council of Governments (SLOCOG) indicate slow growth in the broader unincorporated North County Area, which encompasses SSJWD. According to SLOCOG projections, the North County population is expected to increase from approximately 35,460 in 2025 to 36,961 by 2060, reflecting a growth rate of 0.12% per year over the 35-year period.¹

The proposed Sphere of Influence (SOI) amendment and annexation area is zoned Agriculture and is under two Williamson Act Contracts. Under the existing zoning designation and Williamson Act Contracts, the parcels are limited to one single-family residence, one immediate family quarters, and farm support quarters. Based on the average household size of 2.34² persons per dwelling unit in the in unincorporated areas of the County of San Luis Obispo (County), the affected territory is estimated to contain approximately seven residents if developed.

Land Area and Land Use:

The proposed SOI amendment and annexation area is zoned Agriculture and is located within the County's General Plan North County Planning Area and the Shandon-Carrizo Sub Area North. As previously mentioned, the territory is also under two Williamson Act Contracts. Under the existing zoning designation and Williamson Act Contracts, the parcels are limited to one single-family residence, one immediate family quarters, and farm support quarters.

¹ 2060 Regional Growth Forecast for the San Luis Obispo County Region, San Luis Obispo Council of Governments

² Table E-5 | Population and Housing Estimates for Cities, Counties, and the State, 2021-2026, from the State of California Department of Finance identifies the average household size in the unincorporated areas of the County as 2.34 persons per unit, June 2026

No change in zoning is proposed, as such, the development potential would not change should the SOI and annexation be approved.

Per Capita Assessed Valuation:

The total assessed value of the parcel containing the proposed SOI amendment and annexation area, as determined by the County Assessor, is \$4,171,382. The amount of property tax revenue to be transferred from the County to SSJWD shall be zero as per the approved Tax Exchange Agreements. On April 12, 2024, the County Auditor's office sent the SSJWD a notice for a negotiated exchange of property taxes pursuant to Revenue and Taxation Code 99 (b)(1), however, on April 22, 2024, the District clarified that as a non-AB8 District, they did not wish to negotiate a property tax exchange as the District directly levies and collects its own assessments annually. On May 21, 2024, the County approved a zero-exchange property tax agreement through Resolution No. 2024-124. The property tax agreements include the following provisions:

- No base property tax revenue shall be transferred from the County to the SSJWD.
- No annual tax increments shall be transferred from the County of San Luis Obispo to the Shandon-San Juan Water District. in the fiscal year 2025-26 and each fiscal year thereafter.

Topography, Natural Boundaries, and Drainage Basins:

The 3,956.63-acre site features moderately sloping hillsides with varying aspects and elevations, ranging from flat to steep slopes. The parcels have an average slope ranging from approximately 13% to 20% and are intersected at various locations by NHD streams that drain into San Juan Creek to the north of the project site. NHD streams are mapped surface water features, including rivers and channels, identified in the U.S. Geological Survey's National Hydrography Dataset.

Proximity to Other Populated Areas:

The annexation area consists of seven legal parcels located along Truesdale Road and Shell Creek Road in rural Shandon, approximately four miles south of Highway 46, and two miles east of Highway 41. The surrounding area consists primarily of agriculture lands.

Likelihood of Significant Growth in the Area, and in Adjacent Incorporated and

	<i>Unincorporated Areas, During the Next 10 Years:</i> The affected territory contains approximately 742.9 acres of irrigated vineyard, two existing Agricultural structures located on APN 037-301-007, and five existing Agricultural structures located on APN 037-321-001. No development is proposed as part of the SOI amendment and annexation. The present land use designation within the area is Agriculture and the zoning designation will remain unchanged. The affected territory in its entirety is subject to Williamson Act Contracts (County Resolution Nos. 76-93 and 76-622), which restricts these properties to agricultural uses, helping preserve agricultural land. According to the County, there have been no written approvals for modifications, non-renewals, or cancellations for these parcels. Therefore, the contracts are expected to remain in effect for the foreseeable future and significant increases in population are not expected to occur in this area over the next 10 years.
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 services, whether or not the services are services	Response. The affected territory is currently within the County's Groundwater Sustainability Agency (GSA), which provides groundwater management services to the area consistent with the Sustainable Groundwater Management Act (SGMA) requirements. The County, SSJWD, City of Paso Robles, and Estrella-El Pomar-Creston Water District have adopted the same Groundwater Sustainability Plan (GSP) for the Paso Robles Subbasin and entered into a Joint Exercise of Powers Agreement (JPA) to ensure coordinated GSP implementation. The Paso Robles Area Groundwater Authority is the JPA formed to coordinate groundwater management across the Paso Robles Subbasin in compliance with SGMA. If approved, this proposal would conditionally amend the SOI and annex the approximately 3,957-acre property into the SSJWD, transferring GSA authority from the County to the SSJWD, subject to County Board of Supervisors relinquishing GSA authority over the affected territory. As stated in the attached Plan for Services, Attachment E, unlike traditional water service providers, SSJWD does not deliver water or infrastructure services. Instead, it functions primarily as a representative entity for landowners who elect to annex in, ensuring their interests are reflected in groundwater management efforts under SGMA by the SSJWD. The landowners have requested service from SSJWD, which if approved, would extend its services at the same level and range currently implemented within the District, including:

which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.

- Groundwater Management and Compliance with (SGMA): Participation in basin-wide groundwater monitoring, management, enforcement, and reporting pursuant to SGMA and the adopted Paso Robles Subbasin GSP.
- Data Collection and Reporting: Regular collection and reporting of groundwater pumping, elevation, and quality data to the SSJWD Board of Directors and the Department of Water Resources (DWR).
- Sustainability Planning: Contribution to the development and implementation of the Paso Basin GSP, including monitoring, best management practices (BMPs), and groundwater recharge initiatives.
- Regulatory Coordination: Collaboration with neighboring GSAs, including the County, and state agencies to ensure basin-wide sustainable management.
- Water Resource Stewardship: Promotion of water conservation and recharge projects, as well as exploration of feasible supplemental water sources to support agricultural operations, groundwater augmentation, and sustainable groundwater management.

No municipal water supply, sewer, or fire protection services will be provided, and no new or additional infrastructure will be constructed as part of this SOI amendment and annexation. The SSJWD's focus remains exclusively on groundwater management and sustainability consistent with its enabling legislation and SGMA authority. The District's powers related to water export or sewer service remain inactive. The SSJWD may, at its discretion, require groundwater monitoring equipment (such as flow meters or telemetry) to ensure compliance with the GSP. Any future improvement projects identified through the GSP (e.g., recharge basins or monitoring wells) would be subject to further evaluation, funding availability, and environmental review.

The SSJWD operates under an annual budget supported by assessments on irrigated, non-irrigated, and residential acreage. If approved, the annexation area's participation will contribute proportionately to District operating revenues and will not increase costs for existing members. According to the Plan for Services, based on the District's current assessment rates of \$20.00 per acre for irrigated land and \$0.11 per acre for non-irrigated land, the total annual assessment revenue generated by the SOI amendment and annexation will be approximately \$15,211.51 annually, as summarized below:

- Irrigated Vineyard (742.9 acres x \$20.00) = \$14,858.00

- Non-Irrigated Land (3,213.73 acres x \$.011) = \$353.51
- Total Annual Assessment: \$15,211.51

The assessments outlined above represent the sole cost of SSJWD representation and participation in the GSA. These funds support basin monitoring, reporting, administration, compliance with SGMA, and other activities SSJWD undertakes from time to time as a California Water District. SSJWD reports no additional service charges or connection fees are anticipated. The affected territory does not currently pay to be within the County's GSA authority.

On May 27, 2026, the Paso Robles Area Groundwater Authority (PRAGA) approved Resolution 2026-001 establishing a groundwater fee under California Water Code Section 10730 to fund groundwater management activities, including its GSP for Fiscal Year 2026-2027 (July 1, 2026 – June 30, 2027) in the Paso Robles Subbasin in compliance with SGMA and authorized placement of charges on the County property tax roll. PRAGA levies separate groundwater extraction fees on properties within the Paso Robles Groundwater Basin, including the subject parcels, under the adopted GSP. These PRAGA fees are independent of, and in addition to, the District's assessments described above; SOI amendment and annexation into SSJWD will not offset, reduce, or replace a landowner's independent obligation to pay applicable PRAGA fees.

The SOI amendment and annexation represent a logical and reasonable boundary adjustment and is consistent with the District's intent to function primarily as a representative entity for landowners who elect to participate. In addition, this action would encourage administrative consistency, coordination, and long-term planning alignment for the property owner who already owns and operates approximately 5,200-acres of agricultural parcels within the existing SSJWD boundary and adjacent to the affected territory³.

³ As stated in the Plan for Services, the property owner's existing parcels within the SSJWD boundary, contiguous with the proposed annexation area, are APNs 017-251-061, -062, -080, -081, -082, & -083; 017-253-012, -013, -015, -016, -017, & -018; 037-291-007, -009, -010, -036, -037, -038, & -039; 037-301-019, -024, -027, -028, -029, -030, & -031; and 037-311-006, -025, -028, & -029.

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. The proposed action would require the County to relinquish its authority as a GSA over the affected territory and SSJWD to assume that authority in accordance with the DWR's procedures. On June 6, 2023, the County Board of Supervisors adopted Resolution No. 2023-142, which involved withdrawing from serving as the GSA within the service area of the Estrella-El Pomar-Creston Water District (EPCWD) through the modification of the boundaries "Paso Basin – County of San Luis Obispo Groundwater Sustainability Agency". This policy change for the EPCWD is presumed to apply to all annexations resulting in GSA boundary modifications. On March 19, 2024, County staff responded to LAFCO staff's project referral and initially raised concerns about potential impacts of a jurisdictional change affecting the subject territory, based on provisions within State Executive Order N-7-22. These concerns focused on potential inconsistencies between the County and SSJWD GSA implementation of the Executive Order. On August 22, 2025, County staff provided LAFCO with an additional letter clarifying that concerns no longer existed, given that the provisions were rescinded on September 5, 2024. Conditions of approval have been incorporated into staff's recommendation and establish the sequence of actions necessary to complete the GSA boundary modification, including County consideration of relinquishing its GSA authority over the affected territory. If the County rejects the proposed GSA boundary modification for the affected territory, the proposed SOI amendment and annexation would no longer be necessary. As a result, the required conditions would not be met within the prescribed timeframe, deeming the action abandoned pursuant to Government Code Section 57001.
Factor (d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient	Response. Applicable Commission Policies are listed and analyzed below: <u>Section 2.1 General Policies</u> <i>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</i>

patterns of urban development, and the policies and priorities set forth in Section 56377.

prime agriculture land and open space (Gov. Code Section 56001 and 56301).

Analysis. SSJWD has confirmed that it is both willing and able to provide the requested services, as detailed in factors (b) and (k) of this attachment. The SOI amendment and annexation area is contiguous to the District's existing service area boundary. The affected territory is designated Agriculture, contains prime agricultural land as defined under Government Code Section 56064, and is subject to Williamson Act Contracts (Resolution Nos. 76-93 and 76-622), which restricts these properties to agricultural uses, helping preserve agricultural land.

Policy 2.1.3. *Cities and Special Districts are discouraged from annexations outside of their Sphere of Influence unless the need for services is clearly demonstrated (Gov. Code Section 56375.5).*

Analysis. An SOI amendment is proposed concurrently with the annexation. The affected territory currently receives GSA representation from the County, which provides groundwater management services to the area consistent with SGMA requirements. The landowners have requested service from SSJWD, which if approved, would transfer GSA authority from the County to SSJWD. The proposed action represents a reasonable boundary adjustment and is consistent with the District's intent to function primarily as a representative entity for landowners who elect to participate. In addition, this action would encourage administrative consistency, coordination, and long-term planning alignment for the property owners who already own and operate approximately 5,200-acres of agricultural parcels within the existing SSJWD boundary and adjacent to the affected territory.

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. The SOI amendment and annexation area is zoned Agriculture and is under two Williamson Act Contracts. The project site does not have communities of interest since the area is uninhabited and used solely for agricultural purposes. No new development or zoning changes are proposed as a part of this action.

Policy 2.1.5. *The Commission prefers urban development within Cities and the Urban Reserve Line of unincorporated communities as opposed to development in the unincorporated area.*

(Gov. Code Section 56001).

Analysis. The SOI amendment and annexation area is zoned Agriculture and is under two Williamson Act Contracts which restrict these properties to agricultural uses, helping preserve agricultural land. No change in zoning is proposed, as such, the development potential would not change should the SOI and annexation be approved.

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 (CKH 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 SOI amendment and annexation area is zoned Agriculture and is entirely subject to Williamson Act Contracts (Resolution Nos. 76-93 and 76-622), which restricts these properties to agricultural uses, helping preserve agricultural land. According to the County, there have been no written approvals for modifications, non-renewals, or cancellations for these parcels. Therefore, the contracts are expected to remain in effect for the foreseeable future.

Policy 2.1.8. *The Commission normally will require annexation to a municipality rather than annexation to a sanitation, sanitary, community service, or water district in the unincorporated area (Gov. Code Section 56001).*

Analysis. SSJWD's focus remains exclusively on groundwater management and sustainability consistent with its enabling legislation and SGMA authority. No municipal water supply, sewer, or fire protection services will be provided. If approved, this proposal would conditionally transfer GSA authority from the County to the SSJWD, subject to County Board of Supervisors relinquishing GSA authority over the affected territory. The SOI amendment and annexation represent a logical and reasonable boundary adjustment and is consistent with the District's intent to function primarily as a representative entity for landowners who elect to participate. In addition, this action would encourage administrative consistency, coordination, and long-term planning alignment for the property owners who already own and

operate approximately 5,200-acres of agricultural parcels within the existing SSJWD boundary and adjacent to the affected territory.

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. The SOI amendment and annexation area is zoned Agriculture and is under two Williamson Act Contracts which restrict these properties to agricultural uses, helping preserve agricultural land. No change in zoning is proposed, as such, the development potential would not change should the SOI and annexation be approved. No new development is proposed as part of the proposal for annexation. Therefore, the proposal does not create impacts related to affordable housing, nor does it result in the creation of new jobs.

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. As stated in the attached Plan for Services, Attachment E, unlike traditional water service providers, SSJWD does not deliver water or infrastructure services. Instead, it functions primarily as a representative entity for landowners who elect to annex in ensuring their interests are reflected in groundwater management efforts under SGMA by the SSJWD. If approved, this proposal would conditionally transfer GSA authority from the County to the SSJWD, subject to County Board of Supervisors relinquishing GSA authority over the affected territory.

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. (Gov. Code Sections 56001 & 56375.3).

Analysis. The SSJWD has irregular and non-contiguous boundaries, however, the area where the proposed SOI amendment and annexation is located is a large island surrounded by the District's service area boundary. The affected territory is therefore mostly surrounded by the existing SSJWD boundary to the north, east, and south.

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. No development is proposed as part of the SOI amendment and annexation. Under the existing zoning designation and Williamson Act Contracts, the parcels are limited to one single-family residence, one immediate family quarters, and farm support quarters. No change in zoning is proposed, as such, the development potential would not change should the SOI and annexation be approved.

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

Analysis. There is a demonstrated need for groundwater management services within the affected territory, however, that service is currently being provided by the County's GSA consistent with SGMA requirements. The landowners have requested service from SSJWD, which would conditionally transfer GSA authority from the County to the SSJWD, subject to County Board of Supervisors relinquishing GSA authority over the affected territory. The SSJWD's Plan for Services, included as Attachment E, demonstrates the District's capability and willingness to extend their boundary and service responsibilities to the affected territory. The alternative manner of providing service to the affected territory is to keep the area within the County's GSA boundary, however, the proposed action is consistent with the district's intent to function primarily as a representative entity for landowners who elect to participate.

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

district.

Analysis. The SOI amendment and annexation represent a logical and reasonable boundary adjustment and is consistent with the District's intent to function primarily as a representative entity for landowners who elect to participate. In addition, this action would encourage administrative consistency, coordination, and long-term planning alignment for the property owners who already own and operate approximately 5,200-acres of agricultural parcels within the existing SSJWD boundary and adjacent to the affected territory.

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

Analysis. The proposed annexation area is within the unincorporated County and is under the County's GSA authority, which administers SGMA responsibilities for the area pursuant to the adopted Paso Robles Area GSP. If approved, a corresponding GSA boundary modification would occur whereby the County, at its discretion, relinquishes GSA authority over the subject properties and SSJWD assumes that responsibility. The applicable GSP will remain unchanged and continue to be implemented in coordination with the other GSAs within the Paso Robles Subbasin. Because the same GSP will continue to apply, the proposed annexation is not expected to adversely affect groundwater sustainability management or other service providers. The proposed annexation will not adversely affect other service providers, as the GSA boundary modification described above will be coordinated directly with the County and will not create duplicative service providers within the area.

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

Analysis. The landowners are requesting annexation to transfer GSA representation from the County to SSJWD. The SSJWD's focus remains exclusively on groundwater management and sustainability consistent with its enabling legislation and SGMA authority. The proposed annexation does not represent an 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. As described in factor (f), the boundaries of the SOI amendment and annexation area have been deemed definite and certain by the County Surveyor and will adhere to assessor parcel lines; APNs 037-301-020, 037-301-025, 037-301-026, 037-301-007, 037-321-001, 037-331-015, and 037-331-016. The SOI amendment and annexation map is attached as Attachment A, Exhibit B of the staff report.

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. The SSJWD's Plan for Services, included as Attachment E, demonstrates the District's capability and willingness to extend their boundary and service responsibilities to the affected territory. Please refer to factors (b) and (k) of this attachment for more information regarding the need for services and SSJWD's ability to provide services.

Section 2.11 Commission Administrative Policies

"Application Policies" were deemed met and sufficient on August 21, 2026, when the Certificate of Filing was issued.

Government Code Section 56377

56377. *In reviewing and approving or disapproving proposals that 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

**56856.5 – Change of
organization or reorganization;
land subject to Williamson Act**

should be encouraged before any proposal is approved that 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 project area does contain prime agricultural land as defined under Government Code Section 56064 and Open-Space Lands as defined under Government Code Section 56059. The affected territory contains approximately 742.9 acres of irrigated vineyard, two existing Agricultural structures located on APN 037-301-007, and five existing Agricultural structures located on APN 037-321-001. No development is proposed as part of the SOI amendment and annexation. The present land use designation within the area is Agriculture and the zoning designation will remain unchanged. The affected territory in its entirety is subject to Williamson Act Contracts (Resolution Nos. 76-93 and 76-622), which restricts these properties to agricultural uses, helping preserve agricultural land. According to the County, there have been no written approvals for modifications, non-renewals, or cancellations for these parcels. Therefore, the contracts are expected to remain in effect for the foreseeable future.

The SOI amendment and annexation is also subject to a Williamson Act Contract. Additional factors must be considered when considering a change of organization or reorganization for land subject to Williamson Act Contract as stated in government code section 56856.5. Brief analysis has been provided below:

(a) Summary: An annexation to a special district of land under Williamson Act contract is not permitted within a designated farmland security zone to a special district that provides or would provide sewers, nonagricultural water, or streets and roads, unless the facilities or services provided by the special district benefit land uses that are allowed under the contract and the landowner consents to the change of organization or reorganization.

Response: The SOI amendment and annexation would not result in the territory receiving any service related to sewers, non-agricultural water, or streets and roads to the territory. The SSJWD's focus remains exclusively on groundwater management and sustainability consistent with its enabling legislation and SGMA authority.

(b) *Summary: This section should include an annexation for the purpose of using other facilities or services provided by the agency that benefits the land uses allowed under the contract.*

Response: If approved, the County, at its discretion, would relinquish its GSA authority over the affected territory and SSJWD will assume and extend its services. These services will be provided at the same level and range currently implemented within the District, including: (1) Groundwater monitoring and reporting; (2) Participation in regional GSP implementation activities; (3) Assessment and evaluation of sustainable groundwater yields; and (4) Enforcement of the GSP and District rules and regulations. The applicable GSP will remain unchanged and continue to be implemented in coordination with the other GSAs within the Paso Robles Subbasin. Because the same GSP will continue to apply, the proposed annexation is not expected to adversely affect groundwater sustainability management or other service providers. Continued implementation of the GSP promotes sustainability in the Subbasin which supports the land uses allowed under the contract.

(c) *Summary: The Commission may approve a change of organization or reorganization if it finds any of the following:*

- 1) The city or county that would administer the contract after annexation has adopted policies and feasible implementation measures applicable to the affected territory ensuring the continuation of agricultural use and other uses allowable under the contract on a long-term basis.*
- 2) Encourages and provides planned, well-ordered, and efficient urban development patterns that include appropriate consideration of the preservation of open-space lands within those urban development patterns.*
- 3) The proposal is necessary to provide services to planned, well-ordered, and efficient urban development patterns that include appropriate consideration of the preservation of open-space lands within those urban development patterns.*

Response:

- 1) The annexation is located within the unincorporated County and will remain under County jurisdiction. However, the affected territory would be subject to the District's jurisdiction for all purposes within its authority as a Water

	District as specified in the California Water Code, Section 34000 et seq., and SGMA. The Williamson Act contracts would continue to be implemented through the County's Williamson Act Contract adopted policies and applicable measures to ensure the continuation of agricultural use. 2) The SOI amendment and annexation area is zoned Agriculture and is under two Williamson Act Contracts which restrict these properties to agricultural uses, helping preserve agricultural land. No change in zoning is proposed, as such, the development potential would not change should the SOI and annexation be approved. 3) The proposal is not necessary since the affected territory is currently within the County's GSA, which provides groundwater management services to the area consistent with SGMA requirements. However, the landowners have requested service from SSJWD, in order to transfer GSA authority from the County to the SSJWD. The SSJWD's Plan for Services, included as Attachment E, demonstrates the District's capability and willingness to extend their boundary and service responsibilities to the affected territory. The proposed action is consistent with the District's intent to function primarily as a representative entity for landowners who elect to participate. In addition, this action would encourage administrative consistency, coordination, and long-term planning alignment for the property owners who already own and operate approximately 5,200-acres of agricultural parcels within the existing SSJWD boundary which is adjacent to the affected territory.
Factor (e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.	Response. The SOI amendment and annexation area includes land zoned for Agriculture, contains land entirely subject to a Williamson Act contract, and consists of Agricultural lands as defined in Government Code Section 56016. Within the approximately 3,956.63-acre project area, 742.9 acres are used for irrigated vineyards and 2,040.33 acres are used for cattle grazing. The project area is within two Williamson Act contracts: Reso. No. 76-93 and Reso. No. 76-622, which restricts these properties to agricultural uses, helping preserve agricultural land. According to the County, there have been no written approvals for modifications, non-renewals, or cancellations for these parcels. Therefore, the contracts are expected to remain

	in effect for the foreseeable future.
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 proposed SOI amendment and annexation area have been deemed definite and certain by the County Surveyor and will adhere to assessor parcel lines; APNs 037-301-020, 037-301-025, 037-301-026, 037-301-007, 037-321-001, 037-331-015 (formerly 037-321-016), and 037-331-016 (formerly 037-331-014) ⁴ . The annexation map is attached as Attachment A, Exhibit B of the staff report. The proposed SOI amendment and annexation will remain within the unincorporated County; therefore, it does not create an island or corridor of unincorporated territory. However, the boundaries of the SSJWD are irregular and noncontiguous. The affected territory is already located within a large island surrounded by the District's service area boundary to the north, east, and south. Annexation of the affected territory into SSJWD would reduce the size of this existing island and improve the overall contiguity of the District's service area.
Factor (g) A regional transportation plan adopted pursuant to Section 65080.	Response. The 2023 San Luis Obispo Council of Governments (SLOCOG) Regional Transportation Plan (RTP) was adopted pursuant to requirements of Government Code Section 65080. The SOI amendment and annexation cover a large area in northern San Luis Obispo County with two major highways cutting across the District's service area; U.S. Highway 46 and 41, which are both analyzed in the RTP. However, no significant transportation-related impacts are expected to occur as a result of this proposal.
Factor (h) The proposal's consistency with the city or county general and specific plans .	Response. The present and planned land uses within SSJWD's existing service area and the proposed SOI amendment and annexation are governed by the County General Plan. The SOI and annexation area is consistent with the County General Plan.

⁴ On June 1, 2023, following approval and recordation of Minor Lot Line Adjustment N-SUB2023-00022 / COAL 22-0044, APNs 037-331-015 and 037-331-016 were assigned to the reconfigured parcels, which were formerly identified as APNs 037-321-016 and 037-331-014, respectively.

Factor (i) The Sphere of Influence of any local agency that may be applicable to the proposal being reviewed.	Response. A SOI is a plan for the probable physical boundaries and service area of a local agency, as determined by LAFCO per Government Code Section 56076. The approximately 3,957-acre property is currently outside of the SSJWD's SOI and is proposed for a concurrent SOI amendment and annexation. Other agencies with overlapping service areas exist in this region, however they provide different services to area residents, and the proposal does not conflict with other jurisdictions. The affected territory is within the following special district service area boundaries, and they have been notified of this proposal: - Upper Salinas Las Tablas Resource Conservation District - Shandon Cemetery District - Pleasant Valley Estrella Cemetery District
Factor (j) The comments of any affected local agency or other public agency .	Response. No comments or resolutions raising objections to the proposal have been received by any affected local agency or other public agency. However, as previously mentioned in factor (c), the proposed action would require the County to relinquish its authority as a GSA over the affected territory and SSJWD to assume that authority in accordance with the Department of Water Resources procedures. On March 19, 2024, County staff provided LAFCO comments in response to the SOI amendment and annexation project referral and initially raised concerns about potential impacts of a jurisdictional change affecting the subject territory, based on provisions within State Executive Order N-7-22. These concerns focused on potential inconsistencies between the County and SSJWD GSA implementation of the Executive Order. On August 22, 2025, County staff provided LAFCO with an additional letter clarifying that concerns no longer existed, given that the provisions were rescinded on September 5, 2024. Staff recommend conditions of approval that establish the sequence of actions necessary to complete the GSA boundary modification, including County consideration of relinquishing its GSA authority over the affected territory.

Factor (k)	Response.
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.	When applying for a change of organization, a Plan for Services is required in accordance with Government Code Section 56653. SSJWD submitted a Plan for Services, included as Attachment E, which demonstrates the District's capability and willingness to extend their boundary and service responsibilities to the affected territory. The District manages groundwater sustainability activities within its jurisdiction as part of the Paso Robles Groundwater Basin and participates in the implementation of the adopted GSP. Through its administrative, financial, and technical resources, the SSJWD has the capacity to extend these services to additional properties within its jurisdictional boundaries. The fiscal impact on landowners will consist solely of the standard District assessment used to fund groundwater monitoring, administration, SGMA compliance, and other activities. If approved, the annexation will contribute proportionately to District operating revenues, strengthen the District's financial stability and operational capacity, and will not increase costs for existing members. According to the Plan for Services, based on the District's current assessment rates of \$20.00 per acre for irrigated land and \$0.11 per acre for non-irrigated land, the total annual assessment annual revenue generated by the SOI and annexation will be approximately \$15,211.51.

Factor (l)	Response.
Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.	Following the SOI amendment, annexation, and the associated GSA boundary modification, SSJWD will become the GSA responsible for administering SGMA within the affected territory. The annexation will not alter the applicable Paso Robles Area GSP, which will continue to govern groundwater sustainability management within the Paso Robles Groundwater Basin. No municipal water supply, sewer, or fire protection services will be provided. The SSJWD's focus remains exclusively on groundwater management and sustainability consistent with its enabling legislation and SGMA authority. Several potential projects are described in the GSP that will enhance water supply and reduce reliance on groundwater. These projects may be implemented by willing entities to offset pumping and lessen the degree to which the groundwater management actions would be needed. The implementation of projects depends on willing participants and/or successful funding votes. SSJWD remains committed to promoting water conservation and recharge projects, as well as exploration of feasible supplemental water sources to support agricultural operations, groundwater augmentation, and sustainable groundwater management. However, the SOI amendment and annexation will not result in an increased demand in water supplies and would transfer water resource management responsibilities from the County to SSJWD. Importantly, the SOI amendment and annexation itself does not propose or require new groundwater extraction.
Factor (m)	Response.
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)	The proposed SOI amendment and annexation would result in the conditional transfer of GSA authority from the County to the SSJWD, subject to County Board of Supervisors relinquishing GSA authority over the affected territory. No new development is proposed as a part of this proposal. Therefore, this proposal will have no effect on the County achieving its regional housing needs allocation.

of Chapter 3 of Division 1 of Title 7.	
Factor (n) Any information or comments from the landowner or landowners, voters, or residents of the affected territory.	Response. LAFCO did not receive any comments from landowners, voters, or residents prior to the release of the staff report.
Factor (o) Any information relating to existing land use designations.	Response. The SOI amendment and annexation area is within the County's Agriculture land use category. No zoning changes are proposed.

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 SOI amendment and annexation would transfer GSA authority from the County to the SSJWD to provide services at the same level and range currently implemented within the District. The applicable GSP and overall level of groundwater sustainability management will remain completely unchanged since the County and District implement the same GSP. Therefore, this action would not unfairly impact specific races, cultures, incomes, and national origins.
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	Response. The County's latest Multi-Jurisdictional Hazard Mitigation Plan (HMP) was adopted January 27, 2026, 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. The HMP showcases efforts by the Paso Robles Area Groundwater Authority who oversees compliance with SGMA within the Paso Basin GSP. These plans, also implemented by the SSJWD, are the product of efforts to comply with SGMA and provide a comprehensive evaluation and plan for adapting to worsening drought conditions in SLO County and throughout the state of California. The Safety Element of the General Plan for the County of San Luis Obispo (approved

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)	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. The County chose to protect residents and property within its jurisdiction by creating County Fire in partnership with CAL FIRE. The affected territory is entirely within a State Responsibility Area and would be considered a “High” fire hazard severity zone; predictions are based on factors including fuel availability, topography, fire history, and climate⁵. Based on the County’s emergency response times, it will take approximately 5 to 10 minutes to respond to fire or life safety calls located on the northern end of the affected territory and could take 20 minutes or greater to respond to calls for parcels located furthest south.
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 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	(a)(1) The proposed SOI amendment and annexation will be for the interest of the landowners and SSJWD. If approved, the property would be annexed, and the landowners would obtain GSA representation from the SSJWD. This action would encourage administrative consistency, coordination, and long-term planning alignment for the property owners who already own and operate approximately 5,200-acres of agricultural parcels within the existing SSJWD boundary and adjacent to the affected territory. (a)(2) Not applicable as 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. (a)(4) The Commission did not receive any resolutions from any affected agency raising objections to the action.

⁵ Cal Fire Fire Hazard Severity Zone Viewer Maps, July 2026

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.

(b) The commission shall give great weight to any resolution

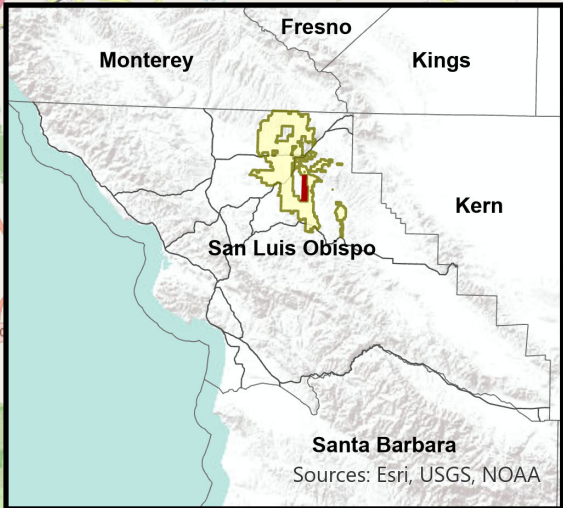
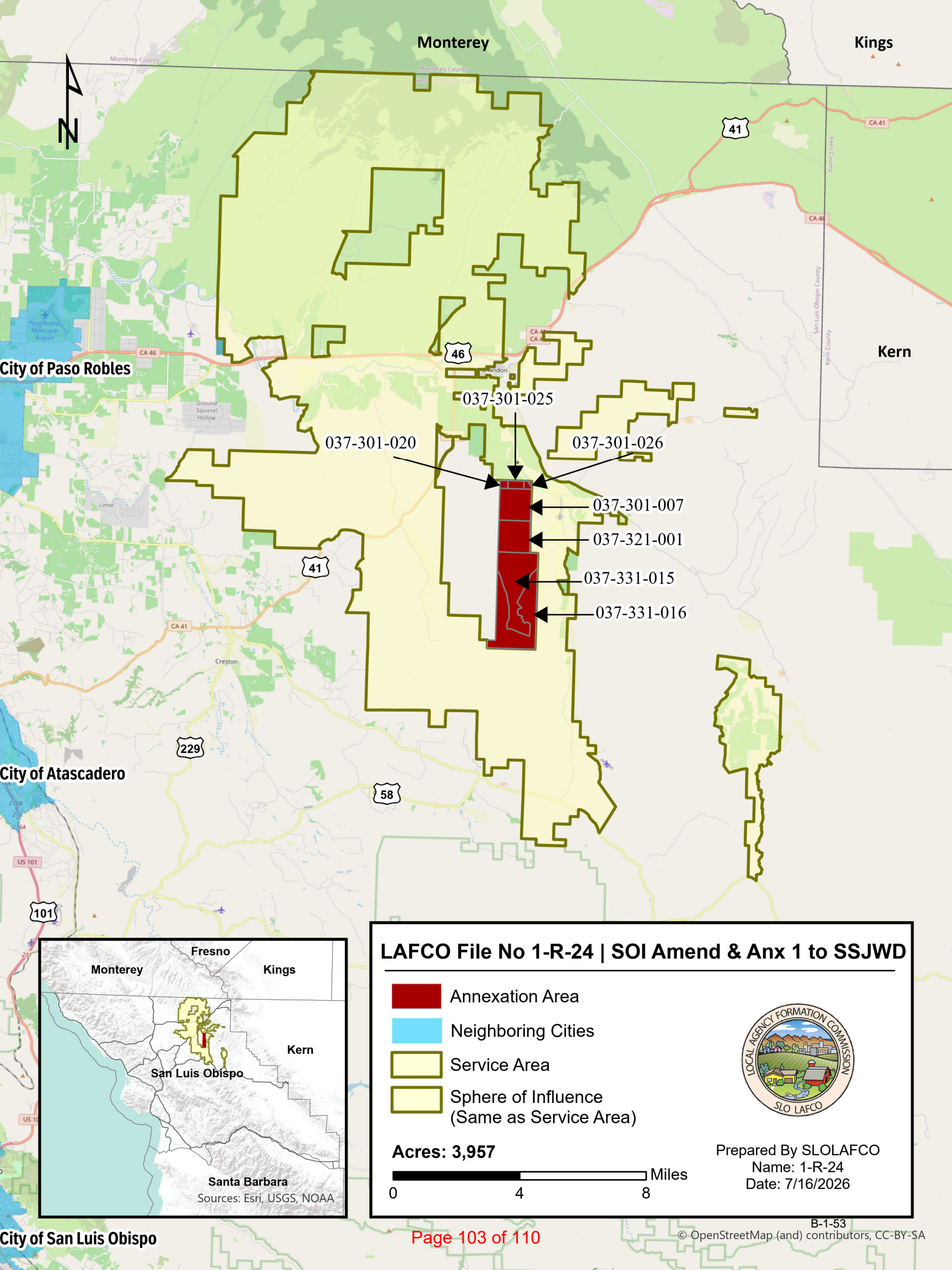
(a)(5) There are no other matters which the Commission has deemed material.

(b) The Commission did not receive any resolutions from neighboring cities or districts raising objections to the action.

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.

Attachment D

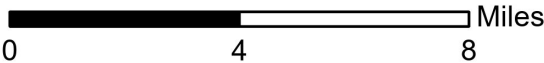
Vicinity Map



LAFCO File No 1-R-24 | SOI Amend & Anx 1 to SSJWD

-  Annexation Area
-  Neighboring Cities
-  Service Area
-  Sphere of Influence (Same as Service Area)

Acres: 3,957



Prepared By SLOLAFCO
Name: 1-R-24
Date: 7/16/2026

Attachment E

Plan for Services

PLAN FOR SERVICES

For the Proposed Annexation and Sphere of Influence (SOI) Amendment

Kylix Vineyards California LP & Dimello LP

Shandon-San Juan Water District (SSJWD)

3425 Truesdale Road, Shandon, CA 93406

APNs 037-301-020, 037-301-025, 037-301-026, 037-301-007, 037-321-001, 037-331-015, & 037-331-016

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 - Level and Range of Services to Be Provided
 - Indication of When Services Can Be Extended to the Affected Area(s)
 - Indication of Any Improvements or Conditions Required within the Affected Territory
3. Identification of Existing Service Providers and Potential Fiscal Impact
4. Plan for Financing the Provision of Services
 - Total Estimated Cost to Provide Services
 - Estimated Cost of Services to Customers
 - Identification and Stability of Revenue Sources
 - Initial Budget Summary
5. Conclusion

1.0 Background

The proposed project is a request by Kylix Vineyards California LP and Dimello LP to amend the Sphere of Influence (SOI) and annex approximately 3,956.63 acres of agricultural land into the Shandon-San Juan Water District (SSJWD). The subject properties are located at 3425 Truesdale Road in rural Shandon, California, within the North County Planning Area, Shandon-Carrizo Sub Area North.

The SSJWD was established in 2016–2017 pursuant to LAFCO Resolution No. 2016-08 as a California Water District authorized to exercise powers under California Water District Law (Water Code § 34000 *et seq.*). The District was created primarily to function as a Groundwater Sustainability Agency (GSA) under the Sustainable Groundwater Management Act (Water Code §10270 *et seq.*) (SGMA) and was formally recognized as a GSA by the State of California Department of Water Resources (DWR) in 2017. SSJWD currently provides groundwater management, monitoring, and reporting services and does not provide sewer, municipal, or industrial water service.

The District manages groundwater sustainability activities within its jurisdiction as part of the Paso Robles Groundwater Basin and participates in the implementation of the adopted

Groundwater Sustainability Plan (GSP). Through its administrative, financial, and technical resources, the SSJWD has the capacity to extend these services to additional properties within its jurisdictional boundaries.

The subject properties are currently located within the County GSA, which, together with SSJWD and the other Paso Robles Subbasin GSAs, implements the adopted Paso Robles Area Groundwater Sustainability Plan (GSP). The proposed annexation will require a corresponding GSA boundary modification whereby the County relinquishes GSA authority over the subject properties and SSJWD assumes GSA authority. This administrative boundary modification will not change the applicable GSP but will transfer local groundwater sustainability management responsibilities from the County GSA to SSJWD.

2.0 Description of Services

Description of Services to Be Provided by the District

The services to be provided by the SSJWD upon annexation will be consistent with the District's established authority and powers under the California Water District Law and SGMA. These include:

- **Groundwater Management and Compliance with SGMA:**
Participation in basin-wide groundwater monitoring, management, enforcement, and reporting pursuant to SGMA and the adopted GSP.
- **Data Collection and Reporting:**
Regular collection and reporting of groundwater pumping, elevation, and quality data to the SSJWD Board of Directors and the DWR.
- **Sustainability Planning:**
Contribution to the development and implementation of the Paso Basin GSP, including monitoring, best management practices (BMPs), and groundwater recharge initiatives.
- **Regulatory Coordination:**
Collaboration with neighboring GSAs, including the County of San Luis Obispo, and state agencies to ensure basin-wide sustainable management.
- **Water Resource Stewardship:**
Promotion of water conservation and recharge projects, as well as exploration of feasible supplemental water sources to support agricultural operations, groundwater augmentation, and sustainable groundwater management.

Following annexation and the associated GSA boundary modification, SSJWD will become the Groundwater Sustainability Agency responsible for administering SGMA (Water Code §10270 *et seq.*) within the annexation area. The annexation will not alter the applicable Paso Robles Area GSP, which will continue to govern groundwater sustainability management within the Paso Robles Groundwater Basin. The annexation area will also be subject to the District's jurisdiction

for all purposes within its authority as a California Water District as specified in the California Water Code (Water Code § 34000 *et seq.*).

No municipal water supply, sewer, or fire protection services will be provided. The SSJWD's focus remains exclusively on groundwater management and sustainability consistent with its enabling legislation and SGMA authority.

Boundary of the Proposed Annexation Area

The proposed annexation area consists of approximately 3,956.63 acres encompassing seven (7) legal parcels identified as APNs 037-301-020, 037-301-025, 037-301-026, 037-301-007, 037-321-001, 037-331-015, and 037-331-016¹. The parcels are contiguous to the existing SSJWD boundary and are located along Truesdale Road and Shell Creek Road, approximately four miles south of Highway 46 and two miles east of Highway 41. The properties are zoned Agriculture (AG) and are subject to Williamson Act Contracts (Resolution Nos. 76-93 and 76-622). Existing land uses include approximately 742.9 acres of irrigated vineyard, as well as pastureland and cattle grazing areas, with several agricultural structures and one residence on site.

Level and Range of Services to Be Provided

Following annexation, the SSJWD will extend its services, including groundwater management and monitoring services, to the subject territory. These services will be provided at the same level and range currently implemented within the District, including:

- Groundwater monitoring and reporting;
- Participation in regional GSP implementation activities;
- Assessment and evaluation of sustainable groundwater yields; and
- Enforcement of the GSP and District rules and regulations.

No new or additional infrastructure will be constructed as part of this annexation. The District's powers related to water export or sewer service remain inactive.

Indication of Any Improvements or Conditions Required

The annexation will not require physical improvements such as roads, sewer, or new water facilities. The SSJWD may, at its discretion, require groundwater monitoring equipment (such as flow meters or telemetry) to ensure compliance with the GSP. Any future improvement projects identified through the GSP (e.g., recharge basins or monitoring wells) would be subject to further evaluation, funding availability, and environmental review.

3.0 Identification of Existing Service Providers and Potential Fiscal Impact

The subject properties are currently located within the County GSA, which administers SGMA responsibilities for the area pursuant to the adopted Paso Robles Area GSP. Upon annexation, a corresponding GSA boundary modification will occur whereby the County relinquishes GSA

¹ Following approval and recordation of Minor Lot Line Adjustment N-SUB2023-00022 / COAL 22-0044, APNs 037-331-015 and 037-331-016 were assigned to the reconfigured parcels, which were formerly identified as APNs 037-321-016 and 037-331-014, respectively.

authority over the subject properties and SSJWD assumes that responsibility. The applicable GSP will remain unchanged and continue to be implemented in coordination with the other GSAs within the Paso Robles Subbasin. Because the same GSP will continue to apply, the proposed annexation is not expected to adversely affect groundwater sustainability management or other service providers

The proposed annexation will not adversely affect other service providers, as the GSA boundary modification described above will be coordinated directly with the County and will not create duplicative service providers within the area. The fiscal impact on landowners will consist solely of the standard District assessment used to fund groundwater monitoring, administration, SGMA compliance, and other activities. The annexation will generate additional assessment revenue for the SSJWD, strengthening the District's financial stability and operational capacity.

4.0 Plan for Financing the Provision of Services

Total Estimated Cost to Provide Services

The SSJWD operates under an annual budget supported by assessments on irrigated, non-irrigated, and residential acreage. The annexation area's participation will contribute proportionately to District operating revenues and will not increase costs for existing members.

Based on the District's current assessment rates of \$20.00 per acre for irrigated land and \$0.11 per acre for non-irrigated land, the total annual assessment revenue generated by the annexation will be approximately \$15,211.51, as summarized below:

- Irrigated Vineyard (742.9 acres x \$20.00) = \$14,858.00
- Non-Irrigated Land (3,213.73 acres x \$.011) = \$353.51
- Total Annual Assessment: \$15,211.51

Additionally, each parcel eligible for residential development may be assessed at \$7.50 per single-family residence, resulting in a potential additional \$52.50 per year if all seven parcels are developed.

Lastly, PRAGA levies separate groundwater extraction fees on properties within the Paso Robles Groundwater Basin, including the subject parcels, under the adopted GSP. These PRAGA fees are independent of, and in addition to, the District's assessments described above; annexation into SSJWD will not offset, reduce, or replace a landowner's independent obligation to pay applicable PRAGA fees.

Estimated Cost of Services to Customers

The assessments outlined above represent the sole cost of SSJWD membership and participation in the GSA. These funds support basin monitoring, reporting, administration, compliance with SGMA, and other activities SSJWD undertakes from time to time as a California Water District. No additional service charges or connection fees are anticipated.

Identification and Stability of Revenue Sources

The SSJWD's principal revenue source is its annual per-acre benefit assessment approved through Proposition 218 procedures. This funding source has proven stable and predictable since the District's formation.

Additional potential revenue sources include:

- State and federal grants for groundwater monitoring and sustainability projects;
- Collaborative cost-sharing agreements with other GSAs or public agencies; and
- Interest income and permit fees for future projects, if applicable.

Together, these sources provide a reliable and diversified fiscal foundation for the District's continued operations and compliance with SGMA.

Initial Budget Summary

The District's operational budget includes expenditures for administration, groundwater monitoring, legal and consulting services, and SGMA compliance activities. The additional annual assessments generated by the annexation area will contribute to the overall SSJWD budget and provide proportional benefits to member properties through enhanced data collection, representation, and sustainable groundwater management. No new or extraordinary costs are anticipated as a result of the annexation.

5.0 Conclusion

The proposed annexation and Sphere of Influence amendment of approximately 3,956.63 acres into the SSJWD will transfer GSA authority over the subject properties from the County GSA to the SSJWD through a concurrent GSA boundary modification. Although the subject properties are currently managed under the adopted Paso Robles Area GSP, that GSP will remain unchanged and the applicant is requesting annexation into SSJWD for the reasons set forth below: .

- Logical Boundary Expansion and Contiguity: The subject properties are entirely contiguous to the existing SSJWD boundary.
- Consolidation of Existing Operations: Importantly, the property owner already owns and operates adjacent agricultural parcels within the existing SSJWD boundary². Annexing these adjacent parcels promotes long-term administrative consistency, streamlining the owner's regional water coordination and aligning their contiguous, unified operations under a single, localized public agency rather than having a single operation split between two different GSA jurisdictions.

² The property owner's existing parcels within the SSJWD boundary, contiguous with the proposed annexation area, are APNs 017-251-061, -062, -080, -081, -082, & -083; 017-253-012, -013, -015, -016, -017, & -018; 037-291-007, -009, -010, -036, -037, -038, & -039; 037-301-019, -024, -027, -028, -029, -030, & -031; and 037-311-006, -025, -028, & -029.

- **Administrative Consistency & Coordination:** While the subject properties are currently located within the management boundary of the GSA and are subject to the adopted Paso Robles Area GSP, the purpose of the proposed annexation is not to alter the applicable GSP or change the baseline level of groundwater sustainability management. Rather, the annexation places the parcels within the localized jurisdiction of the SSJWD, a member GSA of the PRAGA that represents neighboring agricultural landowners in this portion of the basin.
- **Resource and Communication Optimization:** This boundary adjustment allows the properties to participate in the regular, water-focused monthly public meetings held by the SSJWD Board, fostering direct communication, efficient localized data collection, and coordinated planning within the surrounding service area.
- **Long-Term Planning Alignment:** In addition, annexation ensures the properties are properly positioned to participate in any future local infrastructure, SSJWD programs, projects, or regional water supply initiatives that may be developed to support cooperative implementation of the GSP or address long-term groundwater sustainability objectives.

The applicable GSP and overall level of groundwater sustainability management will remain completely unchanged.

This Plan for Services demonstrates that the SSJWD has the financial, administrative, and technical capacity to extend its established groundwater management functions to the annexation area in a fair, efficient, and sustainable manner.

I HEREBY CERTIFY that the foregoing Plan for Services was approved by the Shandon-San Juan Water District Board of Directors on July 22, 2026.

WITNESS my hand of said Board of Directors, July 22, 2026.



 Stephanie Bertoux
 Secretary of the Board of Directors