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

MEETING

JANUARY 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

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

MEETING PARTICIPATION

- **To submit a written comment**, mention the matter or agenda item number and send via email to mmorris@slo.lafco.ca.gov or fill out an online submission form on our website at slo.lafco.ca.gov, or U.S. mail at 1042 Pacific St, Suite A, San Luis Obispo, CA, 93401. All correspondence is distributed to each Commissioner and will become part of the official record of the Commission meeting.

- **To submit a pre-recorded verbal comment** call (805) 781-5795; state and spell your name, mention the agenda item number you are calling about, and leave your comment. Your comments will be distributed to each Commissioner and will become part of the official record of the Commission meeting.

- **To provide live comment**, attend the in-person meeting, fill out a "request to speak form" provided in the front and back of the meeting room, and hand it to the Commission Clerk prior to the beginning of that item. Each speaker will be limited to a three-minute presentation. During public hearings, applicants or their representatives will be given the opportunity to speak first after the staff report is given and questions of 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 Clerk at 805-781-5795. Notification provided a minimum of 48 hours prior to the meeting will enable the 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, 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

Selection of the 2026 Chair and Vice Chair

Presentation of a Certificate of Appreciation to Chair Steve Gregory for his service as 2025 Chair

Approval of the Minutes: December 18, 2025 **(Pages 4-10)**

Non-Agenda Public Comment Period
This is the period in which persons may speak on items that are not on the regular agenda. You may provide public comment using one of the three methods mentioned above in the "Meeting Participation" section.

Consent Matters

A-1: **Conflict of Interest Code Amendment** **(Pages 11-18)**

Recommendation:
Action: Adopt, by resolution, the amendments to the conflict of interest code, as contained in Attachment A.

Regular Matters

B-1: **LAFCO File No. 4-S-22: Municipal Service Review and Sphere of Influence Study for the City of Paso Robles** **(Pages 19-159)**

Recommendation:
Action 1: Find, by motion, the Municipal Service Review and Sphere of Influence Study prepared for the City of Paso Robles (LAFCO File No. 4-S-22) to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption Section 15306 and CEQA General Rule Exemption 15061(b)(3).

Action 2: Approve, by resolution, the City of Paso Robles Municipal Service Review and Sphere of Influence Study (LAFCO File No. 4-S-22) as contained in Attachments A and B, and update the City's Sphere of Influence as depicted in Attachment A, Exhibit C.

B-2: **LAFCO File No. 6-S-25: Municipal Service Review and Sphere of Influence Study for the Estrella – El Pomar – Creston Water District** **(Pages 160-209)**

Recommendation:
Action 1: Find, by motion, the Municipal Service Review and Sphere of Influence Study prepared for the Estrella – El Pomar - Creston Water District (LAFCO File No. 6-S-25) to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption Section 15306 and CEQA General Rule Exemption 15061(b)(3).

Action 2: Approve, by resolution, the Estrella – El Pomar - Creston Water District Municipal Service Review and Sphere of Influence Study (LAFCO File No. 6-S-25) as contained in Attachments A and B, and reaffirm the District's existing Sphere of Influence as depicted in Attachment A, Exhibit C.

Commissioner Comments

Legal Counsel Comments

Executive Officer Comments

Adjournment

Tentative Future Meeting Schedule, Subject to Change

- February 2026 – US-LTRCD MSR, 2nd Quarter Budget & Work Plan
- March 2026 – California Valley CSD MSR, Independence Ranch CSD MSR, Port San Luis Harbor District MSR
- April 2026 – Proposed Fiscal Year 2026-27 Budget and Work Plan
- May 2026 – Final Fiscal Year 2026-27 Budget and Work Plan

SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
DECEMBER 18, 2025, 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, December 18, 2025, by Chairperson Steve Gregory 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 Steve Gregory, Vice Chair Heather Moreno, Commissioners Ed Eby, Navid Fardanesh, Dawn Ortiz-Legg, Ed Waage, and David Watson

Absent: Alternate Commissioners Michael Draze, Bruce Gibson, and Carla Wixom

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

Approval of the Minutes: September 18, 2025

Chairperson Gregory announced the consideration of approval of the September 18, 2025, Regular Meeting Minutes.

Chairperson Gregory asked for Commissioner comments.

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

Chairperson Gregory asked for a motion to approve the minutes.

Commissioner Waage motioned to approve the minutes.

Commissioner Watson seconded the motion.

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

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NAYS: None

ABSTAINING: Commissioners Eby and Ortiz-Legg

The motion passed.

Non-Agenda Public Comment Period

Chairperson Gregory opened public comment, announcing it was closed shortly after hearing none.

Consent Matters

A-1: 2026 Meeting and Holiday Calendar

A-2: First Quarter Fiscal Year 2025-2026 Budget Status and Work Plan Report

A-3: Time Extension Request for LAFCO File No. 2-R-23: Sphere of Influence Amendment and Annexation No. 1 to County Service Area 23 (111 Residential Lots in Tract 2586)

A-4: Conflict of Interest Code Amendment

Chairperson Gregory opened the item for Commissioner questions and comments.

Mr. Fitzroy provided comment.

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

Vice Chair Moreno motioned to approve the Consent Matters.

Commissioner Watson seconded the motion.

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

NAYS: None

ABSTAINING: None

The motion passed unanimously.

Regular Matters

B-1: Status Update on the Upper Salinas - Las Tablas Resource Conservation District's

Outstanding Financial Audits and Options for District Governance Structure Changes

Mr. Fitzroy presented the item.

Chairperson Gregory opened the item for Commissioner questions and comments.

Commissioner Waage inquired about internal controls.

Mr. Fitzroy responded to questions and provided comment.

Commissioner Waage provided comment regarding the Fire Safe Council's letter of support.

Commissioner Ortiz-Legg inquired about leadership changes.

Mr. Fitzroy responded to questions and provided comment.

Vice Chair Moreno inquired about embezzlement and audits.

Mr. Fitzroy responded to questions and provided comment.

Commissioner Fardanesh inquired about district reporting requirements.

Mr. Fitzroy responded to questions and provided comment.

Chairperson Gregory opened the item for public comment.

Drew Loganbill, Executive Director of the Upper Salinas-Las Tablas Resource Conservation District, provided comment.

Vice Chair Moreno inquired about audits and embezzlement.

Mr. Loganbill responded to questions and provided comment.

Commissioner Watson inquired about embezzlement and LAFCO staff recommendations.

Mr. Loganbill responded to questions and provided comment.

Commissioner Waage inquired about internal controls.

Mr. Loganbill responded to questions and provided comment.

Commissioner Fardanesh inquired about board membership.
Mr. Loganbill responded to questions and provided comment.

Chairperson Gregory inquired about embezzlement.

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Mr. Loganbill responded to questions and provided comment.

James Hamilton, San Luis Obispo County Auditor-Controller-Treasurer-Tax Collector-Public Administrator, provided comment.

Commissioner Waage inquired about grant funding.

Mr. Hamilton responded to questions and provided comment.

Vice Chair Moreno inquired about fiscal controls.

Mr. Hamilton responded to questions and provided comment.

Christopher Smith, a director on the Upper Salinas-Las Tablas Resource Conservation District Board, provided comment supporting the staff recommendation.

Hallie Richard, Executive Director for the Coastal San Luis Resource Conservation District, provided comment supporting the staff recommendation.

Commissioner Ortiz-Legg inquired about consolidation.

Ms. Richard responded to questions and provided comment.

Chairperson Gregory closed public comment and opened the item for Commissioner questions and comments.

Vice Chair Moreno provided comment and made a motion in support of the staff recommendation.

Commissioner Watson seconded the motion and provided comment.

Commissioner Waage provided comment and inquired about financial records.

Mr. Hamilton responded to questions and provided comment.

Commissioner Ortiz-Legg provided comment.

Commissioner Fardanesh provided comment regarding the recommended timeline.

Commissioner Ortiz-Legg responded to questions and provided comment.

Chairperson Gregory provided comment.

Vice Chair Moreno provided comment.

Commissioner Watson provided comment and inquired about a quarterly update.

Mr. Fitzroy responded to questions and provided comment.

Vice Chair Moreno provided comment.

Chairperson Gregory provided comment.

Mr. Fitzroy provided comment.

Commissioner Waage provided comment regarding audit responsibilities and reporting.

Vice Chair Moreno motioned to approve the staff recommendation for Item B-1, Action 1: Receive and file an informational report regarding the status of Upper Salinas – Las Tablas Resource Conservation District's outstanding financial audits and the process for a LAFCO-initiated change of organization, and Item B-1, Action 2: Direct staff to return with the Upper Salinas – Las Tablas Resource Conservation District Municipal Service Review and Sphere of Influence Study for approval, by resolution, including determinations that document financial deficiencies with a condition of approval requiring:

1. A 12-month remediation period for the District to complete financial audits for Fiscal Years 2023-24 and 2024-2025.
2. A directive for LAFCO staff to report back to the Commission at the conclusion of the 12-month period with an update and options for further consideration of a change of organization if the Commission deems remediation efforts unsatisfactory.

Commissioner Watson seconded the motion.

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

NAYS: None

ABSTAINING: None

The motion passed unanimously.

B-2: LAFCO File No. 7-S-25: Municipal Service Review and Sphere of Influence Study for the Shandon-San Juan Water District

Mr. Fitzroy introduced **Ms. Bing,** who presented the item.

Chairperson Gregory opened the item for Commissioner questions and comments.

Commissioner Fardanesh commented on the JPA.

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

Commissioner Waage motioned to approve the staff recommendation for Item B-2, Action 1: Find, by motion, the Municipal Service Review and Sphere of Influence Study prepared for the Shandon–San Juan Water District (LAFCO File No. 7-S-25) to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption Section 15306 and CEQA General Rule Exemption 15061(b)(3).

Vice Chair Moreno seconded the motion.

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

NAYS: None

ABSTAINING: None

The motion passed unanimously.

Commissioner Waage motioned to approve the staff recommendation for Item B-2, Action 2: Approve, by resolution, the Shandon–San Juan Water District Municipal Service Review and Sphere of Influence Study (LAFCO File No. 7-S-25) as contained in Attachments A and B, and reaffirm the District's existing Sphere of Influence as depicted in Attachment A, Exhibit C.

Commissioner Eby seconded the motion.

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

NAYS: None

ABSTAINING: None

The motion passed unanimously.

B-3: Notice of Petition of Landowner Application for LAFCO File No. 1-R-25: Annexation No. 21 to Cayucos Sanitary District (Steinmann)

Mr. Fitzroy introduced **Ms. Marquez-Vawter**, who presented the item.

Chairperson Gregory opened the item for Commissioner questions and comments, announcing it was closed shortly after hearing none.

Chairperson Gregory then opened the item for public comment, announcing it was closed shortly

after hearing none.

Chairperson Gregory noted the item is to be received and filed.

Commissioner Comments:

Vice Chair Moreno provided comment on Consent Item A-4, asking that it be corrected and brought back to the next regular meeting.

Commissioner Eby provided comment on the CALAFCO Conference he attended.

Commissioner Waage provided comment on the importance of internal controls.

Chairperson Gregory thanked staff for their continued hard work.

Legal Counsel Comments: None.

Executive Officer Comments: **Mr. Fitzroy** provided updates on future meetings and the Special District Alternate Election.

Adjournment: With no further business before the Commission, the meeting adjourned at 10:37 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,
Melissa Morris, LAFCO Commission Clerk

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San Luis Obispo Local Agency Formation Commission

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City Member

Vice-Chair
HEATHER MORENO
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Special District Member

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VACANT
Special District Member

MICHAEL DRAZE
Public Member

STAFF
ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Senior Analyst

MORGAN BING
Analyst

MELISSA MORRIS
Commission Clerk

HOLLY WHATLEY
Legal Counsel

TO: **MEMBERS OF THE COMMISSION**

FROM: **ROB FITZROY, EXECUTIVE OFFICER**

DATE: **JANUARY 15, 2026**

SUBJECT: **CONFLICT OF INTEREST CODE AMENDMENT**

RECOMMENDATION

Action: Adopt, by resolution, the amendments to the conflict of interest code, as contained in Attachment A.

DISCUSSION

The Local Agency Formation Commission (LAFCO) is required to maintain a conflict-of-interest (COI) code under the California Political Reform Act, which includes all the designated positions that are required to file a "Form 700" with the County Clerk of the Board - the local code administrator. Every elected official and public employee who makes or influences governmental decisions is required to submit a Statement of Economic Interests, known as "Form 700".

The Political Reform Act also requires every local government agency to update its code any time a change is necessary, irrespective of the biennial review process. With the recent change of one of our Analysts' job titles to Senior Analyst, an amendment is required.

An agency's COI code is not effective until it has been reviewed by the County Counsel and approved by the County Board of Supervisors. LAFCO staff will work with the County Clerk of the Board and the County Counsel to finalize the proposed changes as needed.

Attachment A: Draft LAFCO Resolution No. 2026-XX Adopting the Updated Conflict of Interest Code

Attachment A

Draft LAFCO Resolution
No. 2026-XX Adopting the Updated
Conflict of Interest Code

IN THE LOCAL AGENCY FORMATION COMMISSION

COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

Thursday, January 15, 2026

RESOLUTION NO. 2026-XX

UPDATE OF THE SAN LUIS OBISPO LOCAL AGENCY FORMATION COMMISSION'S CONFLICT OF INTEREST CODE

WHEREAS, Government Code Section §87300 requires each local public agency to adopt and promulgate a conflict of interest code pursuant to the Political Reform Act (Government Code Section §81000 et seq.); and

WHEREAS, the Board of Supervisors is designated as the "code reviewing body" for all local agencies, except cities, whose boundaries are located wholly within the county; and

WHEREAS, pursuant to Government Code Section §87306.5, the Clerk of the Board of Supervisors of the County of San Luis Obispo, as the local code administrator, directed those local agencies that have adopted a conflict of interest code to review their codes to determine whether any changes to their codes are necessary due to changed circumstances; and

WHEREAS, the Political Reform Act requires local agencies to submit to the code reviewing body a report identifying changes in its code that are necessitated by changed circumstances, such as the addition of new positions, or the deletion of positions that have become obsolete; and

WHEREAS, minor changes need to be made to LAFCO's Conflict of Interest Code; and

WHEREAS, the Commission has duly considered the proposed amendments to the Conflict of Interest Code;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Local Agency Formation Commission that:

1. The Amended Conflict of Interest Code attached hereto as Exhibit A supersedes the Conflict of Interest Code last amended on January 16, 2025.

2. The list of designated LAFCO positions and applicable disclosure categories attached as Appendix A & B is hereby adopted as the appendix of designated positions and disclosure categories to accompany section 18730.

3. Designated employees and officers shall file statements of economic interest (FPPC Form 700) with the Clerk of the Board of Supervisors, who will make the statements available for public inspection and copying.

4. This conflict of interest code shall not take effect until the San Luis Obispo County Board of Supervisors approves it in its capacity as code reviewing body under the Political Reform Act. The Commission Clerk is hereby authorized and directed to submit a

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certified copy of this resolution with appendices to the Board of Supervisors and request approval of the Conflict of Interest Code.

5. After approval by the San Luis Obispo County Board of Supervisors, the attached Exhibit A together with Appendices A & B, shall constitute the Conflict of Interest Code of the San Luis Obispo Local Agency Formation Commission.

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

AYES:

NAYS:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby adopted.

_____,
Chair 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

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Exhibit 1

SAN LUIS OBISPO

LOCAL AGENCY FORMATION COMMISSION

CONFLICT OF INTEREST CODE AND FINANCIAL DISCLOSURE REQUIREMENTS

A. Incorporation by Reference of FPPC Model Code

The Political Reform Act, codified at Government Code Section §81000 et. seq., requires each state and local government agency to adopt and promulgate a conflict of interest code. The Fair Political Practices Commission (FPPC) has adopted a regulation, 2 California Code of Regulations §18730, which contains the terms of a standard conflict of interest code. ("Model Code".) This Model Code may be adopted by local agencies and incorporated by reference as the agency's conflict of interest code, together with appendices setting forth the designated positions and relevant disclosure categories applicable to each position. The Model Code may be amended from time to time by the FPPC after public notice and hearings to conform to amendments in the Political Reform Act.

The terms of 2 California Code of Regulations §18730 and any amendments to it, duly adopted by the FPPC, are hereby incorporated by reference.

Pursuant to section 2 of the Model Code, Appendix B attached hereto sets forth LAFCO's Designated Position List. Those persons holding positions listed in Appendix B must file statements of economic interest (Form 700) with the Executive Officer of the Commission, setting forth financial interests in the disclosure categories identified therein and more fully defined in Appendix A, attached hereto.

B. Disqualification and Disclosure

The provisions of Article 2.5 of Chapter 4 of Title 9 of the Government Code are applicable to LAFCO. LAFCO officers must not accept, solicit, or direct a contribution of more than five hundred dollars ($500) from any party, or his or her agent, or from any participant, or his or her agent, while a proceeding involving a license, permit, or other entitlement for use is pending before LAFCO and for three months following the date a final decision is rendered in the proceeding if the officer knows or has reason to know that the participant has a financial interest, as that term is used in Government Code Section §87100 (of the Political Reform Act). This prohibition applies regardless of whether the officer accepts, solicits, or directs the contribution for himself or herself, on behalf of any other officer, on behalf of any candidate for office, or on behalf of any committee. (Government Code Section §84308, subd. (b).)

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Prior to rendering any decision in a proceeding involving a license, permit, or other entitlement for use pending before the Commission, each commissioner or alternate commissioner, as the case may be, who received a contribution within the preceding 12 months in an amount of more than five hundred dollars ($500) from a party or from any participant to a LAFCO proceeding shall disclose that fact on the record of the proceeding.

LAFCO members are disqualified and are not able to participate in any proceeding involving an "entitlement for use" (within the meaning of Government Code Section §84308, subd. (a)(5)) if, within the 12 months preceding the LAFCO decision, the Commissioner received $500 or more in campaign contributions from the applicant, an agent of the applicant or any financially interested person who actively supports or opposes the LAFCO decision on the matter.[1]

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[1]This requirement is based on Government Code section 87100, which provides: Prior to rendering any decision in a proceeding involving a license, permit or other entitlement for use pending before an agency, each officer of the agency who received a contribution within the preceding 12 months in an amount of more than five hundred dollars ($500) from a party or from any participant shall disclose that fact on the record of the proceeding. No officer of an agency shall make, participate in making, or in any way attempt to use his or her official position to influence the decision in a proceeding involving a license, permit, or other entitlement for use pending before the agency if the officer has willfully or knowingly received a contribution in an amount of more than five hundred dollars ($500) within the preceding 12 months from a party or his or her agent, or from any participant, or his or her agent if the officer knows or has reason to know that the participant has a financial interest in the decision, as that term is described with respect to public officials in Article 1 (commencing with Section 87100) of Chapter 7.

APPENDIX A

Disclosure Categories

1) All sources of income, including gifts;

2) Interests in real property located in whole or in part within, or not more than one-half mile outside, the boundaries of San Luis Obispo County (does not include the principal place of residence); and

3) Investments and business positions in business entities located in or doing business in San Luis Obispo County and engaged in:

   a. The acquisition, sale, lease, or development of real property;

   b. Providing insurance brokerage or consulting services; or

   c. Providing services of the type which have, in the past two years, or which with reasonable foreseeability, may be used in the next one-year period by the filer's division within the office.

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Appendix B

Designations Position List

Designated Position	Disclosure Category Numbers
LAFCO Executive Officer	1, 2, 3
LAFCO Deputy Executive Officer	1, 2, 3
LAFCO Legal Counsel	1, 2, 3
LAFCO Commissioners & Alternate Commissioners[i]	1, 2, 3
LAFCO Analyst	1, 2, 3a, 3c
LAFCO Senior Analyst	1, 2, 3a, 3c
Consultants[ii]	1, 2, 3

[i] Board of Supervisors who are designated as governing board members of LAFCO report pursuant to Government Code Section 87200. Alternate Commissioners for the Board of Supervisors members on the LAFCO governing board report pursuant to this code.

[ii] The disclosure by consultants is subject to the following limitation: The LAFCO Executive Officer may determine in writing that a particular consultant, including a consultant filling a position designated above is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements, if any. The Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

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San Luis Obispo Local Agency Formation Commission

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Senior Analyst

MORGAN BING
Analyst

MELISSA MORRIS
Commission Clerk

HOLLY WHATLEY
Legal Counsel

TO: **MEMBERS OF THE COMMISSION**

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

DATE: **JANUARY 15, 2026**

SUBJECT: **LAFCO FILE NO. 4-S-22: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE CITY OF PASO ROBLES**

RECOMMENDATION

Action 1: Find, by motion, the Municipal Service Review and Sphere of Influence Study prepared for the City of Paso Robles (LAFCO File No. 4-S-22) to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption Section 15306 and CEQA General Rule Exemption 15061(b)(3).

Action 2: Approve, by resolution, the City of Paso Robles Municipal Service Review and Sphere of Influence Study (LAFCO File No. 4-S-22) as contained in Attachments A and B, and update the City's Sphere of Influence as depicted in Attachment A, Exhibit C.

OVERVIEW

The Cortese-Knox-Hertzberg Act directs Local Agency Formation Commissions (LAFCO) to regularly prepare municipal service reviews (MSRs) prior to, or in conjunction with, establishing and updating each local agency's sphere of influence (SOI). The legislative intent of MSRs is to proactively assess the availability, capacity, and efficiency of local governmental services prior to making SOI determinations. The information generated as part of the MSR may also be used by the Commission in (a) guiding subsequent sphere of influence updates, (b) informing future boundary changes, and – if merited – (c) initiating government reorganizations, such as mergers, consolidations, and/or dissolutions/ annexations. As part of the Commission's work plan, staff have prepared the MSR and SOI Study for the City of Paso Robles (City).

CITY OF PASO ROBLES MSR AND SOI STUDY

MSR Summary: LAFCO staff prepared the MSR and made written determinations for the seven MSR factors described in Government Code Section 56430 as a means of evaluating the public services provided by the City. An MSR must address the following factors:

1. Growth and population projections for the affected area
2. Location and characteristics of any disadvantaged unincorporated communities
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
4. Financial ability of agencies to provide services
5. Status of, and opportunities for, shared facilities
6. Accountability for community service needs, including governmental structure and operational efficiencies
7. Any other matter related to effective or efficient service delivery, as required by commission policy

Information regarding each of the factors above is provided in the MSR (Attachment B). In summary, LAFCO determined that the City serves a population of approximately 31,490, with an average annual growth rate of approximately 3 percent through 2050. In 2025, the City had an estimated 12,949 households, reflecting an increase of approximately 13 percent since 2010. According to the 2050 Regional Growth Forecast, the projected number of housing units in the City by 2050 is 14,342, remaining well below the City General Plan established limit of 16,924. The City is a full-service city and provides administration, airport, animal control, electric utility, fire and emergency services, law enforcement, community development, community services (such as library, parks and recreation), public works, solid waste, stormwater, wastewater, and water municipal services within its jurisdictional boundary as addressed in this MSR.

Existing and planned facilities are generally adequate to meet current community needs and future demands. To address existing and future demands, the City Council adopts annual goals that guide resource allocation through the budget and capital improvement program, which in turn aligns with departmental work plans, capital project priorities, and ensures ongoing high levels of service to the community.

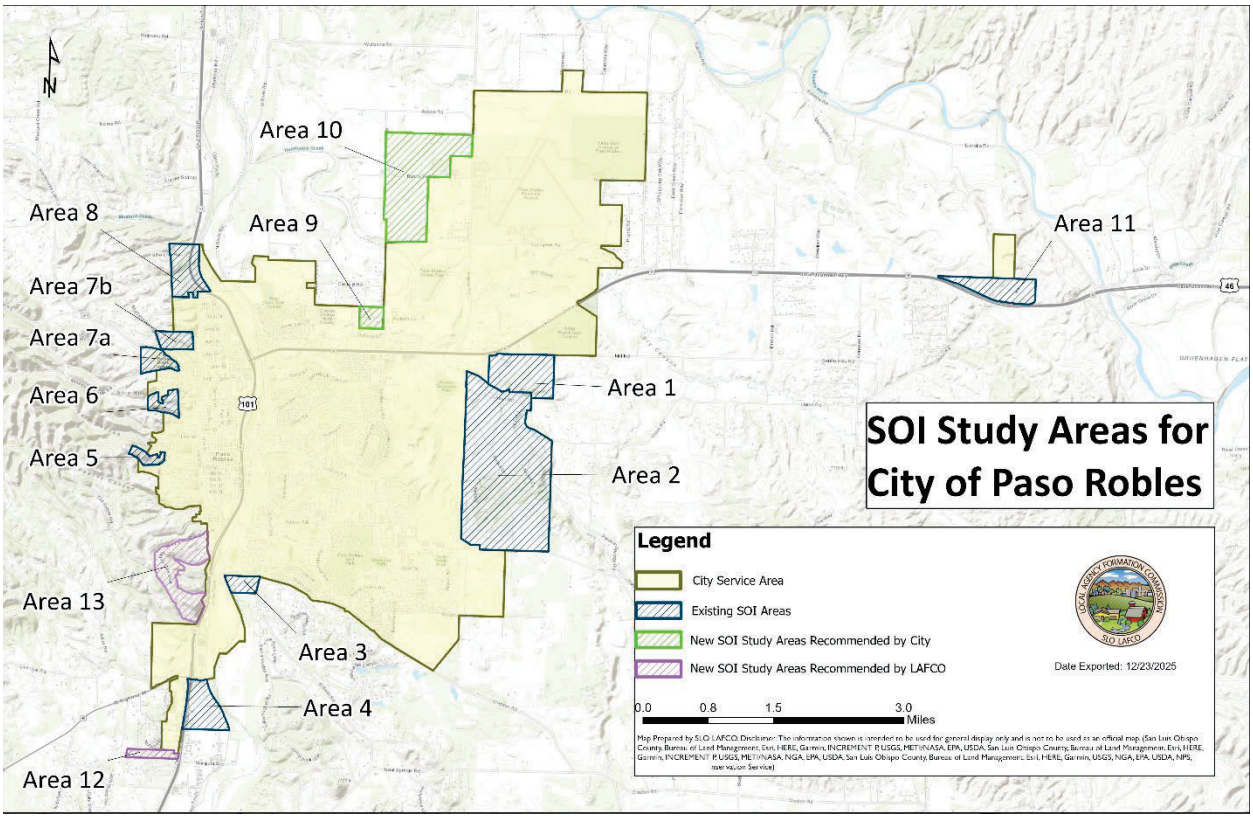
To assess the City's financial health, key indicators, including Operating Ratio, Liquidity Ratio, and Net Position, were analyzed. Financially, the City is in a stable position, with consistently positive operating ratios, strong liquidity, and a 39% increase in net position over the last five-year audited period. The City is governed by an elected five-member Council, with regular public meetings and accessible information through a well-maintained website. Overall, the City provides adequate public services, demonstrates financial health, and is accountable and transparent.

SOI Study Summary: LAFCO staff also prepared a SOI Study and made written determinations for the five SOI factors described in Government Code Section 56036. The factors that are required for establishing an SOI are described below:

1. Present and planned land uses in the area, including agriculture and open space lands
2. Present and probable need for public facilities and services in the area
3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
4. Existence of social or economic communities of interest in the area if the Commission determines that they are relevant to the agency
5. Present and probable need for public facilities and services of any disadvantage to unincorporated communities within the existing sphere

Information regarding each of the factors above is provided in the MSR and SOI Study (Attachment B). The MSR is used as an informational base by the Commission to update the SOI. The City's existing SOI is approximately 1,971 acres beyond the City limits and includes nine general areas, shown in the navy-blue hatch areas below. The SOI Study analyzed the nine areas already within the SOI and considered the inclusion of four additional study areas, shown in lime green and lavender hatch below. Please see Attachment B for additional maps.

Figure 1: SOI Study Areas for the City of Paso Robles



City staff provided input on the nine existing study areas and requested that two new areas be analyzed, as seen above. LAFCO staff included an additional two study areas due to landowner and/or Regional Water Quality Control Board interest in potential future consolidation. Exhibit A of the MSR and SOI Study includes the June 4, 2024, regular City Council meeting staff report that

provides more information relating to opportunities and constraints for each SOI study area and the City's preferred outcome. City Resolution No. 24-073 directed City staff to forward several recommended SOI changes to LAFCO. The City provided additional feedback for the two SOI study areas that were later added by LAFCO staff. Table 1 below outlines the City's and LAFCO's SOI recommendations.

Table 1: Recommended SOI Changes

SOI Study Areas	Description/ Location	Status	City's SOI Request[1]	LAFCO SOI Recommendation
1	Mill Road	Existing	Remain	Remain
2	East Chandler Ranch Area	Existing	Remove	Remove
3	SW corner of Charolais / S River Road (Oak Lane)	Existing	Remove	Remove
4	South Ramada Drive	Existing	Remain	Remain
5	Bailey Drive	Existing	Remove	Remove
6	W 19th Street	Existing	Remove	Remove
7	Nacimiento Lake Drive / Mustang Springs Road	Existing	Remove	Remove
8	North Vine Street	Existing	Remove	Remove
9	Wisteria Lane west of Golden Hill Road	New	Include	Include
10	Buena Vista Drive west of Airport Road	New	Include	Exclude
11	Union Rd near the Landfill	Existing	Remain	Remain
12	Rancho Paso Mobile Home Park	New	Exclude	Exclude
13	Almira Water Association	New	Exclude	Exclude

Areas Proposed to Remain in the SOI

SOI Study Areas 1, 4, and 11 are within the existing SOI and are proposed to remain/be reaffirmed. This recommendation aligns with the City's existing General Plan and offers an opportunity for the City to coordinate with the County in managing existing winery operations, commercial development, and landfill operations. If annexation is pursued in the future, the City would be required to demonstrate its ability to effectively serve the area and would be subject to LAFCO proceedings and approval.

Areas Proposed to be Removed from the SOI

SOI Study Areas 2, 3, 5, 6, 7, and 8 are within the existing SOI and are now being proposed for removal. Most of these areas have been within the City's SOI for multiple MSR cycles (up to forty years), yet neither the City nor the property owners have demonstrated interest in, or taken steps toward, annexation. The City also informed LAFCO of its desire to remove these areas from its

[1] Exhibit A and B attached to the City MSR and SOI Study

SOI, citing several constraints identified through feedback from all City departments. This feedback was gathered using a color ranking system that evaluated nine factors, as shown in Exhibit A of Attachment B. Some of the identified constraints relate to, but are not limited to, the following:

- Existing deficiencies related to fire access/egress and water flow available for emergency response
- Existing infrastructure does not meet City standards regarding roads, water, and sewer services, i.e., potential new lift stations, hydraulic modeling, new booster pump station, etc.
- Potential negative fiscal impacts to the City and or the homeowner, since most of these are residential developments, and these types of developments are not fiscally neutral on services, which require these properties to enter into the CFD, an additional tax burden to the homeowner

Given the absence of existing or foreseeable demand for municipal services and existing constraints, continued inclusion in the SOI is unwarranted.

Areas Proposed to be Included in the SOI

SOI Study Area 9 is not within the existing SOI but is now proposed to be included at the City's request. Including this area would be consistent with the goals of the City's 2018 Circulation Element of the General Plan and would provide the City with an opportunity to better manage the Wisteria Lane extension to Dallons Drive. If annexation is pursued in the future, the City would be required to demonstrate its ability to effectively serve the area and be subject to LAFCO proceedings and approval.

Areas Proposed to be Excluded from the SOI

SOI Study Areas 10, 12, and 13 were analyzed for potential inclusion but are proposed to remain excluded from the SOI. A summary of each of these areas is provided below, and the full discussion can be found within the SOI Study section of the MSR within Attachment B.

- **Area 10:** It is recommended that Area 10 be excluded from the City's SOI. This area covers 500± acres adjacent to the Paso Robles northern boundary, just west of the Paso Robles Municipal Airport. While the City's long-term goal of developing Area 10 into a wine-related industrial area to support the local wine industry could promote agricultural operations, economic growth, and other benefits, several factors limit its inclusion in the SOI at this time. It is estimated that approximately 78 percent of this study area is considered prime agricultural land as defined in Government Code Section 56064. Additionally, the City has not reviewed this area as an expansion area in their General Plan, and there are no existing Specific Plan and/or Environmental Impact Reports associated with potential development.

  Though the June 4, 2024, City Council item recommended inclusion of this area into the SOI, the City also recognized constraints related to the City's ability to provide wastewater, water, and road maintenance services. Should the City prepare a Specific Plan, General Plan Amendment, and Environmental Impact Report for the area in the

future, more information would be available, and the area could be reconsidered for inclusion into the SOI and annexation at that time. In addition, LAFCO Policies and Procedures call for properties with prime farmland to be protected from uses other than agriculture. If the City or landowner pursues annexation in the future, it may prompt LAFCO Policy 2.9.12, which requires 1:1 mitigation of prime land when converted from agricultural use. The City was supportive of excluding this area at this time and agreed it was premature to include it within the SOI.

- **Area 12:** It is recommended that Area 12 be excluded from the City's SOI. This area includes the Rancho Paso Mobile Home Park (MHP) area, which is 36± acres with 187 homes, located adjacent to the City's southern service area boundary and immediately north of the Templeton Community Services District (TCSD) SOI and service area boundaries. The Rancho Paso MHP owns and operates its own Wastewater Treatment Plant, receives water from the Walnut Hills Mutual Water Company, and fire protection services from CalFire. Although this area is outside of the City's SOI, it was analyzed as a new study area due to interest expressed by landowners, State Water Resources Control Board (SWRCB), and Regional Water Quality Control Board (RWQCB), as well as its status as a Disadvantaged Unincorporated Community.

  The Rancho Paso MHP Homeowners Association and the SWRCB have inquired with LAFCO separately regarding the possibility of annexing the MHP into TCSD or the City, whichever is possible, due to concerns related to the MHP's long-term ability to provide service and the SWRCB's efforts to consolidate small failing/ deteriorating private systems.

  Ongoing efforts are underway to explore the potential consolidation of Rancho Paso MHP, Walnut Hills MWC, and Los Robles MHP with neighboring public agencies for wastewater and/or water services. The City informed LAFCO that it cannot serve this area for a variety of reasons, including, but not limited to, potential negative fiscal impacts, existing infrastructure not meeting City standards, the use of General Fund resources to subsidize development, and reluctance to assume liabilities considered to be the County's responsibility, as seen in Exhibit B of Attachment B. The City is of the position that because these areas were originally permitted and are currently within the County's unincorporated land use authority, parties should engage further with the County on these matters. Inclusion into the City's SOI is not considered viable or recommended at this time, as all potential solutions are still being explored.

  Nonetheless, the City is encouraged to maintain active collaboration with neighboring service providers, the County, the SWRCB, and the RWQCB, as appropriate. Furthermore, the potential need for service is primarily limited to wastewater, with newly expressed interest in the consolidation of neighboring private water systems. While preliminary discussions have taken place among the affected parties, no viable solutions have yet been identified.

- **Area 13:** It is recommended that Area 13 be excluded from the City's SOI. This area contains the Almira Water Association, which covers 210± acres and is immediately adjacent to the western City service area boundary. LAFCO staff recommended that all contiguous "Failing" and "At-Risk" systems be analyzed further in the SOI Study. The Almira Water Association was identified as an "At-Risk" water system based on the SWRCB's SAFER Status. The RWQCB indicated that the Almira Water Association has experienced recent difficulties related to arsenic and manganese maximum contaminant level violations. However, the Almira Water Association has since made improvements to resolve these violations. Neither the City nor the property owners have demonstrated interest in, or taken steps toward, amending the SOI or pursuing annexation. The potential need for service is limited to water, which may not warrant an annexation. Inclusion into the City's SOI is not considered viable or recommended at this time.

  Further, similar to Area 12, the City informed LAFCO that they cannot serve Area 13 for a variety of reasons, including but not limited to potential negative fiscal impacts, existing infrastructure not meeting City standards, the use of General Fund resources to subsidize development, and reluctance to assume liabilities considered to be the County's responsibility, as seen in Exhibit B of Attachment B. The City is of the position that because these areas were originally permitted and are currently within the County's unincorporated land use authority, parties should engage further with the County on these matters. Nonetheless, the City is encouraged to maintain active collaboration with the County, and Almira Water Association, as necessary.

Next Steps: A Memorandum of Agreement (MOA) is commonly entered into by each respective City and the County for areas that are envisioned for future expansion. An MOA is not a mandatory requirement but rather a strategic tool to facilitate regional collaboration, acknowledge proposed changes to SOI boundaries, and explore methods to reach agreement on development standards and planning/ zoning requirements within the SOI.

The City and County are committed to working cooperatively regarding growth and development on the urban fringe of the City. The City Council previously considered and approved the MOA between the City and the County on November 20, 2012. The County Board of Supervisors adopted the MOA on January 8, 2013. LAFCO is working together with the affected jurisdictions to facilitate a constructive dialogue on issues related to the MSR and SOI Study. Once the Commission establishes what the City's SOI will be, then LAFCO staff will continue to coordinate with the affected jurisdictions, and the City Council and County Board of Supervisors may move forward with adopting the MOA. A copy will be made available on the LAFCO website.

Agency Coordination/Public Comments: Staff coordinated with the City throughout the preparation of this MSR and SOI Study and received input from the City via meetings, questionnaires, email correspondence, and review of the administrative review draft. The MSR and SOI Study was released for a 30-day public review period between November 10 and December 10, 2025. Notice was mailed to property owners and registered voters within 300 feet of the existing and proposed SOI areas. A total of five public comments, two agency comments,

numerous inquiries with clarifying questions, and requests to be added to the noticing distribution list were received during the 30-day public review period. On December 2, 2025, the City of Paso Robles Council passed Resolution No. 25-139 recommending approval of the public review draft with no changes.

A separate 21-day notice of hearing and additional revised MSR and SOI hearing draft was released between December 25, 2025, and January 15, 2026. A notice of public hearing was published in the newspaper on December 25, 2025, at least 21 days in advance of the hearing. As of the staff report publishing date of January 8, 2026, no written comments were received during the 21-day notice period. All public comments received will become part of the official record of the Commission hearing and will be uploaded to the website.

Recommendation: Approve, by resolution, the City of Paso Robles Municipal Service Review and Sphere of Influence Study (LAFCO File No. 4-S-22) as contained in Attachments A and B, and update the City's Sphere of Influence as depicted in Attachment A, Exhibit C.

ENVIRONMENTAL DETERMINATION

LAFCO is the Lead Agency for the proposed MSR and SOI Study. The City MSR and SOI Study is categorically exempt from further review under CEQA under Section 15306 (Class 6 Exemption). This is based on the use of the MSR as data collection, service evaluation, and as part of a study that may lead to an action which the public agency has not yet approved, adopted, or funded.

Furthermore, the City's MSR and SOI Study is exempt from further review under Section 15061(b)(3) (General Rule Exemption). This is based on a determination that the MSR and SOI Study will have no possibility of significantly affecting the environment, given that no physical or land use changes are occurring as a result of the Study.

Recommendation: Find, by motion, the Municipal Service Review and Sphere of Influence Study prepared for the City of Paso Robles (LAFCO File No. 4-S-22) to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption Section 15306 and CEQA General Rule Exemption 15061(b)(3).

ATTACHMENTS

Attachment A: Draft LAFCO Resolution No. 2026-XX Approving the City of Paso Robles Municipal Service Review and Sphere of Influence Study

Exhibit A: Notice of Exemption pursuant to Section 15306 and 15061(b)(3)

Exhibit B: MSR and SOI Study Determinations

Exhibit C: City Boundary Map

Attachment B: City of Paso Robles Municipal Service Review and Sphere of Influence Study

Attachment A

Draft LAFCO Resolution No. 2026-XX
Approving the City of Paso Robles
Municipal Service Review and Sphere
of Influence Study

IN THE LOCAL AGENCY FORMATION COMMISSION

COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

Thursday, January 15, 2026

RESOLUTION NO. 2026-XX

RESOLUTION APPROVING THE CITY OF PASO ROBLES MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY

The following Resolution is now offered:

RECITALS

WHEREAS, the San Luis Obispo Local Agency Formation Commission, hereinafter referred to as the "Commission", is authorized to conduct municipal service reviews and establish, amend, and update spheres of influence for local government agencies whose jurisdictions are within San Luis Obispo County; and

WHEREAS, the Commission conducted a municipal service review to evaluate the availability and performance of governmental services provided by the City of Paso Robles, hereinafter referred to as the "City", pursuant to California Government Code Section 56430, hereby incorporated by reference as contained in LAFCO File No. 4-S-22 City of Paso Robles Municipal Service Review and Sphere of Influence Study included as Attachment B of the January 15, 2026, LAFCO Staff Report; and

WHEREAS, the Commission conducted a sphere of influence study for the City pursuant to California Government Code Section 56425, hereby incorporated by reference as contained in LAFCO File No. 4-S-22 City of Paso Robles Municipal Service Review and Sphere of Influence Study included as Attachment B of the January 15, 2026, LAFCO Staff Report; and

WHEREAS, no change in regulation, land use, or development will occur as a result of the adoption of a sphere of influence for the City; and

WHEREAS, the Executive Officer gave sufficient notice of a public hearing to be conducted by the Commission in the form and manner provided by law; and

WHEREAS, the staff report and recommendations on the municipal service review and sphere of influence study were presented to the Commission in the form and manner prescribed by law; and

DRAFT

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on the municipal service review and sphere of influence study on January 15, 2026; and

WHEREAS, the Commission considered all of the municipal service review and sphere of influence factors required under Government Code Section 56430(a) and 56425(e) and adopts as its written statements of determinations therein, the determinations set in the municipal service review and sphere of influence study titled "City of Paso Robles Municipal Service Review and Sphere of Influence Study", with said determinations being included in Exhibit B of this resolution; and

WHEREAS, the Notice of Exemption, prepared pursuant to Section 15062, is adequate as the documentation to comply with the California Environmental Quality Act (CEQA) under Categorical Exemption Section 15306 and the General Rule Exemption Section 15061(b)(3), for the municipal service review and sphere of influence study for the City; and

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 and are hereby incorporated by reference.
2. The municipal service review and sphere of influence study titled "City of Paso Robles Municipal Service Review and Sphere of Influence Study" includes the related statements of determination and is determined to be exempt from CEQA pursuant to Section 15306 and Section 15061(b)(3) of the CEQA Guidelines.
3. That the Notice of Exemption prepared for this proposal is complete and adequate, having been prepared in accordance with the provisions of the CEQA, and is hereby determined to be sufficient for the Commission's actions and is incorporated by reference as Exhibit A of this resolution.
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. Pursuant to Government Code Section 56430(a), the Commission makes the written statement of determinations for municipal service reviews, included in Exhibit B of this resolution.
6. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations for the sphere of influence, included in Exhibit B of this resolution.
7. That the sphere of influence for the City be adopted pursuant to the map in Exhibit C of this resolution.

DRAFT

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.

_____

Steve Gregory Date
LAFCO Chairperson

ATTEST:

_____

Rob Fitzroy Date
LAFCO Executive Officer

APPROVED AS TO FORM AND LEGAL EFFECT:

_____

Holly Whatley Date
LAFCO Legal Counsel

DRAFT

Exhibit A

Notice of Exemption pursuant to
Section 15306 and 15061(b)(3)

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. 4-S-22 | City of Paso Robles Municipal Service Review and Sphere of Influence Study

Project Location: The City of Paso Robles (City) is located in the northern unincorporated area of San Luis Obispo County.

Description of Nature, Purpose, & Beneficiaries of Project: The Local Agency Formation Commission (LAFCO) has prepared a Municipal Service Review (MSR) and Sphere of Influence (SOI) Study for the City pursuant to Government Code Section 56430 and Section 56425. The SOI is a 20-year growth boundary that includes areas that may be served by the City in the future. State law requires the MSR to be completed either prior to or concurrent with the SOI study. The MSR evaluates the public services provided by the City and is used as the basis for any changes to the SOI. The Commission took action to change the City's SOI as depicted in Attachment A, Exhibit C of the LAFCO January 15, 2026, staff report found on the LAFCO website at https://slo.lafco.ca.gov/. The City's SOI previously encompassed approximately 1,971+/- acres beyond its service area and included nine general areas. Following the January 15, 2026, hearing, the SOI now consists of four general areas totaling about 600+/- acres.

Name of Public Agency Approving Project: The San Luis Obispo County LAFCO conducted a noticed public hearing on January 15, 2026, at 9:00 a.m. in the Board of Supervisors Chambers in San Luis Obispo at the County Government Center. Additional information 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 15306
☐ 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 MSR and SOI Study is categorically exempt under Class 6, Section 15306, and the MSR and SOI Study also qualifies for a general rule exemption under Section 15061(b)(3). There is no possibility that this MSR and SOI Study may have a significant effect on the environment because there are no land use changes associated with the documents; therefore, the City MSR and SOI Study is found to be exempt from CEQA pursuant to Section 15306 and Section 15061(b)(3) of the State Guidelines. LAFCO will file this Notice of Exemption upon approval of the MSR and SOI Study.

Rob Fitzroy, Executive Officer _____ Date _____

Exhibit B

MSR and SOI Study
Determinations

Municipal Service Review Determinations for the City of Paso Robles (Government Code Section 56430)

1. **Growth and population projections for the affected area.**

   The City's estimated population is 31,490 based on 2020 US Census data. The projected General Plan buildout population is estimated to be 44,000. The 2050 Regional Growth Forecast for San Luis Obispo County (medium scenario) population projections do not suggest that Paso Robles will reach the population growth cap of 44,000, as the population of the community is estimated to be 37,858 by the year 2050. The City's population is projected to grow by 27 percent between 2010 and 2050, with an average annual increase of approximately 3 percent.

   In 2025, the City had an estimated 12,949 households, reflecting an increase of approximately 13 percent since 2010. The total number of households is projected to grow by 25 percent between 2010 and the buildout year of 2050. According to the 2050 Regional Growth Forecast for San Luis Obispo County (medium scenario), the City is not expected to reach its housing unit cap of 16,924. Instead, the projected number of housing units by 2050 is 14,342, remaining well below the established limit.

2. **The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

   There are no DUCs within the City's service area, existing or proposed SOI that meet the definition of a DUC as outlined in Government Code Section 56033.5. However, two DUCs are located adjacent to the City's service area and a portion of the existing SOI. These areas—Paso Robles/Templeton DUC Area 1 and Paso Robles DUC Area 2—are all inhabited and have a Median Household Income (MHI) that is less than 80 percent of the statewide MHI, qualifying them each as DUCs. If the City considers future SOI amendments or annexations, it is recommended that these DUCs be evaluated further, in alignment with objectives to ensure equitable access to public services and infrastructure.

Table 1: City Disadvantaged Unincorporated Communities Census Block Information

DUC	Census Block Group	Median Household Income	Registered Voters[1]
Paso Robles/Templeton DUC Area #1	127.07.1	$54,797	955
Paso Robles DUC Area #2	102.02.2	$61,513	59

3. **Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

   The City is a full-service city and provides Administration, Airport, Animal Control, Electric Utility, Fire and Emergency Services, Law Enforcement, Community Development, Community Services (such as Library, Parks and Recreation), Public Works, Solid Waste, Stormwater, Wastewater, and Water municipal services within its jurisdictional boundary as addressed in this MSR. Existing and planned facilities are generally adequate to meet current community needs and future demands. To address existing and future demands, the City Council adopts annual goals that guide resource allocation through the budget and capital improvement program, which in turn aligns with departmental work plans, capital project priorities, and ensures ongoing high levels of service to the community.

4. **Financial ability of agencies to provide services.**

   The City Council adopts an annual budget on a basis consistent with generally accepted accounting principles. The City is primarily funded through charges for services, property taxes, sales & use taxes, grants and contributions, and other taxes such as transient occupancy taxes and Community Facilities Districts. To assess the City's financial health, key indicators, including Operating Ratio, Liquidity Ratio, and Net Position, were analyzed. Operating Ratio, which compares annual operating revenues to operating

[1] SLO County Clerk Recorder Registered Voter GIS Data, October 2023

expenses, showed a consistently positive trend over the past five audited years, indicating that revenues have exceeded expenditures on an annual basis. Liquidity Ratio, which measures current assets relative to current obligations, also remained strong across all five years, reflecting adequate short-term financial health. The City's Net Position, representing the difference between total assets and total liabilities, increased by 26 percent over the five-year audited period, a strong indicator of long-term financial growth and stability. Overall, these financial indicators suggest that the City is in a financially healthy state with adequate financial resources to deliver its services.

5. **Status of and opportunities for shared facilities.**

   There are opportunities for new and continued collaborative efforts with neighboring agencies to improve efficiencies. Opportunities may include, but are not limited to, coordination with SLO County regarding future expansion areas, City, County/CAL Fire, and other neighboring agencies that provide fire protection services, agriculture and open space preservation efforts, private water and wastewater consolidation opportunities, and ongoing engagement with Joint Power Authorities in which the City participates.

6. **Accountability for community service needs, including governmental structure and operational efficiencies.**

   The City is governed by a five-member City Council that is elected to four-year terms. Regularly scheduled monthly Council meetings are held, and all meetings are open to the public and are publicly posted a minimum of 72 hours prior to the meeting in accordance with the Brown Act. The City maintains an up-to-date website that contains City information, documents, and updates. The City has demonstrated accountability and transparency in its disclosure of information and cooperation during the process of this MSR. The City responded to questionnaires and cooperated with document requests.

7. **Any other matter related to effective or efficient service delivery.**

   LAFCO recommends that the City consider analyzing possible annexation of the areas within their sphere boundary as part of any future strategic plan and/or general plan update.

Sphere of Influence Determinations for the City of Paso Robles (Government Code Section 56425)

1. **Present and planned land uses in the area, including agricultural and open-space lands.**
   Land uses within the City's existing SOI are determined by the County's General Plan, and range from a wide variety of uses, from Residential Rural, Residential Suburban, Public Facilities, Commercial Service, Industrial, and Agriculture. The SOI is proposed to be reduced to four areas as discussed in the "SOI Study" section of the report and as shown in Exhibit C of the resolution. Planned land uses within the proposed SOI are not anticipated to deviate from the existing County designations, as the City has expressed interest in existing development and/or land use designation of Residential Rural, Commercial Recreation, Industrial, and Agriculture.
2. **Present and probable need for public facilities and services in the area.**
   The City is a full-service city and provides Administration, Airport, Animal Control, Electric Utility, Fire and Emergency Services, Law Enforcement, Community Development, Community Services (such as Library, Parks and Recreation), Public Works, Solid Waste, Stormwater, Wastewater, and Water municipal services within its jurisdictional boundary as addressed in this MSR. The areas within the proposed SOI updates reflect the appropriate current and near-term jurisdictional boundaries as well as service areas of the affected agencies as determined by the Commission. Accordingly, the City's SOI should be updated to reflect the changes described in the "SOI Study" section of the report and as shown in Exhibit C of the resolution.
3. **Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
   The City has the capability and capacity to adequately meet existing service demand and some level of increased future service demand. A comprehensive evaluation of public services and adequacy therein for the City has been prepared by the Commission as part of this MSR. In order to continue serving current needs and plan for anticipated future growth, the City is encouraged to continue with planned upgrades to its facilities as

identified in its capital improvement program. Accordingly, the City's SOI should be updated to reflect the changes described in the "SOI Study" section and as seen in Figure 26 of the report or as shown in Exhibit C of the resolution.

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

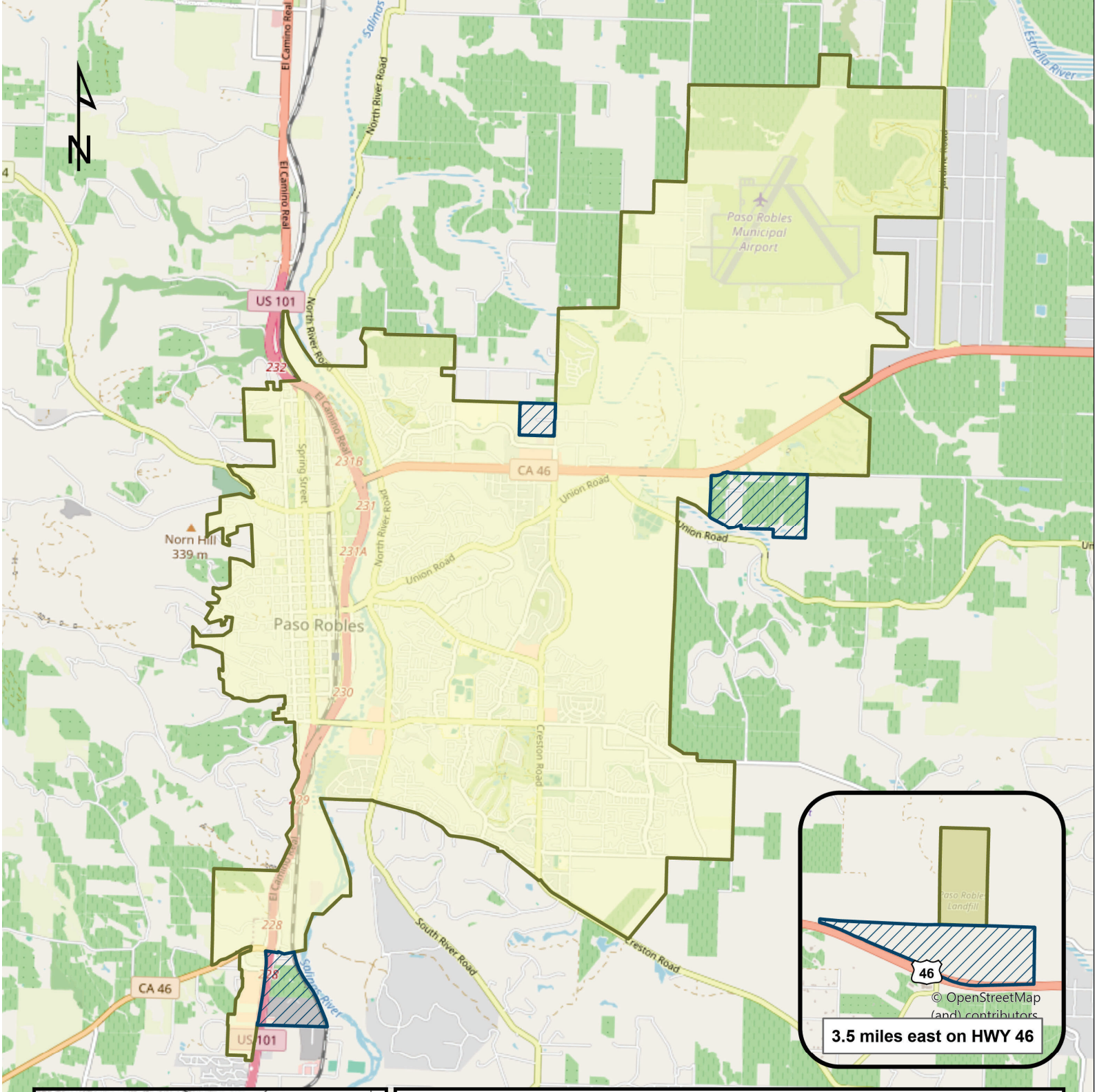
   There are no social or economic communities of interest within the City service area boundary.

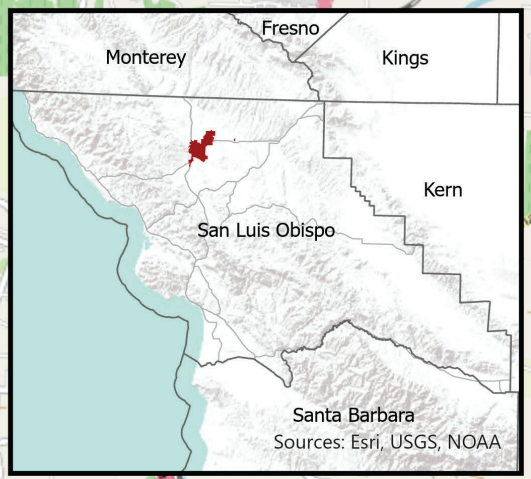
5. **For an update of the sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere**.

   There are no DUCs within the City's service area, existing or proposed SOI that meet the definition of a DUC as outlined in Government Code Section 56033.5. However, two DUCs are located adjacent to the City's service area and a portion of the existing SOI. Paso Robles/Templeton DUC Area 1 and Paso Robles DUC Area 2. The DUCs contain some areas that are uninhabited. There are known deficiencies within a portion of the Paso Robles/Templeton DUC Area 1, consisting of the Rancho Paso MHP, which was studied further in the MSR and SOI Study. While preliminary discussions have taken place among affected parties (RWQCB, SWRCB, City, TCSD, LAFCO, and Rancho Paso MHP), no viable solutions have yet been identified. Ongoing efforts are underway to explore the potential consolidation of Rancho Paso MHP, Walnut Hills MWC, and Los Robles MHP with neighboring public agencies for water and/or wastewater services. Should the City seek to evaluate any of the City's surrounding areas for an SOI amendment or annexation in the future, disadvantaged communities should be considered further, in alignment with objectives to ensure equitable access to public services and infrastructure.

Exhibit C

City Boundary Map





City of Paso Robles Recommended SOI

LAFCO Boundaries

- Sphere of Influence
- Service Area

Latest SOI Approval: 11/18/2021

0 0.5 1 2 Miles

LOCAL AGENCY FORMATION COMMISSION
SLO LAFCO

Prepared By SLOLAFCO
Name: City of Paso Robles
Date: 10/17/2025

B-1-22

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Attachment B

City of Paso Robles
Municipal Service
Review and Sphere of
Influence Study

Public Hearing Review Draft

City of El Paso de Robles Municipal Service Review and Sphere of Influence Study

Prepared by

The San Luis Obispo Local Agency Formation Commission

Adopted ___, 2026

Resolution No. 2026-___

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ABOUT LAFCO

Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are considered regional subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs' authority is currently codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), with principal oversight provided by the Assembly Committee on Local Government. LAFCOs are comprised of locally elected and appointed officials with regulatory and planning powers delegated by the Legislature to coordinate and oversee the establishment, expansion, and organization of cities, towns, and special districts, as well as their municipal service areas.

Regulatory Responsibilities

LAFCOs' principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts[1] in California. LAFCOs are also tasked with overseeing the approval process for cities, towns, and special districts to provide new or extended services beyond their jurisdictional boundaries by contracts or agreements, or annexation. LAFCOs also oversee special district actions to either activate new service functions and service classes or divest existing services. LAFCOs generally exercise their regulatory authority in response to applications submitted by affected agencies, landowners, or registered voters. Recent amendments to CKH also authorize and encourage LAFCOs to initiate jurisdictional changes to form, consolidate, and dissolve special districts consistent with community needs.

[1] CKH defines "special district" to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO oversight with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

Planning Responsibilities

LAFCOs inform their regulatory actions, in part, through two central planning responsibilities: (a) making sphere of influence determinations and (b) preparing municipal service reviews. With this and other relevant information in the record, LAFCO makes decisions on a variety of matters, including but not limited to annexations to cities and special districts, city incorporations, activation of powers for special districts, dissolutions of special districts, reorganizations, etc.

Sphere of Influence (SOI)

A SOI is defined by G.C. 56425 as "…a plan for the probable physical boundary and service area of a local agency or municipality…". A SOI is generally considered a 20-year, long-range planning tool. LAFCOs establish, amend, and update spheres for all applicable jurisdictions in California every five years, or as necessary. When updating the SOI, LAFCOs are required to consider and prepare a written statement of their determinations with respect to each of the following 5 factors:

1) The present and planned land uses in the area, including agricultural and open-space lands.
2) The present and probable need for public facilities and services in the area.
3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
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.
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.

SOI determinations have been a core planning function of LAFCOs since 1971. The intent in preparing the written statements is to orient LAFCOs in addressing the core principles underlying the sensible development of local agencies consistent with the anticipated needs of the affected communities.

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Municipal Service Reviews (MSR)

MSRs, in contrast, are intended to inform, among other activities, SOI determinations. LAFCOs also prepare MSRs regardless of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. When updating an MSR, LAFCOs are required to consider and prepare written statements of their determinations with respect to each of the following 7 factors:

1) Growth and population projections for the affected area.
2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4) Financial ability of agencies to provide services.
5) Status of, and opportunities for, shared facilities.
6) Accountability for community service needs, including governmental structure and operational efficiencies.
7) Any other matter related to effective or efficient service delivery, as required by commission policy.

LAFCO Decision-Making

LAFCO decisions are legislative in nature and, therefore, are not subject to an outside appeal process; only courts can overturn LAFCO decisions. LAFCOs also have broad powers with respect to conditioning regulatory and planning approvals, so long as not establishing any terms that directly affect land use density or intensity, property development, or subdivision requirements.

LAFCOs are generally governed by a board comprising of county supervisors, city council members, independent special district members, representatives of the general public, and an alternate member for each category. SLO LAFCO is governed by a 7-member board comprising of two county supervisors, two city council members, two independent special district members, one representative of the

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general public, and an alternate member for each category. All members serve four-year terms and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests. LAFCOs are independent of local government, with their own staff. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the Commission. In addition, all LAFCOs must also appoint their own legal counsel.

SLO LAFCO

Regular Commissioners

Chair Steve Gregory	City Member
Vice Chair Heather Moreno	County Member
Dawn Ortiz-Legg	County Member
Ed Eby	Special District Member
Navid Fardanesh	Special District Member
Ed Waage	City Member
David Watson	Public Member

Alternate Commissioners

Carla Wixom	City Member
Bruce Gibson	County Member
Vacant	Special District Member
Michael Draze	Public Member

Staff

Rob Fitzroy	Executive Officer
Imelda Marquez-Vawter	Senior Analyst
Morgan Bing	Analyst
Melissa Morris	Commission Clerk
Holly Whatley	Legal Counsel

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Contact Information

San Luis Obispo LAFCO's office is located at 1042 Pacific St, Suite A, in the City of San Luis Obispo. The LAFCO office is open by appointment to discuss proposals or other matters and can be scheduled by calling 805-781-5795. Additional information is also available online by visiting slo.lafco.ca.gov.

Acknowledgments

San Luis Obispo LAFCO gratefully acknowledges the time and effort of staff with the City of Paso Robles in assisting in the preparation of this report, including – but not limited to – the following:

Warren Frace, City of Paso Robles, Community Development Director
Darren Nash, City of Paso Robles, City Planner
Darcy Delgado, City of Paso Robles, Associate Planner
Charlie Moloney, City of Paso Robles, Building Official
Angelica Fortin, City of Paso Robles, Community Services Director
David Athey, City of Paso Robles, Water Resources Manager
Casey Shepherd, City of Paso Robles, Wastewater Manager
Kirk Gonzalez, City of Paso Robles, Utilities Planning and Engineering Manager
Jonathan Stornetta, City of Paso Robles, Fire Chief
Paul Patti, City of Paso Robles, Battalion Chief, Fire Marshal
Damien Nord, City of Paso Robles, Chief of Police
Caleb Davis, City of Paso Robles, Deputy Police Chief
Freda Berman, City of Paso Robles, Public Works Director

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CITY MSR & SOI STUDY

Overview

This report represents San Luis Obispo LAFCO's scheduled municipal service review for the City of El Paso de Robles (City or City of Paso Robles), located in the north region of San Luis Obispo County. The report has been prepared by staff in accordance with the requirements of the Government Code. The purpose of this report is to produce an independent assessment of municipal services in this area over the next five years or as necessary, relative to the Commission's regional growth management duties and responsibilities as established by the State Legislature. This includes evaluating the current and future relationship between the availability, demand, and adequacy of municipal services within the service areas of the City, subject to the Commission's oversight. The information generated as part of the report will be used by the Commission in (a) guiding subsequent sphere of influence updates, (b) informing future boundary changes, and – if merited – (c) initiating government reorganizations, such as special district formations, consolidations, and/or dissolutions.

The period for collecting data to inform the Commission's analysis and related projections on population growth and service demands has been set to cover any major updates and changes since the last time the MSR was updated in 2013. The financial analysis has been set to cover the last five-year audited fiscal year period. The timeframe for the report has been generally prepared to cover the next five to seven-year period, with the former (twelve years) serving as the analysis anchor as contemplated under State law.

The document outline serves to inform all the state-mandated requirements outlined in government code sections 56430 and 56425. Written determinations have been included as the concluding chapter of this document.

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At A Glance

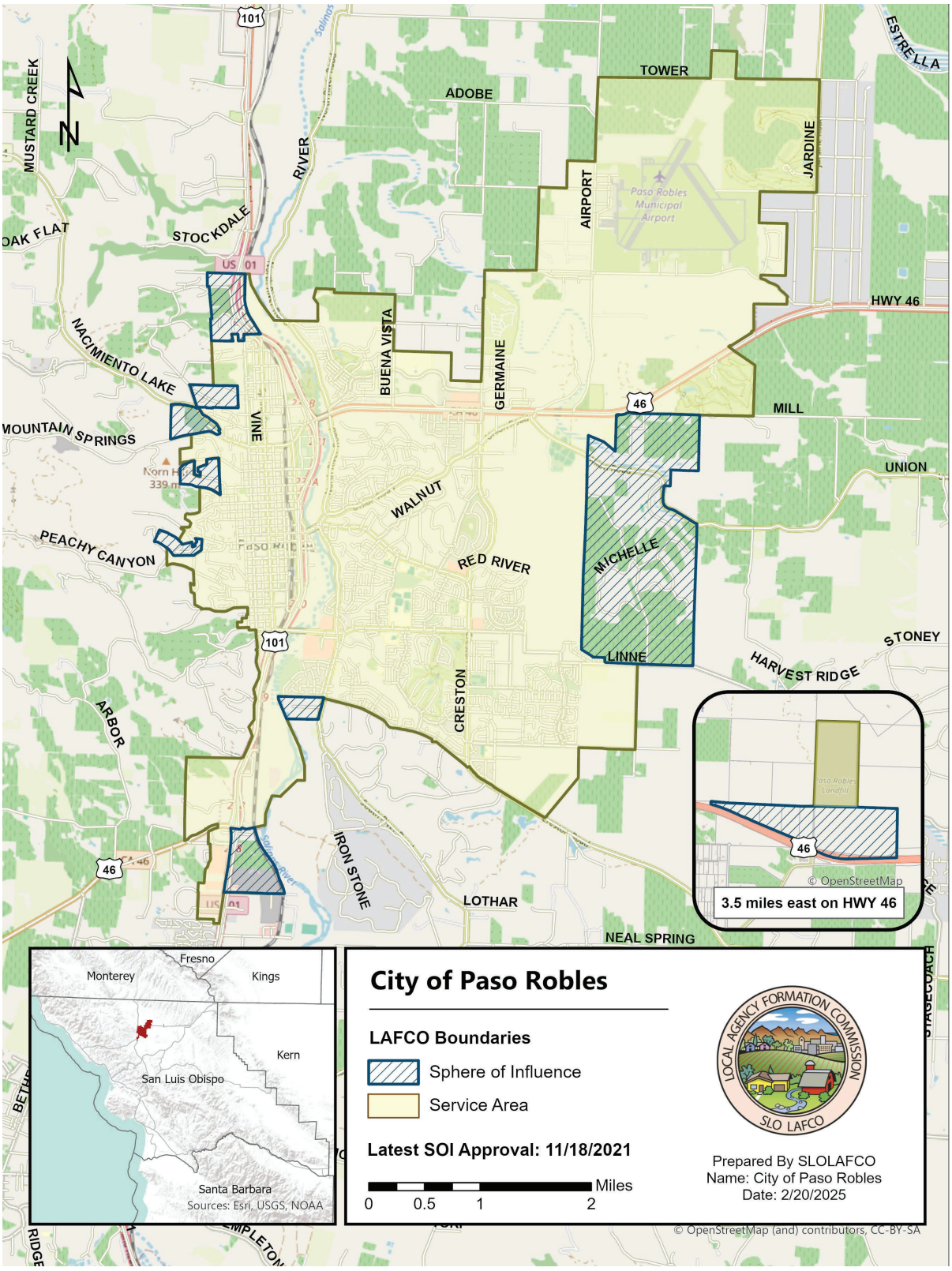
Table 1: City Profile[2]

Agency Name	City of Paso Robles
Formation	1889
Legal Authority	California Government Code, Title 4 (34000-45345)
Office Location	1000 Spring Street, Paso Robles, CA 93446
Website	www.prcity.com
Municipal Code	https://library.municode.com/ca/el_paso_de_robles/codes/code_of_ordinances
City Manager	Chris Huot
Employees	223 Full-time, 20 Part-time, 1 Reserve/Contracted, and 88 Volunteers or Interns
Public Meetings	Regular City Council Meetings are held on the first and third Tuesday of every month at 6:00 p.m. Special meetings may be scheduled on an as-needed basis.
City Council	Four members elected to four-year terms. City Mayor elected to a four-year term.
Powers	California Government Code (37100-37200)
City Service Area	Approx. 12,783 acres or 20 square miles
Population Estimate	31,490[3]
Revenues	$130,408,196[4]

[2] As of submission of MSR-SOI Request for Information Questionnaire, December 2022
[3] United States Census Bureau, City of El Paso de Robles (Paso Robles) Population Data, 2020
[4] City of Paso Robles Audited Financial Statements June 30, 2024

Boundary Map

Figure 1: City of Paso Robles Boundary Map



Accountability

The City of Paso Robles (City) is governed by a five-member City Council that is elected to four-year terms through by-district elections. The City district boundaries can be found on the City's website using the following link: https://www.prcity.com/DocumentCenter/View/27903/City-Council-District-Map-PDF?bidId=. The Council is responsible for the establishment of policy relative to the City's mission, goals, and operations. The Council has the authority to establish all laws and regulations with respect to municipal affairs, subject to limitations of the City Municipal Code as well as State and Federal legislation.

The City Mayor and City Councilmembers receive a monthly stipend set by resolution. City Council Members receive a total annual compensation of $30,570, the City Mayor receives a total annual compensation of $35,190, and both the Councilmembers and Mayor receive a total average annual health benefit of $13,710[5]. The Council holds regular meetings on the first and third Tuesday of every month at 6:00 p.m. at the Council Chambers located at 1000 Spring Street, Paso Robles, CA 93446. The Chambers is open to the public who wish to attend meetings in person; however, meetings are also available by teleconference. Agendas and board packets are officially posted on the City's website and bulletin boards at the meeting location and are made available a minimum of 72 hours prior to the meeting in accordance with the Brown Act. Every agenda for a regular meeting provides an opportunity for members of the public to directly address the Council.

Table 2: City of Paso Robles Council Members

City Council	Title	Term Expiration
John Hamon	Mayor	December 2026
Kris Beal	City Council – District 1	December 2026
Chris Bausch	City Council – District 2	December 2026
Steve Gregory	City Council – District 3	December 2028
Fred Strong	City Council – District 4	December 2028

[5] Effective January 2025: https://www.prcity.com/DocumentCenter/View/35633/Stipend-and-Benefit-Information-Effective-012025-PDF?bidId=

Other Boards / Commissions

The City has several Ad Hoc Committees and Advisory Body Committees/Commissions that help shape the City's needs and guide City operations. There are a total of 3 Ad Hoc Committees (1) Economic Development; (2) Housing Constraints & Opportunities; and (3) Specific Plans, and a total of 14 Boards and Commissions, listed below. The City posts each committee's meeting agendas, purpose, and members involved on its website.

- Airport Commission
- Building Board of Appeals
- Development Review Committee
- Housing Authority
- Housing Constraints & Opportunities
- Library Board of Trustees
- Parks & Recreation Advisory Committee
- Paso Basin Cooperative Committee
- Planning Commission
- Senior Citizen Advisory
- Short-Term Rental Task Force
- Supplemental Tax Oversight Committee
- Youth Commission
- Vacancies and Applications

Staffing & Personnel

The City Council appoints a City Manager to serve as the administrative head of the City government, responsible for the efficient operation of the City. The City Council also appoints a City Attorney and a Vice-Mayor, who serves as Mayor Pro Tem in the absence or sickness of the Mayor. The City Manager appoints department heads, including but not limited to a City Clerk, a Community Development Director, a Public Works Director, a Utilities Director, a Chief of Police, and a Chief of the Fire Department. The City is organized into departments operating under the direction of the City Manager.

The City currently employs 223 full-time, 20 part-time, 1 reserve or contracted employees, and 88 volunteers or Interns. Current staffing levels are considered adequate to provide services within the City's service area. Several reported positions were added within the last 4 to 5 years to better address service needs.

Transparency

The City maintains an up-to-date website in compliance with State Law, which contains contact information for the City, the current agenda, financial transaction reports, compensation reports, and an SB 272 Enterprise System catalog. Audio/visual recordings are also made available for public access on the website. The City reports that all Form 700 financial disclosures are current.

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Awards and Recognition

The City of Paso Robles has been the recipient of several awards over the last several years, as shown in Table 3.

Table 3: City of Paso Robles Awards and Recognition

Name of Award	Issuer	Year(s) Received
Achievement for Excellence in Financial Reporting Program	Government Finance Officers Association	FY 2023
Disability Employment Award in recognition of the Recreation Services Division's partnership with NCI Affiliates	San Luis Obispo County	FY 2023
Distinguished Budget Presentation Awards for the Annual Comprehensive Financial Report (FY 2021-22) and the Adopted Budget Report (FY's 2022-23 and 2023-24)	Government Finance Officers Association	FY 2023
Paso Robles Tertiary Treatment Facility received the Engineering and Research Achievement Award	California Water Environment Association	2020
Paso Robles Tertiary Treatment Facility received the 2020 Wastewater Project of the Year	Global Water Intelligence	2020
Certificate of Award for their Annual Comprehensive Financial Report	California Society of Municipal Finance Officers or the Government Finance Officers Association	Annually since 1999 - present

Population Profile

Population and Housing Projections

The City's population is approximately 31,490 based on 2020 US Census data. The General Plan buildout population threshold is 44,000 residents and is projected to occur by 2050 or later. The 2050 Regional Growth Forecast for San Luis Obispo County, prepared by Beacon Economics and the San Luis Obispo

Council of Governments (SLOCOG), provides population projections for jurisdictions in the County under three separate scenarios. SLOCOG and Beacon Economics' Medium Scenario population projections do not suggest that Paso Robles will reach the population growth cap of 44,000, as the population of the community is estimated to be 37,858 by the year 2050.

In 2025, there were an estimated 12,949 households in the City, reflecting a growth rate of approximately 13 percent since 2010. SLOCOG and Beacon Economics' Medium Scenario housing unit projections do not suggest that Paso Robles will reach the housing unit cap of 16,924, as the housing units are estimated to be 14,342 by the year 2050[6]. Table 4 below shows population and housing unit projections for the City of Paso Robles under the Medium Scenario identified in SLOCOG's 2050 Regional Growth Forecast. Please refer to the 2050 Regional Growth Forecast and the City's General Plan for more information on City demographics.

Table 4: Population and Housing Unit Projections[7]

Description	2010	2015	2020	2025	2030	2035	2040	2045	2050	Growth Rate	Average Annual (%) Change
Population Projections	29,793	31,348	31,490	34,314	35,582	36,561	37,130	37,487	37,858	27%	3%
Housing Projections	11,426	11,706	12,343	12,949	13,452	13,843	14,071	14,215	14,342	25%	3%

Disadvantaged Unincorporated Communities

LAFCO is required to evaluate Disadvantaged Unincorporated Communities (DUCs) as part of this MSR, including the location and characteristics of any such community. DUCs are defined in Government Code Section 56033.5 as inhabited territories (containing 12 or more registered voters) where the annual median household income (MHI) is less than 80 percent of the statewide annual MHI[8]. Once the locations of the DUCs have been identified, LAFCOs are further required to evaluate any present

[6] City General Plan Total Dwelling Units Projected by 2045.
[7] City of Paso Robles 2020 US Census Data, San Luis Obispo Council of Governments 2050 Regional Growth Forecast (Figures 116 & 120 Medium Scenario), June 2017
[8] California's MHI is $84,097; 80% of the state's MHI is $67,277. Therefore, the threshold for a DUC is an MHI less than is $67,277.

and probable need for services related to sewer, municipal/ industrial water, or structural fire protection of any DUC within the existing SOI. The legislative intent is to prohibit selective annexations by cities of tax-generating land uses while leaving out underserved, inhabited areas with infrastructure deficiencies and a lack of access to reliable potable water and wastewater services.

To identify the MHI for locations within the unincorporated areas of the County, and to identify those that meet the DUC MHI threshold, LAFCO uses U.S. Census American Community Survey (ACS) five-year reports for Census Block Groups (CBG)[9] and Census Designated Places (CDP)[10] data. Once a CBG or a CDP meets the DUC MHI threshold, LAFCO must then verify that those areas are inhabited as specified in Government Code Section 56033.5 using registered voter data from the County Clerk-Recorder.

Using this methodology, there were no DUCs within the City's service area, existing SOI or proposed SOI boundaries that meet this definition. However, two DUCs are contiguous to the City's service area and adjacent to a portion of the City's existing SOI, as seen in Figures 2 and 3. Information related to the DUC's MHIs and the number of registered voters is presented in Table 5. The identified DUCs include some public facilities, commercial services, and agriculture-zoned areas with no registered voters, and determinations made are for the inhabited areas only.

Table 5: City Disadvantaged Unincorporated Communities Census Block Information

DUC	Census Block Group	Median Household Income	Registered Voters[11]
Paso Robles/Templeton DUC Area #1	127.07.1	$54,797	955
Paso Robles DUC Area #2	102.02.2	$61,513	59

[9] Block groups are a group of blocks within a census tract with populations of 600 to 3,000 people.
[10] CDPs are a statistical geography representing closely settled, unincorporated communities that are locally recognized and identified by name.
[11] SLO County Clerk Recorder Registered Voter GIS Data, October 2023

Paso Robles/Templeton DUC Area 1

Paso Robles/Templeton DUC Area 1 is partially located within the Templeton Community Services District (TCSD) service area boundary, SOI boundary, and some areas are entirely outside of the City and TCSD boundaries. The developed areas located within TCSD's service area receive water, wastewater, and fire protection services from the TCSD. The developed areas located within or contiguous to TCSD's SOI receive water from private wells or from the TCSD (for those with existing outside agency service agreements), wastewater from onsite septic or the TCSD (for those with existing outside agency service agreements), and fire protection from CalFire.

Rancho Paso Mobile Home Park

There is a known deficiency within a portion of Paso Robles/Templeton DUC Area #1, which is located contiguous to the City's southwestern service area boundary, outside of the SOI, as seen in Figure 2. Paso Robles/Templeton DUC Area #1 includes an area of approximately 36 acres of property within the Rancho Paso Mobile Home Park (MHP) located at 2945 Theatre Dr., Paso Robles, CA 93446; between the City of Paso Robles service area (city limits) and the TCSD SOI and service area boundaries. It must be noted that the Rancho Paso MHP is not in the City's SOI. The Rancho Paso MHP owns and operates its wastewater treatment facility, receives water from the Walnut Hills Mutual Water Company, and fire protection from CalFire. The Park Homeowners Association has received several notices of violation since 2022 from the State Water Resources Control Board. As a result, the Rancho Paso MHP Homeowners Association and the State Regional Water Quality Control Board have inquired with LAFCO separately regarding annexing the MHP into TCSD or the City of Paso Robles, whichever is possible. For these reasons, this area is being studied further in the SOI section of this report.

Paso Robles DUC Area 2

Paso Robles DUC Area 2 is located adjacent to the City service area and SOI and partially within the Linne CSD service area boundary. The developed areas within Paso Robles DUC Area #2 receive water from onsite wells, wastewater service from onsite septic tanks, and fire protection from CalFire.

There are no known needs or deficiencies related to sewers, municipal/ industrial water, and structural fire protection for properties located within or contiguous to the City's SOI. However, as noted above, there are known deficiencies within a portion of Paso Robles/Templeton DUC Area 1, consisting of the Rancho Paso MHP, which was identified as an area to be studied further in the SOI section of this report.

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Should the City seek to evaluate any of the City's surrounding areas for annexation in the future, disadvantaged communities should be considered further.

Figure 2: Paso Robles/Templeton DUC Area #1 Boundary Map

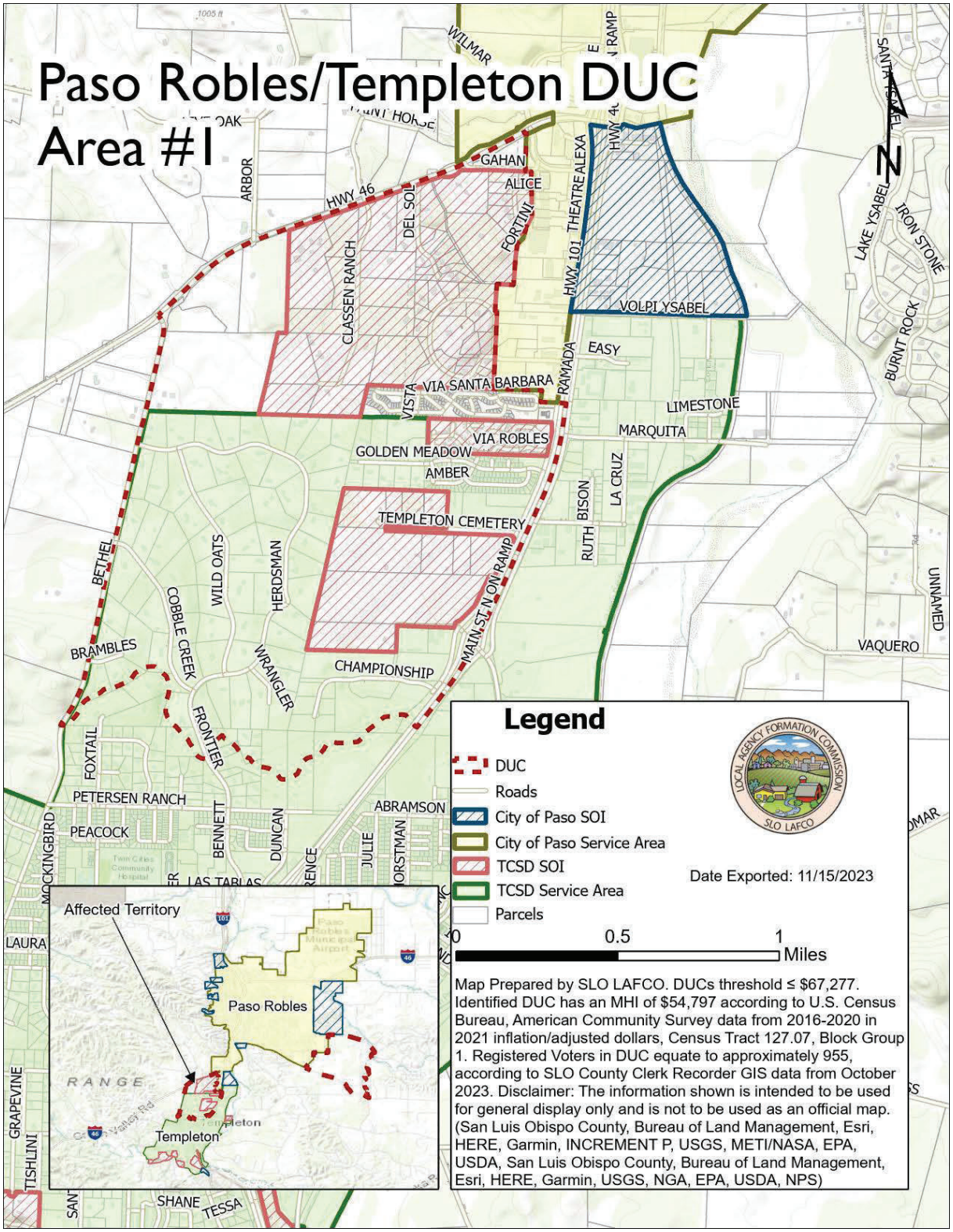
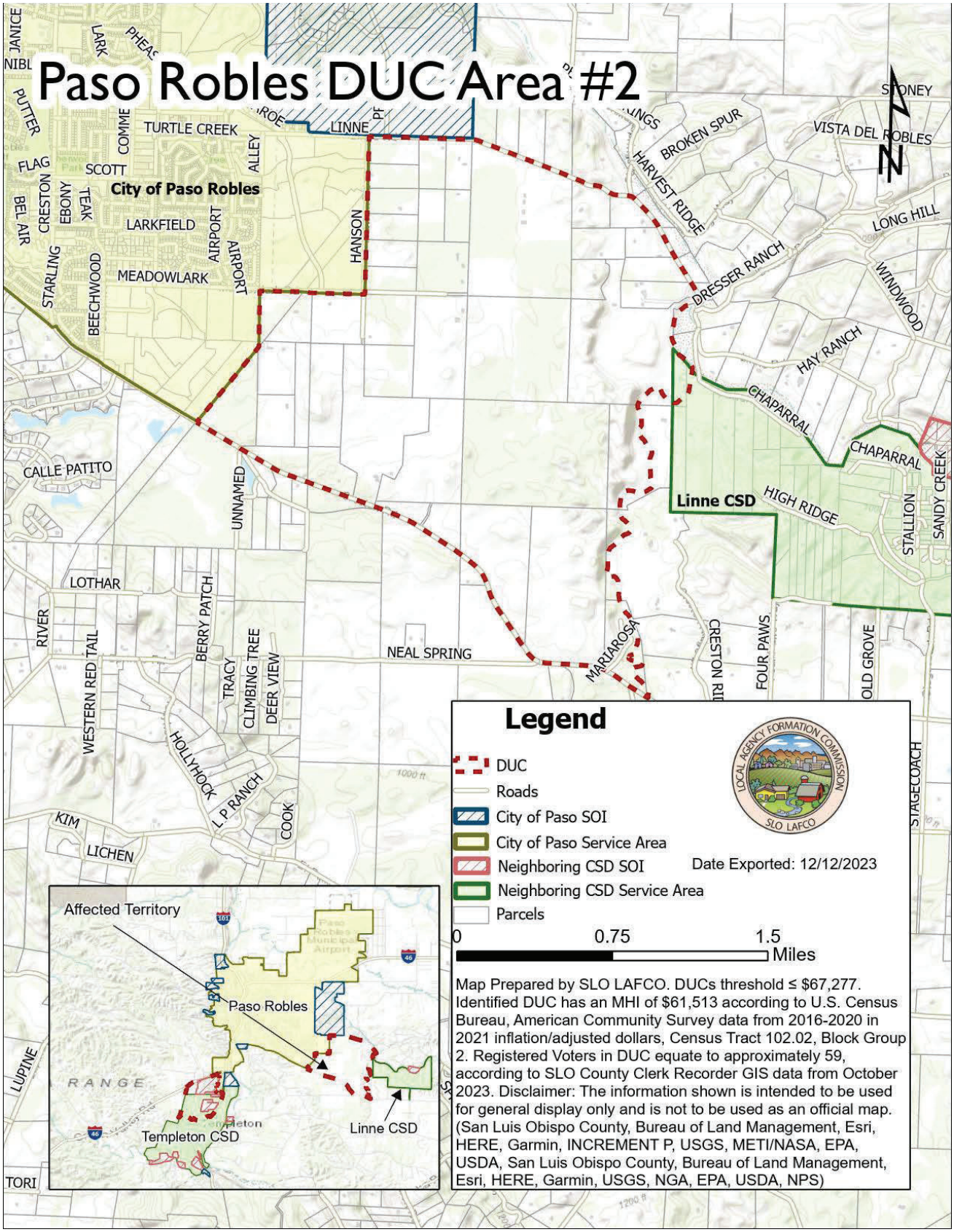


Figure 3: Paso Robles DUC Area #2 Boundary Map



Social or Economic Communities of Interest in the Area

There are no known City-relevant social or economic communities of interest.

Present and Planned Land Use

City General Plan

The City of Paso Robles adopted its General Plan in 2003, establishing a framework for future growth based on analysis of available resources and projected demand. The plan outlines policies to guide land use decisions through the City's anticipated build-out in 2045. The Land Use Element, revised in 2020 per Resolution 20-152, provides for the opportunity for infill development within the City limits and expansion of the City limits to incorporate potential annexation areas. It should be noted that the City's General Plan provides a clear and detailed policy base with regard to future growth and development within the City. It comprehensively addresses the various facets of development, provides clear information to the public, and gives decision-makers a foundation for considering future projects. Table 6 summarizes the acreage of each land use category within the City's service area.

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Table 6: City General Plan Land Use Distribution[12]

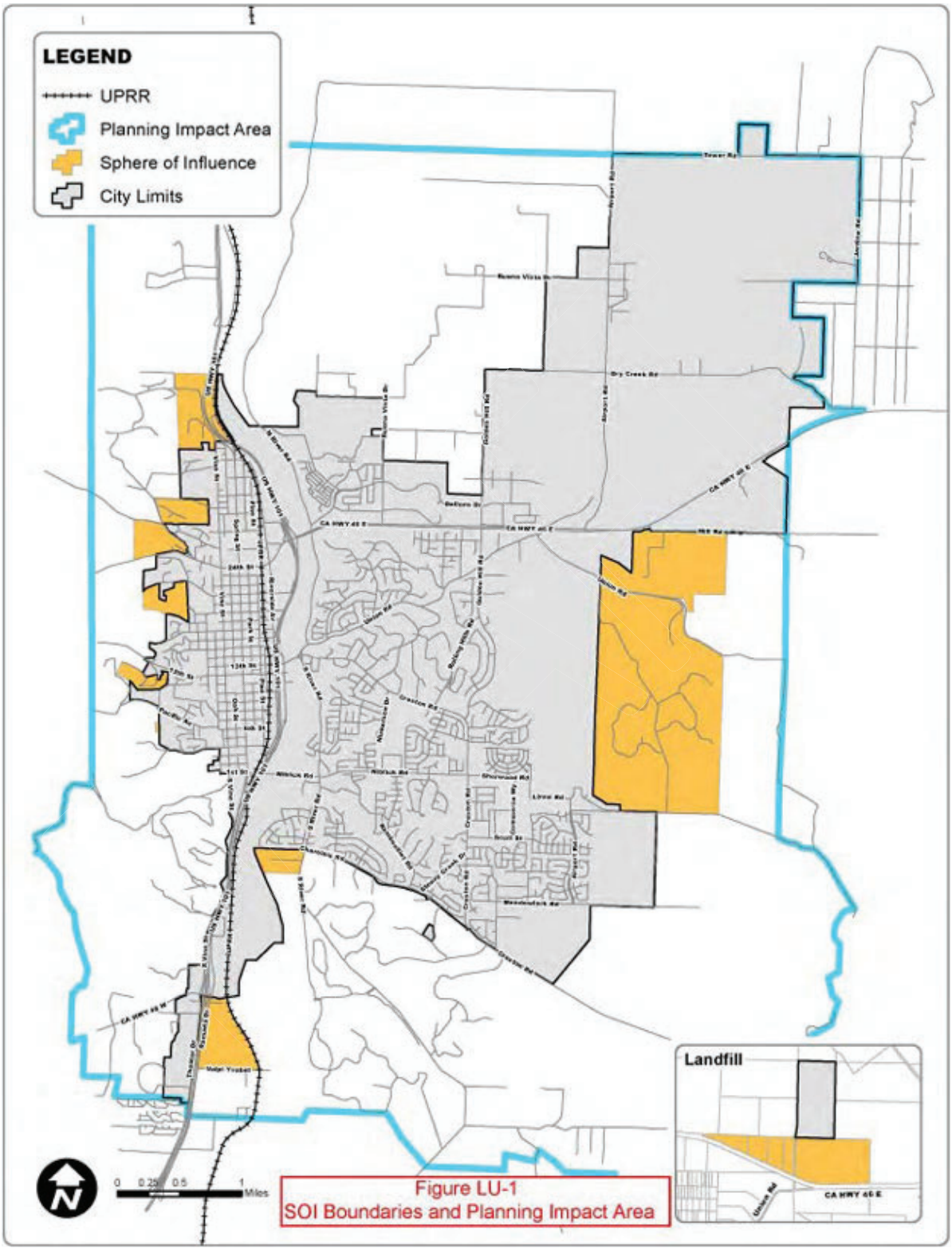
Land Use Category	Acreage	Percent
Agriculture	900	6.8%
Residential Categories		
Residential Rural	0	0%
Residential Suburban	604	4.7%
Residential Single Family	2,983	23%
Residential Multi-Family	631	4.9%
Mobile Home Park	58	0.4%
Residential Total	***4,276***	***33.1%***
Commercial Categories		
Neighborhood Commercial	41	0.3%
Office Professional	21	0.2%
Downtown Commercial	42	0.3%
Community Commercial	98	0.8%
Regional Commercial	180	1.4%
Commercial Service	481	3.7%
Resort/Lodging	38	0.3%
Commercial Total	*896*	*6.9%*
Mixed Use Categories		
Mixed Use (Commercial & Multi-Family-8)	21	0.2%
Mixed Use (Commercial & Multi-Family-12)	43	0.3%
Mixed Use Total	***64***	***0.5%***
Industrial Categories		
Business Park	1,682	12.6%
Industry	51	0.4%
Industrial Total	***1,674***	***13.0%***
Other Categories		
Public Facilities	1,682	13%
Parks and Open Space	1,609	12.7%
Open Space	27	0.2%
Other Categories Total	***3,342***	***25.9%***
Unassigned (Includes roadways & right-of-ways)	1,736	13.4%
Total	**12,909**	**100%**

[12] Table LU-2 in the City of El Paso de Robles General Plan, 2003, Revised March 2020. Land Use Inventory, updated to reflect General Plan Amendments through May 26, 2020. Please note that It is expected that the North Chandler Ranch Area Specific Plan will include changes to some of the above acreage in order to attain the 879 dwelling units provided by the General Plan.

In its 1991 City Land Use Element update, the City established the maximum potential geographical boundaries to which the City could grow in the foreseeable future, as well as areas within which development could impact the City. These geographical boundaries are called the City's Planning Impact Area. The City has no land use authority over areas within the Planning Impact Area that are outside of the City limits. In addition, any potential expansion of the City or its SOI to include portions of the Planning Impact Area currently outside its SOI would require LAFCO consideration and approval. It should be noted that a Planning Impact Area is not recognized under state law and thus does not require LAFCO approval to be established by the City. The Study Areas identified in the SOI section of this MSR & SOI Study are all within the City of Paso Robles Planning Impact Area, as identified under the Land Use Element of the City's General Plan, with the exception of one (SOI Study Area 12). Figure 4 shows the City's existing SOI and Planning Impact Area.

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Figure 4: City of Paso Robles Existing SOI and Planning Impact Areas[13]



[13] Figure LU-1 of the City's Land Use Element | City of Paso Robles General Plan, Revised March 2014

County General Plan

The County's Inland Area Plans are components of the County General Plan that contain goals, policies, and programs that apply to the following locations:

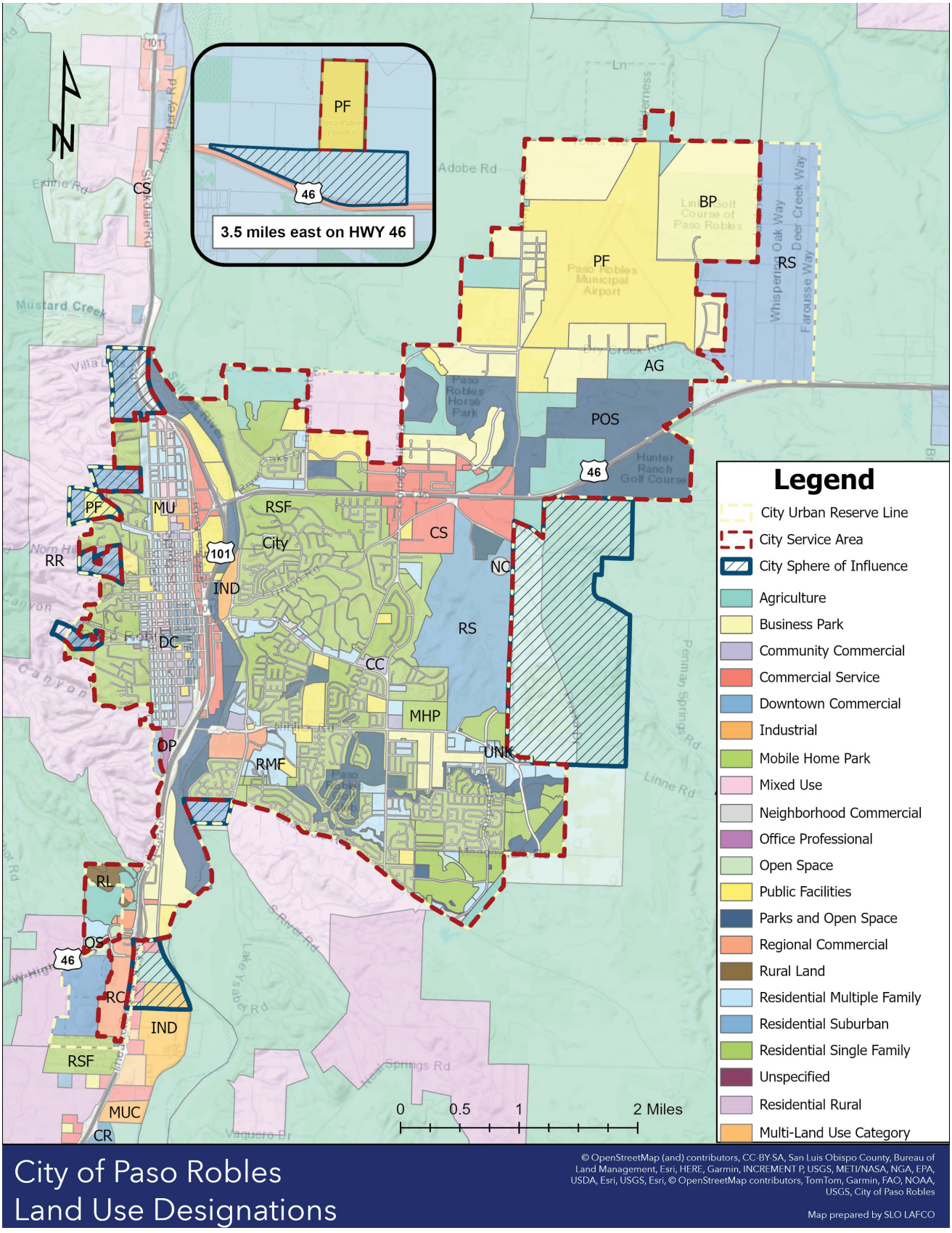
1) "areawide" (throughout the planning area);
2) in rural areas; and
3) in this case, within the unincorporated urban areas adjacent to incorporated cities.

In addition, the County establishes City Urban Reserve Lines (URLs), which are urban areas that are not distinct communities; rather, they are unincorporated extensions of the adjacent cities. The Paso Robles URL encompasses approximately 2,147 acres outside the city limits.

The City and County intend to cooperate regarding growth and development on the urban fringe of the City. The City Council of Paso Robles previously considered and approved the Memorandum of Agreement (MOA) between the City of Paso Robles and the County of San Luis Obispo on November 20, 2012. The Board of Supervisors adopted the MOA on January 8, 2013. An MOA is not a mandatory requirement but rather a strategic tool to facilitate regional collaboration, acknowledge proposed changes to sphere boundaries, and explore methods to reach agreement on development standards and planning/ zoning requirements within the sphere. Its purpose is to ensure that growth and development within the sphere align with the priorities of the affected city and proceed in a logical, coordinated, and orderly manner. The City and County are working on updating the Agreement. Once updated and approved, a copy will be made available on the LAFCO website. Figure 5 below shows the City's land use designations within the service area, the County's land use designations adjacent to the City boundaries, and the URL.

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Figure 5: City of Paso Robles Land Use Designations



Services & Operations

Authorized Services

The City of Paso Robles is a full-service city with in-house City staff, including general government, community development, public safety, and public works services. The City has a total of 8 City departments. Overall, the City has the capacity to provide adequate services to meet community demand, and City representatives anticipate that they will be able to continue to provide service in accordance with projected growth rates. Table 7 provides a summary of municipal services and associated service providers within Paso Robles.

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Table 7: City of Paso Robles Service Delivery

Major Service Function	Responsible Agency	Service Provider
Airport	City	City Public Works Department
Animal Control	Contract with County	SLO County Department of Animal Regulation
Code Enforcement	City	City Police Department
Electricity	Franchise Agreement	PG&E and Central Coast Community Energy
Fire and Emergency	City	City Fire and Emergency Services Department
Homelessness	City	City Community Services Department
Housing	City	City Community Development Department
Landscape & Lighting	City	City Public Works Department
Law Enforcement	City	City Police Department
Library	City	City Community Services Department
Natural Gas	Franchise Agreement	Southern California Gas Company
Parks and Recreation	City	City Community Services Department
Planning, Building, & Engineering	City	City Community Development Department
Solid Waste	Franchise Agreement	Paso Robles Waste Disposal, Inc.
Streets/ Road Maintenance	City	City Public Works Department
Stormwater	City	City Public Works Department
Water	City	City Utilities Department
Wastewater	City	City Utilities Department

The following pages summarize the role, purpose, and responsibility of each of the 8 departments with a focus on critical services.

City Council/City Manager's Office

The City Manager's Office is responsible for the implementation of policies established by the Paso Robles City Council and the coordination of those efforts through the City's nine departments. Primary functions of the City Manager's Office include legislative support, policy implementation, budget development, strategic planning, economic development, elections, and community engagement services. The City Manager's Office includes several divisions that provide specific services to the public, in alignment with adopted City Council Goals. These divisions include City Clerk, Civic Engagement, and Economic Development. The total reported FY 2025-2026 Budget for the City Manager's Office was $2.7 million; approximately 3 percent of the City's total budget.

Administrative Services

The Administrative Services Department provides finance, human resources, risk management, and information technology services to each City department. The Administrative Services Department includes the following divisions: 1) Finance Division, 2) Human Resources Division, and 3) the Information Technology (IT) Division. The total reported FY 2025-2026 Budget for Administrative Services was $7.1 million; approximately 8 percent of the City's total budget.

Department of Community Services

The Community Services Department is responsible for providing an array of quality-of-life, educational, and recreational programs at facilities throughout the community. There are four divisions in the Community Services Department as follows: 1) Library, 2) Recreation, 3) Parks Maintenance, and 4) the Homeless Services Division. The total reported FY 2025-2026 Budget for the Community Services Department was $6.6 million; approximately 7 percent of the City's total budget.

Service Delivery & Performance

Library Division: The City Library Division is the only City-run library in San Luis Obispo County. A variety of books, audio-visual materials, magazines, and digital resources are available in addition to online databases that may be accessed remotely by library cardholders. Library staff offer educational opportunities such as lectures, book discussions, and early literacy story times. The library also offers outreach services, which include home delivery services for the homebound, pop-up libraries, and mobile library services. The City Library is open 57 hours per week. The Paso Robles City Library is a

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member of the Black Gold Cooperative Library System, enabling additional resource sharing among Central Coast area public libraries.

Recreation Division: The Recreation Division offers a variety of classes, camps, and leagues for all ages. Recreation staff provide the following services, including overseeing the Teen Center at Centennial Park and an after-school open gym, processing class registrations, handling facility reservations, and managing memorial trees and bench requests. Recreation staff coordinate the use of seven major parks, featuring sports fields, playgrounds, tennis, pickleball, and basketball courts, and BBQ pavilions.

The seasonal Aquatics staff provide swim lessons and public swim opportunities at two public swimming pools. Contract instructors provide an average of 300 programs per month at Centennial Park and the Municipal Pool. Recreation Services also oversees the contracts to provide administrative services at the Senior Center, Teen Center, and concession services at Barney Schwartz Park and Sherwood Park.

Parks and Trails Division: The Parks and Trails Division utilizes eight employees to manage and maintain more than 120 acres of parks and trails. Parks and Trails staff collaborate with local sports groups and volunteers to keep fields properly maintained. Picnic areas and other outdoor amenities are also maintained by staff.

Homeless Services Division: The Homeless Services Division is the newest division of the department. In 2023, the City Council adopted the Paso Robles Strategic Plan to Address Homelessness. The completed plan includes six focus areas, with accompanying goals and action items, guiding efforts to better manage the complex issues related to homelessness. Recognizing a lack of capacity, diversity in areas of responsibility, and the profound impacts within the community, a key element of the plan is the development of the Homeless Services Division.

Department of Community Development

The Community Development Department staffs the City's permit counter and responds to requests for all development and planning-related issues. The Community Development Department also provides technical analysis, staff support, recommendations, and public meeting assistance to the Planning Commission and City Council on all land use issues upon which they must act. The staff also organizes and facilitates a variety of public outreach and community participation processes related to

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planning and development activities. There are three divisions in the Community Development Department as follows: 1) Planning, 2) Building, and 3) Engineering Division. In addition, this Department consists of Housing Programs that provide services related to low- and moderate-income housing, the Paso Robles Housing Authority, and Community Development Block Grant-funded projects. The total reported FY 2025-2026 budget for the Community Development Department was $5.5 million; approximately 6 percent of the City's total budget.

Service Delivery & Performance

The Planning Division facilitates the land use planning and development process, assisting the City Council, Planning Commission, and the Development Review Committee in establishing and carrying out land use policies and plans. The City's General Plan serves as the foundation for land use policy, while specific plans and the Zoning Code function as key tools for its implementation.

The Building Division interprets the Building Code by overseeing the plan check and inspection process for all construction requiring a Building Permit.

The Engineering Division is responsible for maintaining engineering standards, public improvements in the right-of-way, subdivision map processes, grading and drainage plans, circulation plans, traffic safety operations, Storm Water Management Plan (SWMP) implementation, and coordination with Utilities and Public Works functions. The Engineering Division is responsible for ensuring that private developments are designed in a manner consistent with City and other applicable codes and standards.

Police Department

The Department is responsible for the protection of life and property and maintaining social order within the community. The City of Paso Robles Police Department (PRPD) provides its own law enforcement and dispatch services within the City. The PRPD station is located at 900 Park Street, Paso Robles, CA 93446. The Chief of Police is responsible for administering and managing the PRPD. There are three divisions in the Police Department as follows: 1) Administrative Division, 2) Operations Division, and 3) Support Services Division. The PRPD established a Policy Manual that contains current policies, rules, and guidelines of the department, approved June 2024. The total reported FY 2025-2026 budget for the PRPD was $19.4 million; approximately 21 percent of the City's total budget.

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Capital Facilities & Equipment

The PRPD operates out of a single facility located at 900 Park Street. Opened in 2002, this facility is shared with the Paso Robles Emergency Services Department and is commonly referred to as the Paso Robles Public Safety Center. The center houses all PRPD personnel and equipment, with the exception of the department's firearms training range, which is located at the Paso Robles Municipal Airport.

The PRPD fleet consists of a diverse range of vehicles and specialized equipment to support its operations. The fleet includes 18 marked patrol units, 2 dedicated K9 vehicles, 2 School Resource Officer vehicles, 3 Community Service Officer vehicles, 2 motorcycles, 1 Crime Scene Investigator vehicle, 3 Special Enforcement Team vehicles, 4 detective vehicles, 2 volunteer vehicles, 2 training vehicles, and 5 Command Staff vehicles. In addition, the department maintains 6 utility trailers, 2 all-terrain vehicles (ATVs), 1 utility terrain vehicle (UTV), and 5 unmanned aerial systems (drones). Most recently, the department enhanced its capabilities with the acquisition of an armored rescue vehicle.

Staffing & Personnel

The PRPD has 63 sworn employees, 37 non-sworn employees, and 86 total positions[14]. According to PRPD Policy 206.2, minimum staffing levels should result in the scheduling of at least 3 Patrol Officers and 1 Watch Commander (total of 4 sworn officers) on duty whenever possible. Minimum staffing for communications/dispatch should result in the scheduling of at least 2 dispatchers on duty whenever possible. The City consistently meets these staffing requirements, ensuring adequate coverage and operational readiness. In addition, the City's Safety Element of the General Plan recommends a ratio of 0.5 non-sworn police personnel per 1,000 population and a ratio of 1.4 to 1.6 sworn police personnel per 1,000 population. Using the prescribed formula, the City of Paso Robles meets these recommended ratios, indicating sufficient personnel to respond to service calls.

31,490[15] population ÷ 1,000 = 31 people

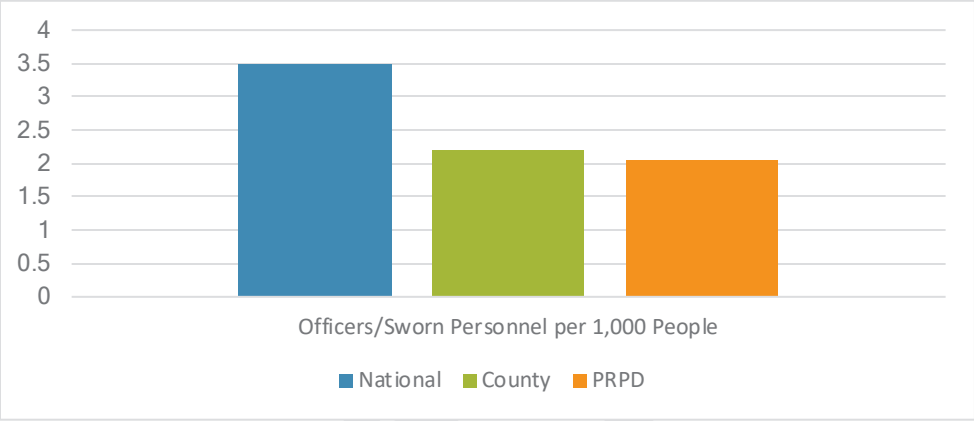
63 sworn employees' ÷ 31 = 2.03 officers per 1000 people

37 non-sworn employees' ÷ 31 = 1.19 officers per 1000 people

[14] City of Paso Robels FY 2024-2025 & 2025-2026 Adopted Budget, Police Department Overview
[15] United States Census Bureau, City of El Paso de Robles (Paso Robles) Population Data, 2020

The United States Department of Justice, Federal Bureau of Investigation, reported a nationwide and state of California ratio of 3.5 officers per 1000 people. In 2024, the average officers/1,000 ratio for the seven cities in San Luis Obispo County was about 2.19 officers, with Pismo Beach being the highest at 4.17 and Atascadero the lowest at 1.48 officers/1,000. The following figure illustrates the current staffing comparison between PRPD, County, and the national averages.

Figure 6: 2024 Officers/Sworn Personnel per 1,000 Population[16]



Service Delivery & Performance

The PRPD provides patrol services 24 hours a day, seven days a week, and prioritizes responses to requests for emergency services using available resources. During FY 2024, there were 91,213 total dispatch center calls (911, lobby, business line, CFS); of these, 24,322 were citizen-initiated calls for service (CFS) and 18,356 were Officer-initiated calls. The City reports that the average response time for Priority One calls is 7 minutes 13 seconds.[17] However, the average response time for the City's highest priority calls, where there is reason to believe an immediate threat to life exists (known as their "Priority 1" calls), averaged 3 minutes and 85 seconds[18]. The City's goal for response time for these Priority 1 calls is 4 minutes and 30 seconds.

The PRPD participates in the San Luis Obispo Regional SWAT team. The San Luis Obispo Regional SWAT Team is comprised of two specialized teams: the Crisis Negotiation Team (CNT) and the Special Weapons and Tactics Team (SWAT). The unit is comprised of members from the following Police

[16] United States Department of Justice, Federal Bureau of Investigation, Crime Data Explorer, 2024
[17] City of Paso Robels FY 2024-2025 & 2025-2026 Adopted Budget, Police Department FY2022-2023 Annual Data at a Glance
[18] City of Paso Robles Staff, October 2025

Agencies: San Luis Obispo Police, Paso Robles Police, Arroyo Grande Police, Pismo Beach Police, Grover Beach Police, Morro Bay Police, and Cal Poly Police.

In 2020, Paso Robles voters approved Measure J-20, a one-cent local transaction and use tax.[19] One of the three priorities for the Measure is to adequately staff and equip the police department to augment existing services and proactively plan for future demands. In FY 2022-2023, nine additional sworn positions and 3 civilian positions were added to the department. By the end of FY 2022-2023, the department's sworn staffing increased by 13 percent when compared to before Measure J-20 was in place.

Using the above-mentioned Measure J-20 funds, the PRPD will be preparing a comprehensive analysis with an objective, unbiased, and data-driven assessment of Fire and Police Staffing and Response Capabilities. This analysis will provide the Public Safety Chiefs with a comprehensive Community Risk Assessment (CRA) and Standards of Cover (SOC). The assessment will consider best practices of other municipalities and like organizations; outline implementation in accordance with City Council and department goals as they relate to vision, mission, and values; provide recommended improvements to the departmental organizational structure, and the roles and functions within it in the context of the City's budget and existing resources, among other suggestions. The cost to conduct a comprehensive assessment of the police department and update the fire department SOC and CRA is approximately $150,000. The assessment is proposed to be funded by Measure J-20 in FY 2024-2025. Tentative Project Completion date is set for September 1, 2025.

Department of Fire and Emergency Services

The Paso Robles Fire and Emergency Services (PRFES) Department is an all-hazard fire department that provides a variety of response services, including structural and wildland fire suppression, advanced life support, paramedic-level emergency medical care, and entrapment extrication. The PRFES Department also provides technical rescue services, including high-angle, trench, swift-water, confined space, as well as a fully capable hazardous materials emergency response in conjunction with the San

[19] Current Sales Tax Rate is 8.75%. Due to the passage of Measure J-20, an additional 1% sales tax went into effect beginning on April 1, 2021. The sales tax rate prior to April 1, 2021, was 7.75%. Like Measure E-12, Measure J-20 is a general tax with the main priorities towards fire and emergency services, police services, and street repair and maintenance, as approved by City Council in Resolution 20-118.

Luis Obispo County Regional Hazardous Materials Team. The PRFES Department provides automatic and mutual aid to other fire agencies within San Luis Obispo County and non-response services[20] through its Community Risk Reduction Division. The Chief of Fire and Emergency Services is responsible for administering and managing the PRFES Department. There are two divisions in the PRFES Department as follows: 1) Operations, and 2) Community Risk Reduction. The PRFES Department's operating funds are supplemented primarily by sales taxes, Measure J-20, transient occupancy tax, property taxes, and funds from service and permit fees. The total reported FY 2025-2026 Budget for the PRFES Department was $12.7 million; approximately 14 percent of the City's total budget.

Capital Facilities & Equipment

PRFES Department has three staffed Fire Stations. Fire Station 1 is located at 900 Park St, Paso Robles, CA 93446, in the Public Safety Center at the corner of 9th and Park Street. Fire Station 2 is located at 235 Santa Fe Ave, Paso Robles, CA 93446, on the East side of town. Fire Station 3 was officially opened in 2023 and is the newest station located at 2924 Union Rd, Paso Robles, CA 93446. The Airport Fire Station is unstaffed, but houses specialty equipment utilized during aircraft emergencies.

The department's emergency response apparatus compliment is comprised of: (2) first-out Type 1 Engines, (1) reserve Type 1 Engine, (1) Type 3 Engine, (1) Ladder Truck, (1) Heavy Rescue, (1) Rescue Squad, (1) Airport Rescue Firefighting crash vehicle, (1) Kawasaki Mule Utility Task Vehicle, and (1) Unmanned Aerial Vehicle Drone.

Staffing & Personnel

Each day, there is a minimum of one Battalion Chief, three Fire Captains, three Fire Engineers, and up to six Firefighters rendered from three fire stations. The City's Safety Element of the General Plan recommends a ratio of 0.8 to 1.3 Firefighters per 1,000 population. The PRFES Department has 37 Firefighters and 51 total positions.[21] Using the prescribed formula, the City of Paso Robles meets these recommended ratios, indicating sufficient personnel to respond to service calls.

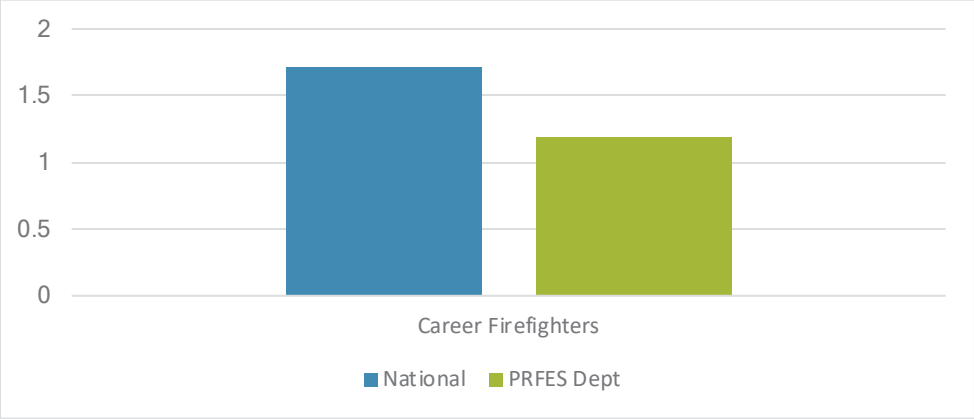
[20] Non-response services include public safety education, disaster preparedness, fire and life safety inspections, and new building planning and construction review and permitting.
[21] City of Paso Robels FY 2024-2025 & 2025-2026 Adopted Budget, Fire and Emergency Department Overview and City Staff Input

31,490[22] population ÷ 1,000 = 31 people

37 Firefighters ÷ 31 = 1.19 firefighters per 1,000 people

The following figure illustrates the current staffing comparison between the PRFES Department and the National Fire Protection Association's national averages within the 2020 US Fire Department Profile. The career staffing level for the PRFES Department is 1.19 per 1,000 population, which is below the national average of 1.72.[23]

Figure 7: Firefighters per 1,000 Population[24]



Service Delivery & Performance

The PRFES Department responds to emergencies 24 hours a day, 7 days a week. In FY 2022-2023, the PRFES Department responded to 4,748 calls for service, 3,276 were medical related, and 187 were fire related.[25] As outlined in the 2001 Growth Management Plan, the 2022 Strategic Plan, and the 2003 City of Paso Robles Safety Element, the City Council has adopted a standard to respond to all emergencies within four minutes or less, 90 percent of the time. In 2022, the average response time for the PRFES Department was 5 minutes and 42 seconds, and 90th percentile responses were 8 minutes and 26 seconds.[26] PRFES Department response time goals were met 50.5 percent of the time in 2021 and 57 percent of the time in 2022. Increasing demands for emergency services, the number of response resources, simultaneous calls, and geographical travel distances between fire stations are all contributing factors in the department's ability to meet the City Council's adopted response goals. To

[22] United States Census Bureau, City of El Paso de Robles (Paso Robles) Population Data, 2020
[23] Table 2 of the National Fire Protection Association US Fire Department Profile-2020
[24] National Fire Protection Association US Fire Department Profile-2020 and City Staff Input
[25] City of Paso Robles FY 2022–2023 Year in Review, Fire & Emergency Service
[26] City of Paso Robles FY 2022–2023 Year in Review, Fire & Emergency Service

keep pace with increasing demand, a fourth response unit (paramedic squad) was added; as reflected in the 10-year staffing analysis, implementation of the paramedic squad will be implemented on November 23, 2025.

Additional apparatus, equipment, and staffing are also available through automatic[27] or mutual aid[28] agreements with the following fire departments, districts, and agencies. PRFES Department also provides automatic and mutual aid to other fire agencies within San Luis Obispo County. Agencies outside of San Luis Obispo County fall under the Master Mutual Aid System, which provides access to fire departments statewide when needed.

- Atascadero Fire Department
- Atascadero State Hospital Fire Department
- CAL Fire San Luis Obispo
- Camp Roberts Fire Department
- Cambria Fire Protection District
- California Men's Colony
- Five Cities Fire Authority
- Morro Bay Fire Department
- Paso Robles Fire Department
- Pismo Beach Fire Department
- San Luis Obispo County Fire
- San Luis Obispo City Fire Department
- San Miguel Fire Protection District
- Santa Margarita Fire Protection District
- Templeton Fire Protection District

PRFES Department was rated 3/3X out of 10 through the Insurance Service Office (ISO).[29] The ISO is an agency that evaluates fire protection features for all fire departments to establish rates for underwriters, such as property insurance providers. ISO uses a rating system that is based on a scale of one through 10, with one being the best fire protection rating and 10 being the worst. ISO ratings are also used by fire departments and municipalities as a benchmark for evaluating and improving their fire services[30]. In the ISO's 2020 evaluation of the PRFES Department, the most significant point

[27] Automatic Aid: a predetermined immediate joint response as a means to provide effective fire Protection.
[28] Mutual Aid: responses to supplement the resources of any fire agency during a period of actual or potential need, including move-up and cover assignments.
[29] Public Protection Classification Summary Report for Paso Robles, effective September 1, 2020
[30] According to ISO's Fire Suppression Rating Schedule, four main criteria comprise a fire rating score; 1) 50% | Quality of local fire department (i.e., staffing levels, training & proximity of the firehouse) , 2) 40% | Availability of water supply (i.e., prevalence of fire hydrants & quantity of water available to put out fires), 3) 10% | Quality of the area's emergency communications systems (i.e., 911), and 4) 5.5% | Extra credit, Community outreach (i.e., fire prevention and safety courses).

deductions occurred in the 'Quality of the Fire Department' and 'Availability of Water Supply' categories, which together account for 90 percent of the overall score. The assessment identified several critical deficiencies, including issues with emergency reporting, emergency dispatch protocols, training facilities and use, deployment analysis, and company personnel.

In April 2022, the City Council approved the PRFES Departments Community Risk Assessment/Standards of Cover & Five-Year Strategic Plan. The document was designed to provide elected officials and residents with information on fire service operations and integrated risk management planning services. The Strategic Plan was intended to be used in conjunction with the Community Risk Assessment as a living management tool that provides short-term direction, builds a shared vision, documents goals and objectives, and optimizes the use of resources. Both the PRFES Department and PRPD are pursuing a joint comprehensive Community Risk Assessment (CRA) and Standards of Cover (SOC) (second time for the PRFES Dept). The assessment is proposed to be funded by Measure J-20 in FY 24-25. Tentative Project Completion date is set for November 2025.

As was mentioned in the PRPD section of this report, in 2020, Paso Robles voters approved Measure J-20, a one-cent local transaction and use tax. One of the three priorities for the Measure is to adequately staff and equip the fire department to augment existing services and proactively plan for future demands. Consistent with the department's Five-Year Strategic Plan, the FY 2022-2023 budget included the addition of one deputy chief, one fire inspector, and funding for 100 percent of six firefighter costs previously funded through a federal Staffing for Adequate Fire and Emergency Response (SAFER) grant. Fire Station 3 was also funded with a combination of Development Impact Fees and Measure J-20 funds.

Department of Public Works

The Public Works (PW) Department is responsible for the construction and maintenance of the City streets, traffic signals, medians, parkways, open space, trees, public parking lots, stormwater facilities, the Municipal Airport, and City-owned buildings. Additionally, the PW department manages most of the City's capital improvement projects and is responsible for maintaining the City's fleet of rolling stock. The Department is organized into eight major functions: 1) Administration, 2) Capital Projects Engineering, 3) Paso Robles Municipal Airport, 4) Stormwater Program, 5) Street Maintenance, 6)

Facilities Maintenance, 7) Fleet Maintenance, and 8) Landscape Maintenance. The total reported FY 2025-2026 Budget for the PW Department was $13.9 million; approximately 15 percent of the City's total budget.

Service Delivery & Performance

Administration: Administration provides overall direction, leadership, and oversight to the seven other functions of the PW Department. Significant focus areas include budget, personnel matters, Council items, and future planning.

Capital Projects Engineering: Capital Projects Engineering manages the design, funding, and construction of capital projects for all City departments, with the primary focus being transportation/streets projects, including the replacement of sewer, water, and stormwater pipes. Staff manage approximately 25 to 30 projects at any given time.

Paso Robles Municipal Airport: The 1,300-acre Paso Robles Municipal Airport site serves the general aviation community as well as the California Department of Forestry Air Attack Base, California Highway Patrol Air Operations Division, military, air charter, air ambulance, and other flying services. Sections of the property have been developed as an industrial park with utilities and infrastructure improvements. Just under 500,000 square feet of industrial building space is operational at the Airport, housing nearly 40 individual businesses and providing hundreds of jobs in the community. Almost 200 aircraft are based at the Airport. The Airport is owned and operated by the City, with technical advice and review provided by an appointed Airport Commission, with policy decisions made by the City Council. The Airport is one of only five percent of airports in the United States that are self-sustaining (meaning it is not subsidized by the General Fund).

Stormwater Program: The City is enrolled in the Phase II Municipal Stormwater Program as required by the State of California Water Resources Control Board. The program requires the City to develop and implement a Stormwater Management Plan in order to reduce or eliminate pollutants in stormwater runoff and non-stormwater discharges. To that end, the Division manages programs that address construction site stormwater runoff control, illicit discharge detection and elimination, pollution prevention, postconstruction stormwater runoff management, and public education and participation.

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Street Maintenance: The Street Maintenance Division maintains more than 150 lane miles or 33 million square feet of pavement and sidewalks. Maintenance and repair activities are focused on degraded road edges, crack sealing, potholes, curb painting, streetlights, signage, sidewalk repair, minor road repair projects, and traffic signals. The Division also supports emergency services and the City's special events with traffic control and road closures.

Since 2012, the City has expended more than $60.7 million on road repair projects using Supplemental Sales Tax Measure E-12 and other available funding sources like SB 1, Gas Tax, and Supplemental Sales Tax Measure J-20. Additionally, $42.1 million is committed to planned or underway projects.

With the expiration of Measure E-12 in March 2025, in November 2024, the voters of Paso Robles approved a continuation of the ½ Supplemental Sales Tax – Measure I-24[31]. An average of $15.4 million per year is estimated to be spent on road repair going forward using Measure I-24 funds.

Facilities Maintenance: Facilities Maintenance staff service, maintain, and repair approximately 180,000 square feet of City facilities, including City Hall, Public Safety Center, Centennial Park, Senior Center, Veterans Center, and Municipal Pool. Additionally, they respond to all calls for service from both the public and City staff. A 6-person volunteer graffiti abatement crew addresses all reports of graffiti within City limits.

Fleet Maintenance: Fleet Maintenance procures and maintains over 250 pieces of equipment and vehicles, ranging from weed eaters and mowers to fire engines to large loaders and backhoes. The majority of the service is done in-house. Compliance with all emission mandates and inspection requirements is also the Fleet Maintenance Division's responsibility.

Landscape Maintenance: Landscape maintenance staff are responsible for the health and maintenance of more than 15,000 City trees, approximately 200 acres of Landscape and Lighting District property, more than 165 acres of open space weed abatement, and all City-owned medians and parkways. Staff respond to all calls for service from the public and City staff.

[31] Measure I-24 was a ballot measure that was passed on the November 5, 2024, within the City of Paso Robles. The Measure maintains (and not increase) the existing ½ cent local sales tax that was set to expire on March 31, 2025 (Measure E-12). Measure I-24 is anticipated to generate $6.5 million annually which goes into the City's general fund. Since 2012, 100 percent of this revenue (about $78 million) has been allocated to local road repair projects.

Department of Utilities

The Utilities Department was created in 2022 after recognizing the significant regulatory and operational impacts facing City-operated utilities that require comprehensive, specialized management and focused staffing efforts. The Department is dedicated to maintaining and operating the City's critical infrastructure to provide robust and reliable services in the areas of potable water, wastewater, recycled water, and solid waste. The Department seeks to promote water conservation, harness the potential of recycled water, and minimize solid waste generation through innovative solutions and community education. The Utilities Department is comprised of five main divisions: 1) Recycled Water, 2) Solid Waste, 3) Wastewater, 4) Potable Water, and 5) Planning and Engineering. The total reported FY 2025-2026 Budget for the Utilities Department was $26.2 million; approximately 28 percent of the City's total budget.

Service Delivery & Performance

Recycled Water Division: The City of Paso Robles has a master plan to produce tertiary-quality recycled water and distribute it to east Paso Robles, where it may be safely used to irrigate City parks, golf courses, and vineyards. This will reduce use of water from the City's potable water supplies, including use of groundwater from the Paso Robles Groundwater Basin, and further improve the sustainability of the City's various water supplies.

Tertiary Treatment Facilities

In 2019, the City's Wastewater Division completed construction of Tertiary Treatment Facilities at the Wastewater Treatment Plant and began operating the first part of this recycled water system, which includes filtration and ultraviolet light disinfection facilities. These new Tertiary Treatment Facilities produce very high-quality recycled water that is safe for a variety of uses, including irrigation of sports fields and wine grape vineyards. The project also included flow equalization basins, a recycled water storage pond and pump station, a nutrient harvesting system, and a new maintenance shop. Global Water Intelligence awarded the City its 2020 Wastewater Project of the Year due to the project's many environmentally innovative features.

Recycled Water Distribution System

The City is preparing to build a major distribution system to deliver recycled water east to Paso Robles. In 2023, the City completed construction of a major segment of pipeline under the Salinas River. Completion of the City's recycled water distribution system will involve constructing the remainder of the distribution system (pump station, 3.3 miles of additional pipeline, and a 900,000-gallon storage tank) and will be phased to align with the development of sufficient recycled water demand and customer revenues to support repayment of infrastructure investment. Although the distribution system has not yet been completed, the City currently delivers a small amount of recycled water to a single recycled water customer, Caltrans, via the City's WWTP recycled water treatment.

Table 8: City of Paso Robles Current and Projected Recycled Water Use[32]

Recycled Water Use (AFY)	2020	2025	2030	2035	2040	2045	Buildout (2050 or later)
Landscape Irrigation (potable offset)	0	5	5	180	250	310	450

Water Division: Paso Robles Water Division (Water Division) maintains the distribution system, fixes leaks, installs customer connections, and installs fire hydrants. Staff monitors and enforces the City's specifications for water system construction, performs plan checks for new developments, and inspects installations. Other responsibilities include monitoring and enforcing the City's cross-connection program.[33] The Urban Water Management Plan[34] (UWMP), adopted in July 2021, was prepared to help guide the City's water management efforts for the next 20 years and beyond in accordance with State law. The UWMP documents the City's sources of water supply, defines water demands, presents a drought risk assessment and water shortage contingency plan, and describes implementation of water

[32] Table 11 of the City of Paso Robels Urban Water Management Plan, Adopted July 2021 and City Staff Input related to changes to Recycled Water Use Projections, October 2025

[33] A cross-connection is an actual or potential connection between a potable (public water) system and any system, or source of non-potable water or other substances that could allow contaminants to enter the potable system (via backflow).

[34] Urban water suppliers that provide over 3,000 acre-feet of water per year or serve more than 3,000 connections are required to prepare an UWMP to support their long-term resource planning and to ensure that adequate water supplies are available to meet existing and future water demands.

demand management measures. The UWMP is currently undergoing revision in accordance with State requirements, and the information cited in this document is subject to change.

The City's existing water service area coincides with City boundaries. The City currently provides water to approximately 10,760 residential and non-residential service connections. The City's water service is provided through approximately 172 miles of waterlines, four reservoirs providing over 12 million gallons of storage, and six booster stations used to pump to higher elevations. The City operates 19 wells, two microfiltration water treatment plants, and two arsenic removal treatment systems. Currently, much of the City's water demand is for single-family residential use; in the future, it is expected that commercial demand and other non-residential demand will increase relative to single-family residential demand.

Water Supply

The City's water supply is planned to serve the City's buildout only. The City has not planned and developed its water supply to serve communities or areas outside the City beyond the current SOI or the proposed SOI. The City of Paso Robles has historically relied on the Paso Robles Groundwater Basin and the Salinas River for its municipal water supply. Water from Lake Nacimiento is a relatively recent addition to the City's water portfolio, and expanded use of recycled water is planned for the future.

- **Basin Groundwater** – The City operates deep wells that pump groundwater from the Department of Water Resources Basin Number 3-004.06 (Paso Robles Area Subbasin). The Paso Robles Area Subbasin has been designated as a high-priority and critically over-drafted basin by the State, requiring management under the Sustainable Groundwater Management Act (SGMA). As noted in the UWMP, the City plays a role in carrying out the requirements of SGMA to ensure sustainable basin management. The City and other Paso Robles Basin Groundwater Sustainability Agencies developed and gained approval of a basin-wide Groundwater Sustainability Plan (GSP). Implementation of the GSP will fulfill the requirements of the Sustainable Groundwater Management Act for the Paso Robles Subbasin of the Salinas Valley Basin. The sustainability goal of this GSP is to sustainably manage the Paso Robles Subbasin groundwater resources for the long-term benefit of Subbasin users. The Paso Robles Subbasin GSP has been jointly developed by four Groundwater Sustainability Agencies (GSAs):

- City of Paso Robles GSA
- Paso Basin - County of San Luis Obispo GSA
- San Miguel Community Services District GSA
- Shandon - San Juan GSA

The supply amounts in Table 9 describe the permitted supply available to the City.

- **Salinas River** –Salinas River water is used pursuant to appropriative surface water rights and permits issued by the State Water Resources Control Board. The City's Permit number 5956, as amended on November 6, 1981, allows the City to extract up to eight cubic feet per second (3,590 gallons per minute (gpm)) with a maximum extraction of 4,600 AFY.
- **Nacimiento Water Project (NWP)** –The City holds a 6,488 AFY delivery entitlement with the San Luis Obispo County Flood Control and Water Conservation District. The City currently utilizes Nacimiento water in three ways that diversify the City's water supply portfolio and improve supply reliability. First, the City treats Nacimiento water at its water treatment plant for direct delivery to customers. Second, water is percolated into the Salinas River channel and recovered through a specially designed well. Finally, in times of drought, the City can augment surface water supplies with Nacimiento water to maintain the productivity of the City's river wells. Nacimiento water requires treatment before introduction into the City's drinking water system in all cases.

  The City completed construction of a 2.4 million-gallon-per-day (mgd) treatment plant in late 2015. The plant is typically operated eleven months out of the year. If operated year-round at full capacity, the treatment plant can provide up to 2,688 AFY. In addition to direct delivery, Nacimiento water is utilized through the use of a dedicated recovery well. This operation allows Nacimiento water to be turned into the Salinas River channel and recaptured. It is estimated that the recovery well will be pumped at a rate of 400 gpm for five months out of the year, averaging 269 AFY.

  Finally, in times of drought, Nacimiento water can be used to augment surface water supplies and improve water supply reliability. Similar to the operation of the recovery well, Nacimiento water can be turned into the Salinas River channel adjacent to the City's river

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wells. This allows the river wells to operate when native supplies are low. Lake Nacimiento water is a reliable and stable source of water, as jurisdictions in San Luis Obispo County have a contractual first priority to 17,500 AFY of the reservoir yield, which has averaged 191,000 AFY between 1959 and 2015. Modeling of the Nacimiento project indicates that even during historical drought periods, the total annual entitlement to San Luis Obispo County can be delivered (Boyle, 2002, and Paso Robles, 2014b). This drought resilience has been demonstrated during recent dry years as the project has and continues to satisfy most delivery requests from project participants. While the NWP water is a reliable source of supply, there have been interruptions in its transmission from Lake Nacimiento. These pipeline problems are resolved as quickly as possible so that transmission can continue.

- **Recycled Water**–The City's wastewater treatment plant is producing disinfected tertiary 2.2 quality recycled water that will be distributed via the recycled water distribution system in the future. The recycled water distribution system will deliver recycled water to the east side of the City for golf course, park, and vineyard irrigation. Surplus water may be discharged to Huerhuero Creek, which could benefit the groundwater basin. Empirical data will be collected once the project is operational.

  The recycled water amounts shown in Table 8 of this report are the amounts that the City projects will offset potable water demand. These amounts are based on the City's 2020 UWMP but have been updated to account for changes in the timeline for completion of the recycled water distribution project resulting from recent changes in agricultural demands for recycled water. Additional recycled water that is not needed within City boundaries will be available for use outside City boundaries. Such uses could include agricultural and vineyard irrigation and groundwater recharge. Agricultural and vineyard irrigation uses provide opportunities to maximize recycled water use while minimizing costs associated with transmission and distribution, and reducing groundwater pumping from the groundwater basin for irrigation purposes. Recycled Water is discussed further in the 'Recycled Water Division' of this report.

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Table 9: City of Paso Robles Water Supply Summary[35]

Supply Entitlements	Supply Available (AFY)*
Salinas Surface Water	4,600
Nacimiento Water	6,488[36]
Basin Groundwater	No Limit

** The City has no limit on Basin Groundwater extractions.*

Constraints on Water Supply

The UWMP includes a water service reliability assessment that elaborates on any existing City water supply constraints. Overall, the City has a diverse water supply portfolio that increases overall City water supply reliability. However, various factors have the potential to affect the City's water supply, including legal, environmental, water quality, and climatic factors, or a combination thereof. Use of Nacimiento water by Paso Robles increases supply reliability. In addition, the City has developed policies that regulate non-City wells within City limits. These policies outline permit requirements for the development and use of private wells within City boundaries, establish policies for recycled water use, and extend the City's Water Shortage Contingency Plan to these private wells.

In addition, the UWMP requires tabulation of available water supply volumes in normal (average), single dry, and multiple dry years in five-year increments over a period of at least 20 years. In addition, the City has prepared a Drought Risk Assessment (DRA) to assess the City's ability to supply water to meet demands during a five-year consecutive drought, assuming it occurs in the next five years. The DRA is based on supply conditions during five consecutive dry years, taking into account other considerations such as climate change, regulations, and other factors. The City's DRA determined that the City will have enough supply to meet demands if a five-year drought were to occur over the next five years.

The UWMP concluded that there are several factors that enhance the City's resilience to drought conditions. These include the use of Nacimiento water to supplement the City's groundwater and Salinas River supplies, permanent prohibitions on water waste, a proven WSCP, ongoing conservation

[35] Table 6-8 in the City of Paso Robels Urban Water Management Plan, July 2021, and City of Paso Robels Water, Informational Presentation, Resident Academy, September 2024

[36] 6,488 AFY, is raw water and would require significant investment to construct new water treatment facilities for expanded use.

activities, and future use of recycled water. The City's water system and infrastructure also provide reliability. For example, City wells (river and basin) are dispersed throughout the service area, protecting against a single catastrophe (such as a groundwater contamination), and thus disruption of more than four of the City's 19 wells is unlikely. The West and East Zones of the City water system are linked so that water can be conveyed from one zone to another, as needed.

Existing & Future Water Demand

Current water demand is provided below by the water use sector and projected to 2045 in five-year increments. City buildout is projected to occur by 2050 or later. Table 10 summarizes current and projected water use by the water sector. Table 11 summarizes projected population and water demands to 2050 and water supplies projected to be used to meet those demands.

Table 10: City of Paso Robles Current and Projected Water Use[37]

Water Use (AFY)	2020	2025	2030	2035	2040	2045	Buildout (2050 or later)
Single Family	2,727	2,820	2,914	3,007	3,100	3,194	3,287
Multi-Family	638	807	932	1,056	1,181	1,305	1,430
Commercial	580	673	766	859	952	1,044	1,137
Industrial	508	646	784	923	1,061	1,199	1,337
Institutional/Governmental	288	324	359	395	431	467	503
Parks, Landscape Irrigation	690	737	784	831	878	925	972
Other	39	53	68	82	97	111	126
Non-Revenue Water	275	455	495	536	577	618	659
Total Water Use	**5,745**	**6,515**	**7,102**	**7,689**	**8,277**	**8,863**	**9,451**

[37] Table 4 and 5 in the City of Paso Robels Urban Water Management Plan, July 2021

Table 11: City of Paso Robles Water Supply Sources to Meet Demands[38]

	2020	2025	2030	2035	2040	2045	Buildout (2050 or later)
Population	31,221	34,400	37,700	39,900	41,900	42,800	44,000
Water Demand (AFY)	5,745	6,515	7,102	7,689	8,277	8,863	9,451
Water Supply Sources to Meet Demands (AFY)							
Basin Wells	654	2,126	2,333	2,550	2,378	1,797	2,127
River Wells	3,609	3,000	3,200	3,500	4,200	4,400	4,558
Nacimiento Water from Water Treatment Plant	968	1,120	1,120	1,120	1,120	2,017	2,017
Nacimiento Water from the Recovery Well	214	269	269	269	269	269	269
Recycled Water for Potable Offset[39]	0	0	180	250	310	380	450
Total Supply	**5,745**	**6,515**	**7,102**	**7,689**	**8,277**	**8,863**	**9,451**

Other Water Providers in the Area

A number of small water systems or privately-owned water companies provide water services to residents in areas surrounding the City. These entities are not subject to LAFCO authority; however, LAFCO does have the ability to request information from small water systems and Mutual Water Companies (MWCs) under Government Code Section 56430 (d). MWCs and private water systems are regulated by California's Water Code, Health and Safety Code, and must abide by open meeting and records disclosure laws similar to many public water utilities. In operating a public water system, MWCs are also subject to regulation by the California Department of Public Health and must comply with requirements imposed by the State Water Resources Control Board (SWRCB) and our local Regional Water Quality Control Board (RWQCB). In recent years, the SWRCB and RWQCB have been pushing for MWC and/or private system consolidations throughout the State and within SLO County.

[38] Table ES-1 in the City of Paso Robels Urban Water Management Plan, July 2021
[39] Derived from DWR Table 6-4 following text. This table only shows potable offset of recycled water use. Additional recycled water use will offset private groundwater pumping within the City and outside the City boundaries.

LAFCO has identified small water systems and mutual water companies that are contiguous to the City. In addition to the City's Utility Department (Water Division), six other private water purveyors and Water Mutual Companies provide water services to neighboring area residents, as seen in Table 12 and Figure 8, with a small portion of Walnut Hills Mutual Water Company overlapping with the southern end of the City's service area boundary. Table 12 provides the Safe and Affordable Funding for Equity and Resilience (SAFER) Status as designated by the California State Water Resources Control Board 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. LAFCO staff recommended that all contiguous "Failing" and "At-Risk" systems be analyzed further in the SOI Study. Of the six neighboring water providers, only two met these qualifications: the Almira Water Association and the Mustang Springs Mutual Water Company. Mustang Springs Mutual Water Company is already within the City's existing SOI; therefore, the Almira Water Association was the only entity that was added to the SOI Study. However, the City of Paso Robles has informed LAFCO that the City cannot serve this area for a variety of reasons, including but not limited to potential negative fiscal impacts, existing infrastructure not meeting City standards, the use of General Fund resources to subsidize development, and reluctance to assume liabilities considered to be the County's responsibility, as seen in Exhibit B. Further, the City is of the position that because these areas were originally permitted and are currently within the County's unincorporated land use authority, parties should engage further with the County on these matters.

Currently, the SWRCB is the primary entity identifying potential consolidation projects and initiating conversations with a particular focus on "failing systems" with pressing health and safety concerns and those at-risk of failing. LAFCOs do not have authority over private water systems and therefore cannot initiate consolidation among them. Should the SWRCB or the local RWQCB identify a role for LAFCO in pursuing consolidation of any of the private water systems with jurisdictions under LAFCO's purview, the SWRCB should notify LAFCO and begin early coordination on priorities and limitations at both levels to help prevent inconsistencies that could lead to conflict or delay.

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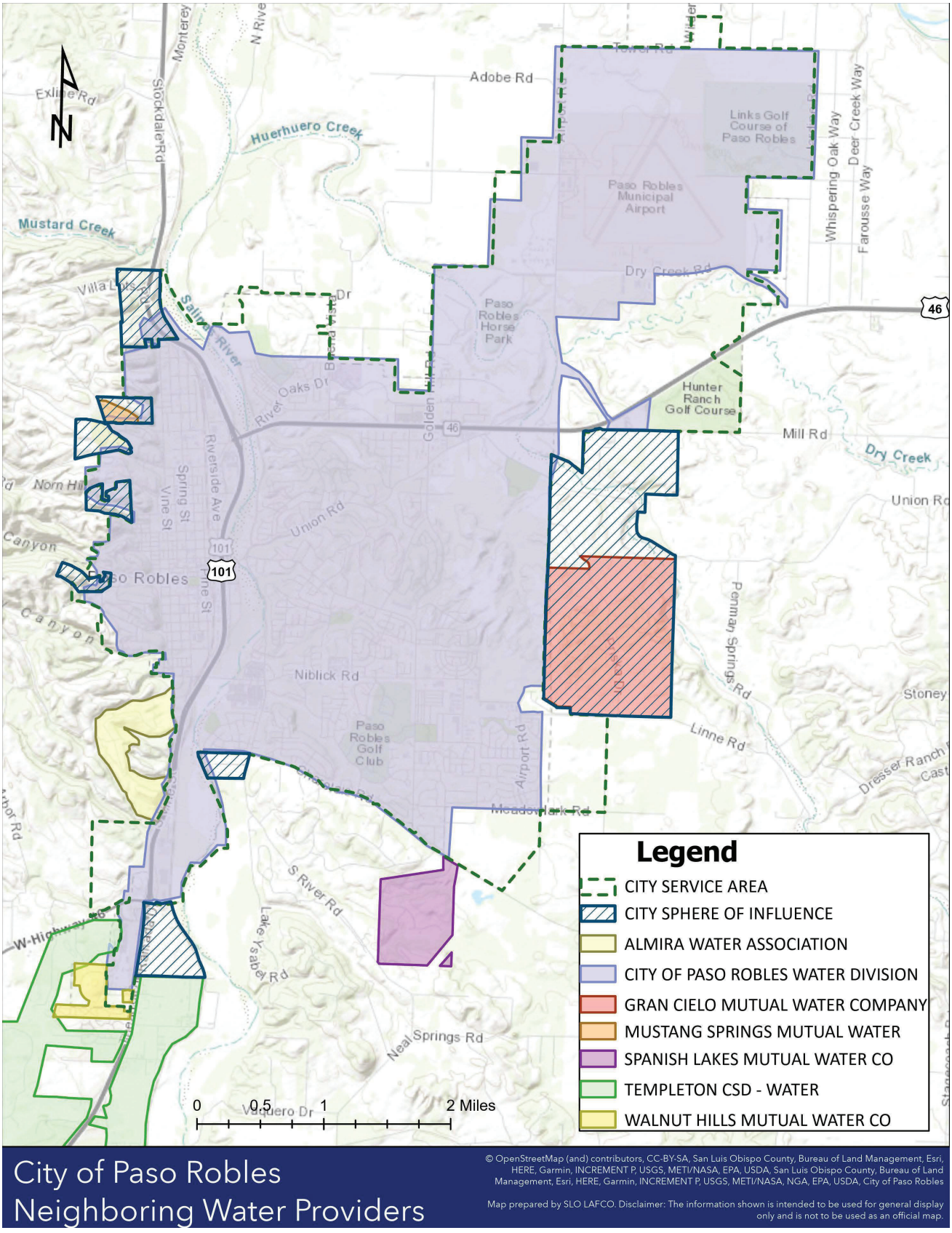
Table 12: City of Paso Robles Neighboring Water Providers

Water Providers	SAFER Status[40]
Almira Water Association	At-Risk
City of Paso Robles Water Division	Not-At-Risk
Gran Cielo Mutual Water Company	Potentially At-Risk
Mustang Springs Mutual Water Company	At-Risk
Spanish Lakes Mutual Water Company	Not At-Risk
Templeton Community Services District - Water	Not At-Risk
Walnut Hills Mutual Water Company	Not At-Risk

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[40] SAFER Status data accessed July 2025. The SAFER Dashboard displays the current list of Failing water systems and the results of the Risk Assessment for public water systems. The criteria used to determine At-Risk, Potentially At-Risk, and Not At-Risk water systems is detailed in Appendix A of the annual Drinking Water Needs Assessment report.
Drinking Water Needs Assessment: https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/needs/2024/2024-needs-assessment.pdf
Failing Criteria: https://www.waterboards.ca.gov/water_issues/programs/hr2w/docs/hr2w_expanded_criteria.pdf
SAFER Dashboard: https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/saferdashboard.html

Figure 8: City of Paso Robles Neighboring Water Providers



Wastewater Division

The City of Paso Robles Wastewater Division is responsible for protecting public health and the environment in the most cost-effective manner possible. The Wastewater Division owns and operates 126 miles of sewers and 13 lift stations to collect wastewater from all of Paso Robles and transport it to a wastewater treatment plant at the north end of town, near the Salinas River. Under the Statewide General Waste Discharge Requirements (WDR) for Sanitary Sewer Systems, agencies must electronically report Sanitary Sewer Overflows to the State Water Resources Control Board and develop a Sewer System Management Plan (SSMP) which describes how each agency operates, maintains, and evaluates its sewer system. The City's SSMP was originally approved in October 2009, with administrative updates and recertification completed in 2015 and July 2022. The City currently implements a variety of programs that meet the WDR objectives and are consistent with the specific requirements of the SSMP.

Wastewater Treatment Plant

The Paso Robles Wastewater Treatment Plant (WWTP) is located at 3200 Sulphur Springs Road in Paso Robles. The WWTP service area currently coincides with the City boundaries. The City's WWTP previously treated wastewater from the northern portions of the Templeton Community Services District (TCSD), but by 2019, TCSD completed construction of a new sewer infrastructure to convey these flows to the Templeton wastewater treatment plant. The TCSD wastewater previously accounted for about nine percent of the wastewater entering the City's WWTP.

The WWTP was first built in 1954 and was expanded and upgraded with additional clarifiers and rock trickling filters in 1972. In the mid-1980s, the WWTP was expanded to include additional trickling filter and clarifier capacity and chlorination facilities. In 2016, the City completed a comprehensive upgrade to comply with updated State Water Resources Control Board (SWRCB) discharge requirements. The City completed a major upgrade of its Wastewater Treatment Plant to a Biological Nutrient Removal process. This new treatment process effectively removes all harmful pollutants from the wastewater and is highly energy efficient. The upgrade project included:

- New Headworks
- Rehabilitation of Primary Clarifiers
- New Pump Station
- Replacement of Trickling Filters with the Biological Nutrient Removal Process

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- New Secondary Clarifiers
- Chloramination Disinfection Process
- System That Generates Power and Heat from Biogas Generated by Digestion of Sludge.
- New Operations Building with Laboratory

The City prepares a WWTP Annual Report that provides a summary of the overall plant operation and performance for each calendar year, the latest being in 2024. The report contains summaries of plant operations and performance, maintenance, laboratory, chemicals, utilities, and staffing. In addition, as was previously mentioned in the "Recycled Water Division" Section, the City has a master plan to produce tertiary-quality recycled water and distribute it to East Paso Robles, where it may be safely used for irrigation of City parks, golf courses, and vineyards. The State Water Resources Control Board reclassified the City of Paso Robles WWTP as a Class IV Tertiary Treatment wastewater treatment facility on July 25, 2019. On July 1st, 2021, the Paso Robles Wastewater Treatment Plant was issued a new discharge permit by the Central Coast Regional Water Quality Control Board (RWQCB). The new discharge permit, Order No. R3-2021-0001 conditionally authorizes the Paso Robles WWTP to act as a producer of recycled water under the State Water Resources Control Board's Title 22 Code of Regulations for recycled water. Please refer to the "Recycled Water Division" Section for more information.

In addition, the City hired a consultant, Water Systems Consulting, to complete its latest Wastewater Collection System Master Plan. The 2019 Wastewater Collection System Renewal Strategy and Master Plan is based on the most up-to-date assessment of the condition of current assets, current flows, and projections for future residential and commercial/industrial development in the City. The Plan concluded that most of the City's collection system gravity mains are expected to reach the end of their useful life between 2050 and 2080. Individual projects to address aging force mains are included within the proposed capital improvement plan, while gravity main replacement and rehabilitation have been addressed via a recommended phased renewal strategy. The Master Plan's renewal strategy will help the City to replace or rehabilitate old and failing sections of the sewer system at the appropriate time and ensure the sewer system continues to perform in a way that protects public health and the environment.

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Existing and Future Wastewater Capacity

In 2024, the Paso Robles WWTP operated with an average daily influent flow of 2.07 million gallons per day (MGD) and a maximum daily influent flow of 2.94 MGD. These values are well below the plant's design capacity of 4.9 MGD for the average day and 9.7 MGD for the peak day. This demonstrates that the plant operated well within its capacity throughout the year and was successful in managing and treating varying wastewater volumes.

Table 13: City of Paso Robles Existing Flow Estimates[41]

Description	Existing (MGD)	Plant Design Capacity (MGD)
Average Daily Influent Flow	2.07	4.9
Maximum Daily Influent Flow	2.94	9.7

The 2019 Wastewater Collection System Renewal Strategy and Master Plan included system-wide average annual flow, peak hour dry weather flow, and peak hour wet weather flow estimates for existing conditions, the 5-year, 10-year, and buildout planning horizons, as seen in Table 14. Projected flow projections include known anticipated developments within the City Limits and implementation of phased capital improvement projects addressed within the Renewal Strategy and Master Plan.

Table 14: City of Paso Robles Projected Flow Estimates[42]

Description	Existing[43] (MGD)	5-year Lookout (MGD)	10-year Lookout (MGD)	Buildout (MGD)
Average Annual Flow	2.27	2.54	2.86	3.69
Peak Hour Dry Weather Flow	4.54	5.08	5.72	7.38
Peak Hour Wet Weather Flow	8.22	9.19	10.35	13.36

[41] City of El Paso de Robles Wastewater Treatment Plant 2024 Annual Report, Jan 2025
[42] Table 1-1 of the City of Paso Robels Wastewater Collection System Renewal Strategy and Master Plan, 2019
[43] The term 'existing' pertains to flow estimates recorded in 2019.

Utilities Planning and Engineering Division

The Utilities Planning and Engineering Division is responsible for ensuring that the City's water, wastewater, and recycled water systems are planned, designed, and constructed to meet current and future community needs. The division provides technical oversight, long-range utility planning, and engineering services that support the safe, reliable, and cost-effective delivery of utility services. Key functions include:

- Planning, budgeting, and overseeing the design of major utilities capital improvement projects
- Coordination with the City's Community Development Department and City Engineer to ensure proposed development projects comply with applicable master planning and to address special improvements proposed by development projects,
- Managing updates and maintenance for the City's water distribution system model and sewer collection system model, and analyses that inform capital improvement projects and infrastructure needs, including those required to support development.
- Establishing and managing updates to technical standards, design criteria, and specifications to ensure consistency, efficiency, and compliance with regulatory requirements
- Providing technical assistance to utility managers and operations staff for troubleshooting, regulatory functions, system optimization, and infrastructure renewal

Through fulfillment of these responsibilities, the Utilities Planning and Engineering Division plays a critical role in protecting public health, supporting sustainable growth, and ensuring that the City's utility systems remain resilient and adaptable to future demands.

Solid Waste Division

The City has a Franchise Agreement with Paso Robles Waste Disposal, Inc. to provide solid waste services within the City, and Pacific Waste Services operates the City-owned landfill. The current agreement, which includes amendments, commenced in January 2022 and expires on December 21, 2032, with the option to renew at any time prior to the end of the term of the agreement. The agreement allows Paso Robles Waste Disposal, Inc. to include the furnishing of all labor, supervision, equipment, materials, supplies, and all other items necessary to perform the services (refuse collection, disposal, and recycling activities). The City reserves the right to revise its laws and regulations pertaining to solid waste collection and disposal in order to protect public health, safety, and welfare.

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Funding for solid waste collection and disposal activities comes primarily from fees charged to residents. The area being served with solid waste service is consistent with the boundaries of the City.

Shared Services and Facilities

There are ongoing opportunities for collaboration between agencies to enhance service delivery within the City's boundaries. The City coordinates efforts with the County, neighboring special districts, State, and/or other entities to deliver services efficiently and avoid duplication. At this time, the roles and responsibilities of the City are clearly defined within the service area. However, in some cases, it may be possible to establish a cooperative approach to facility planning by encouraging the City, County, District, and State to work cooperatively in such efforts. Looking forward, there are several areas where continued coordination and shared use of facilities could benefit the community, including:

- CAL Fire/SLO County Fire and all neighboring fire agencies through reciprocal Automatic and Mutual Aid Agreements
- State and Regional Water Quality Control Board regarding potable water and wastewater discharge, and opportunities for private systems consolidations
- California Department of Fish and Game to protect wildlife and environmental resources;
- County of SLO Public Libraries regarding possible shared use of facilities
- CalTrans

Joint Powers Authorities

The City works cooperatively with and is a member of several Joint Power Authorities (JPAs), as shown in Table 15.

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Table 15: City of Paso Robles Joint Power Authority

Name of JPA	Major Service Function
Black Gold Cooperative Library System	Shared library resources throughout the Central Coast, including San Luis Obispo, Santa Barbara, and Ventura Counties.
California Joint Powers Insurance Authority	Workers' Compensation Coverage
Central Coast Community Energy	Power Supplies
Integrated Waste Management Authority	Waste Management
San Luis Obispo Regional Transit Authority	Public Transportation Services
San Luis Obispo Council of Governments	Regional Transportation Services: County-wide public transportation system
San Luis Obispo Air Pollution Control District	Implementation of Air pollution regulations and programs
Paso Robles Area Groundwater Authority (Groundwater Sustainability)	To serve as the groundwater authority within their combined service area within the Paso Robles Area Groundwater Subbasin

Finance

LAFCO is required to make a determination regarding the financial ability of the City to provide public services. This section provides a general overview of the City's financial health and establishes the context for LAFCO's financial determinations. LAFCO uses three financial indicators to help evaluate the agencies' general health: an assessment of Revenues & Expenditures (Operating Ratio), Assets and Liabilities (Liquidity Ratio), and Net Position. The primary source of information for this evaluation was the City's audited Financial Statement Reports from Fiscal Years (FY) 2019-2020 through FY 2023-2024 and the Operating and Capital Budget Report for FY 2024-25 & 2025-26.

Operating Budget

The operating budget is prepared by the City, with operating expenditures and revenues being balanced over the term of the ten-year financial plan. The City typically adopts a two-year budget, except in special situations (as in the case of the COVID-19 pandemic), which may call for a one-year

budget. The City posts its current and previously adopted budgets on its website. City staff conduct quarterly budget reports, in accordance with the City Council's adopted fiscal policies, that provide their Council with frequent reporting on its financial performance; these documents are also available on the City's website. Moreover, the City also offers an online fiscal transparency tool (Open Finance), which allows users to navigate through revenue collected and revenue utilized data. The Open Finance tool is updated at the end of each business week and includes prior fiscal years of data for comparative purposes. It includes information on expenditures, revenue sources, vendor payments, and payroll records, and can be found using the following link: https://prcity-of.finance.socrata.com.

The City Council commissioned an examination of all discretionary City services to itemize their true cost and, in June 2024, approved the FY 2024-25 Comprehensive Fee Schedule for City Services. Fees become effective July 1st of each year.

Audited Financial Statements

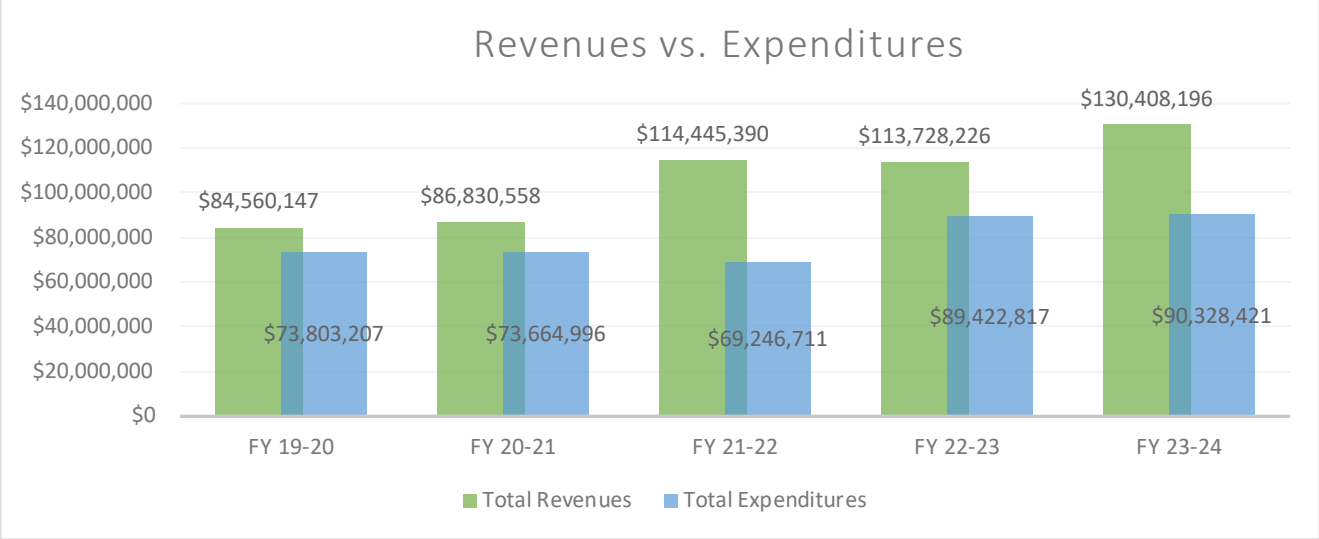
The City hires an outside accounting firm to perform annual audits in accordance with established governmental accounting standards. This includes auditing the City's financial statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing the City's short and long-term fiscal health with a specific focus on delivering its active service functions. LAFCO used the five most recent audited financial statements to conduct its evaluation of the City's Financial Health, separated into four categories (Revenues and Expenditures, Agency Assets, Agency Liabilities, and Agency Net Position).

Revenues and Expenditures

The City is primarily funded through charges for services, property taxes, sales & use taxes, grants and contributions, and other taxes such as transient occupancy taxes and Community Facilities Districts. As shown in Figure 9 below, the City has experienced an increase in revenue every year from FY 2019-2020 to FY 2023-2024. This is mainly because the City continues to heavily invest in infrastructure and other capital assets, where funds will be expended as infrastructure projects advance. The City's expenditures have also experienced an overall increase in the last five audited fiscal years. In FY 2023-

2024, expenses for Governmental Activities[44] reached $63,009,058, while Business-Type Activities[45] totaled $27,319,363. The City's total revenue during the latest audited FY 2023-2024 period was $130.4 million, and expenses were $90.3 million. When analyzing the previous five-year audited period, it was found that the City experienced an annual surplus where revenues consistently exceeded expenditures, as depicted in Figure 9.

Figure 9: Actual Revenues vs. Actual Expenditures (FY 2019-20 to FY 2023-24)[46]



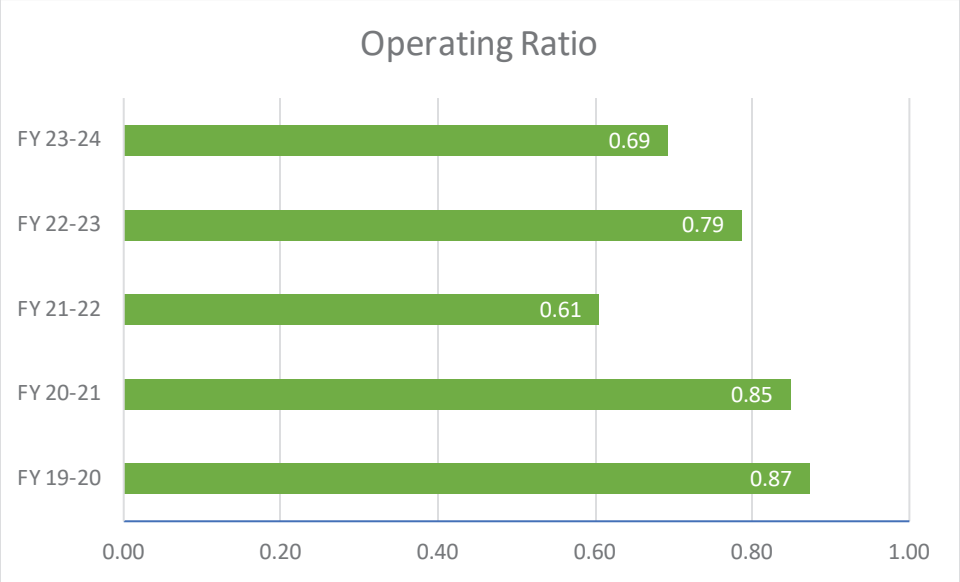
To assess the City's ability to meet its financial obligations, Figure 10 displays the Operating Ratio for the past five audited fiscal years. This ratio—calculated as annual operating expenses divided by annual operating revenues—serves as a basic indicator of financial performance:

- A ratio **below 1.0** indicates the agency is operating at a surplus
- A ratio **above 1.0** indicates the agency is operating at a deficit

Throughout this period, the ratio has remained below 1.0, indicating that the City's operating revenues have consistently exceeded operating expenses. This suggests stable financial performance with positive operating margins.

[44] Governmental Activities - Most of the City's basic services are reported in this category, including general government, public safety, highways and streets, sanitation, health and welfare, culture and recreation, urban redevelopment and housing, and economic development and assistance. Taxes and state and federal grants finance most of these activities.
[45] Business-type Activities - The City charges a fee to customers to cover all or most of the cost of certain services it provides. These activities include the City's water system, wastewater system, airport, transit operations, and parking operations.
[46] City's Financial Statements between FY 2019-20 to FY 2023-24

Figure 10: Operating Ratio (FY 2019-20 to FY 2023-24)



Assets and Liabilities

An agency's assets provide current, future, or potential economic benefit for the entity. An agency asset is therefore something that is owned by the agency or something that is owed to the agency. In this section, agency assets will be reviewed in two separate categories as defined below:

- Current Assets: Cash and other assets that are expected to be converted to cash within a year.
- Non-Current Assets: Long-term investments that are not expected to become cash within an accounting year.

The City's audited assets at the end of FY 2023-2024 totaled $577 million and are 14 percent higher than the average year-end amount of $506 million documented during the previous five-year audited period. Assets classified as current, with the expectation they could be liquidated within a year, represented 31 percent of the total amount, or $177 million, and are primarily tied to cash and investments. Assets classified as non-current make up the remainder of the total, at $399 million, and are primarily attributed to net depreciable capital assets (which includes accumulated depreciation of building & improvements, equipment, and infrastructure). Overall, the City's assets have increased by 30 percent over the corresponding 5-year audited period.

In addition to assets, the City's net position also considers deferred outflows of resources.[47] The City has two items that qualify for reporting in this category those are 1) Deferred Pensions and 2) Deferred Other Post-Employment Benefits (OPEB). A total of $19.676 million was reported in FY 2023-2024 as deferred outflows of resources and will be recognized as a reduction of the net pension liability in a future reporting period.

Furthermore, to address unanticipated emergency and contingency needs, and to secure the continued financial well-being of the City, the City Council has established fiscal policies where unrestricted General Fund reserves shall be maintained at no less than 30 percent of the actual 10-year revenue trend. For the Water and Wastewater Funds, reserves shall be maintained at 25 percent of operating expenditure, plus an additional $1.0 million. General Fund reserves were approximately $25.6 million at the end of FY 2023-2024, which exceeds the City's Fiscal Policy goal of 30 percent of revenues. The City also has additional reserves in its Section 115 Pension Trust Fund (approximately $10.5 million—although net pension liability far exceeds this amount, but these are available dollars to offset future pension costs), and the Measure J-20 Fund[48] (approximately $20.6 million). Based on the latest Financial Statement, the City continues to maintain healthy reserves, well over the minimally required amounts, and has the flexibility to continue to fund critical services should the economy recess.

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[47] A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.
[48] In 2020, the voters of Paso Robles approved Measure J-20, a one-cent supplemental sales tax. Like Measure E-12, Measure J-20 is a general tax with the main priorities towards fire and emergency services, police services, and street repair and maintenance, as approved by City Council in Resolution 20-118.

Table 16: Audited Assets and Deferred Outflow

Category	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	5-yr % Change	5-yr Average
Current Assets	105,082,097	106,313,042	132,959,348	148,228,391	177,581,060	69%	134,032,788
Non-Current Assets	340,422,227	350,802,218	382,473,320	390,926,091	399,642,945	17%	372,853,360
Total Assets	**445,504,324**	**457,115,260**	**515,432,668**	**539,154,482**	**577,224,005**	**30%**	**506,886,148**
Deferred Loss on Refunding Bonds	456,607	391,376	326,145	260,914	195,683	-57%	326,145
Deferred OPEB	2,117,563	2,126,252	311,367	14,619	259,968	-88%	965,954
Deferred Pensions	10,061,455	7,497,870	11,336,011	16,972,733	19,220,492	91%	13,017,712
Total Deferred Outflow of Resources	**12,635,625**	**10,015,498**	**11,973,523**	**17,248,266**	**19,676,143**	**56%**	**14,309,811**

An agency's liability is something the agency owes, usually a sum of money. Liabilities are settled over time through the transfer of economic benefits, including money, goods, or services. In this section, agency liabilities will be reviewed in two separate categories as defined below:

- Current Liabilities: Short-term financial obligations due to be paid within a year.
- Other Non-Current Liabilities: Long-term financial obligations that are due more than a year away.

The City's audited liabilities at the end of FY 2023-2024 totaled $141.920 million and were 3 percent higher than the average year-end amount of $137.976 million documented during the previous five-year audited period. Liabilities classified as current, and representing obligations owed in the near-term, account for 17 percent, or $24.006 million, of the total. Non-current liabilities represent the remaining total, at $117.913 million, and are largely tied to payments on liabilities due after one year. Overall liabilities have decreased by 1 percent over the corresponding 5-year audited period.

In addition to liabilities, the City's net position also considers deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period. The City has three items that qualify for reporting in this category: 1) Deferred Leases, 2) Deferred OPEB, and 3) Deferred Pensions. A total of $21.736 million was reported as deferred inflows of resources in FY 2023-2024 and will be recognized as an acquisition of the net position in a future reporting period.

Table 17: Audited Liabilities and Deferred Inflow

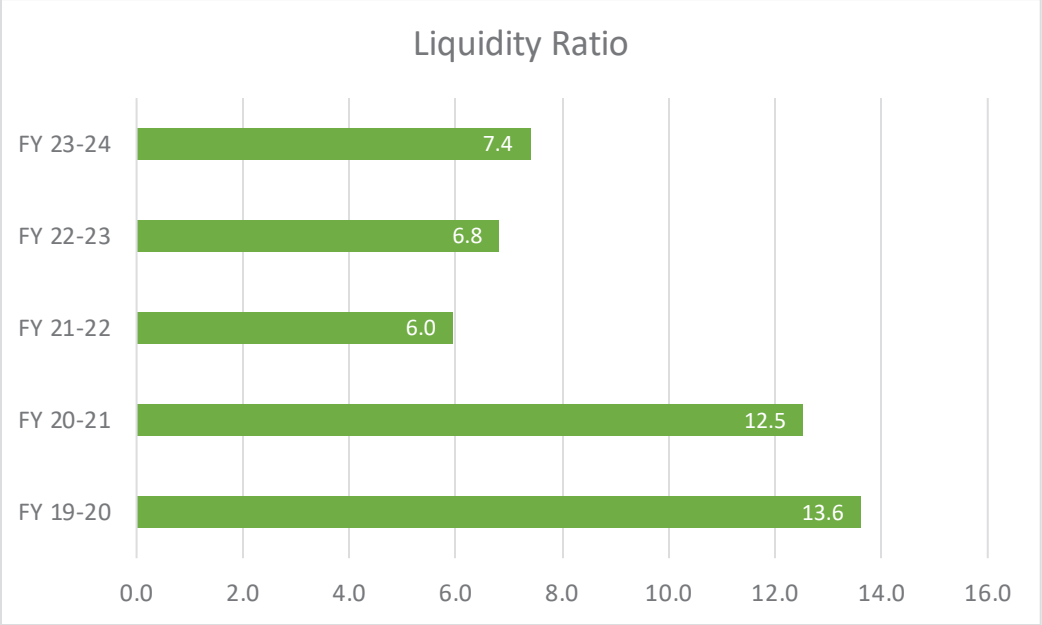
Category	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	5-yr % Change	5-yr Average
Current liabilities	7,716,514	8,482,529	22,344,173	21,722,937	24,006,714	211%	16,854,573
Non-Current Liabilities	136,363,971	131,812,514	102,396,675	117,120,688	117,913,394	-14%	121,121,448
Total Liabilities	**144,080,485**	**140,295,043**	**124,740,848**	**138,843,625**	**141,920,108**	**-1%**	**137,976,022**
Deferred Leases	-	-	18,594,650	17,499,811	16,383,551	-12%	17,492,671
Deferred OPEB	598,333	1,934,304	1,205,571	3,377,415	4,036,086	575%	2,230,342
Deferred Pensions	2,626,229	900,947	13,665,979	3,518,333	1,317,064	-50%	4,405,710
Total Deferred Inflow of Resources	**3,224,562**	**2,835,251**	**33,466,200**	**24,395,559**	**21,736,701**	**574%**	**17,131,655**

Figure 11 illustrates the City's Liquidity Ratios from FY 2019-20 through FY 2023-24. This ratio measures the City's ability to meet its short-term financial obligations by comparing unrestricted current assets to current liabilities.

- A ratio **above 1.0** indicates that the City has sufficient short-term resources to cover its liabilities, reflecting strong financial health.
- A ratio **below 1.0** signals potential liquidity concerns, suggesting short-term resources may be insufficient to meet immediate obligations.

Generally, the higher the ratio, the greater the City's short-term financial stability. Over the five-year period shown in Figure 11, the City's liquidity ratio has consistently remained above 1.0, demonstrating a stable ability to meet short-term obligations.

Figure 11 Liquidity Ratio (FY 2018-19 to FY 2022-23)



Net Position

An agency's net position serves as a key indicator in representing an agency's overall financial health and is defined as the difference between total assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

- A **positive net position** indicates that the City possesses more assets than liabilities, reflecting fiscal health
- A **negative net position** may suggest fiscal distress or an inability to meet long-term obligations

Net position should be displayed in three categories, which focus on the accessibility of the underlying assets:

- Net investment in capital assets: Represents capital assets, net of accumulated depreciation, reduced by the outstanding principal of the related debt used to acquire those assets
- Restricted Net Position: Includes the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation
- Unrestricted Net Position: Consists of resources that do not meet the criteria for the other two categories (net investment in capital assets or restricted net position) and may be used for general operations.

The City's audited net position or equity at the end of FY 2023-2024 totaled $433.243 million and represents the difference between the City's total assets and total liabilities, along with adjusting for deferred resources (i.e., leases, OPEB, and pension outflows & inflows). The most recent year-end amount is 18 percent higher than the average year-end sum of $366.088 million documented during the previous 5-year audited period. A portion of the net position, 73 percent, reflects its ending net investment in capital assets (e.g., land and equipment), with the remainder categorized as restricted and unrestricted. Overall, the City's net position has increased by 39 percent through the corresponding 5-year audited period.

Table 18: Audited Net Position

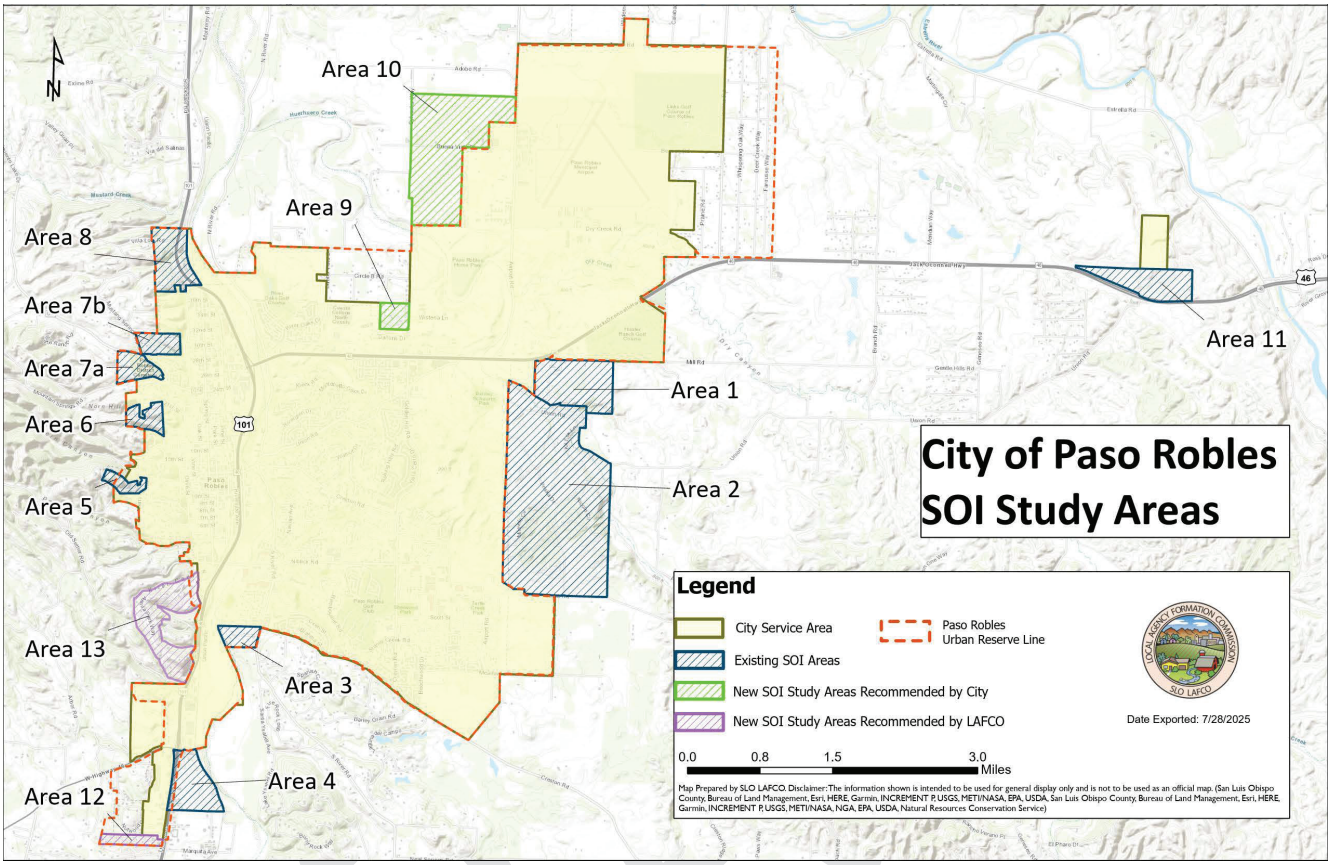
Category	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	5-yr % Change	5-yr Average
Net Investment in Capital Assets	261,555,970	277,951,919	289,113,860	302,202,248	315,808,804	21%	289,326,560
Restricted	28,864,344	38,618,959	34,048,387	34,815,794	43,178,333	50%	35,905,163
Unrestricted	20,414,588	7,429,586	46,036,896.00	56,145,522.00	74,256,202.00	264%	40,856,559
Total Net Position	**310,834,902**	**324,000,464**	**369,199,143**	**393,163,564**	**433,243,339**	**39%**	**366,088,282**

Sphere of Influence

Existing & Proposed SOI

The City's existing SOI is approximately 1,971 acres beyond the City limits and includes nine general areas. This section analyzes the nine areas already within the SOI and considers the inclusion of four additional study areas. Two of the four new study areas were recommended by the City, and the remaining two were included in the study as recommended by LAFCO staff due to interest from the landowners and/or the Regional Water Quality Control Board. The following SOI study helps analyze and identify which properties should remain/ be included and which should be excluded from the SOI. The map on the following page shows the City's existing SOI and the additional areas being considered.

Figure 12: City of Paso Robles Recommended SOI Study Areas[49]



City staff provided input on the nine existing study areas and requested that two new areas be analyzed, as seen in Figure 12 above. Exhibit A of the MSR & SOI Study includes the June 4, 2024, regular City Council meeting staff report that provides more information relating to opportunities and constraints for each SOI Study area and the City's preferred outcome. City Resolution No. 24-073 directed City staff to forward several recommended SOI changes to LAFCO. In summary, the City solicited feedback from all of its departments by using a color ranking system for each of the nine factors listed below:

- Fire Hazard
- Emergency Access
- Water Service
- Sewer Service
- Roads and Transportation
- Environmental Sensitivity
- Economic Development Potential
- Affordable Housing Potential
- Financial Impact on the City of Paso Robles

[49] Exhibit A of Resolution 24-073 | City of Paso Robles Council Agenda, June 4, 2024

The City provided additional feedback for the two SOI study areas that were later added by LAFCO staff. Table 19 below outlines the City's and LAFCO's SOI recommendations. Each of the SOI study areas is described in more detail on the following pages and includes an individualized map with recommendations made by LAFCO staff. The discussion addresses the size, location of the area, current zoning, and other relevant information. All but one SOI area is within the City of Paso Robles Planning Impact Area as identified under the Land Use Element of the City's General Plan and as seen in Figure 4 in the "Present and Planned Land Use" section of this report.

This SOI Study is consistent with LAFCO's policies and the purposes of LAFCO. LAFCO's policies encourage and provide for well-ordered, efficient urban development patterns, balanced with preserving open space and agricultural land while discouraging urban sprawl. The SOI discourages urban sprawl and encourages the preservation of open space and agricultural land. If the SOI recommendations are approved by the Commission, the City and County shall update the City and County General Plan to accurately reflect the new SOI, as applicable.

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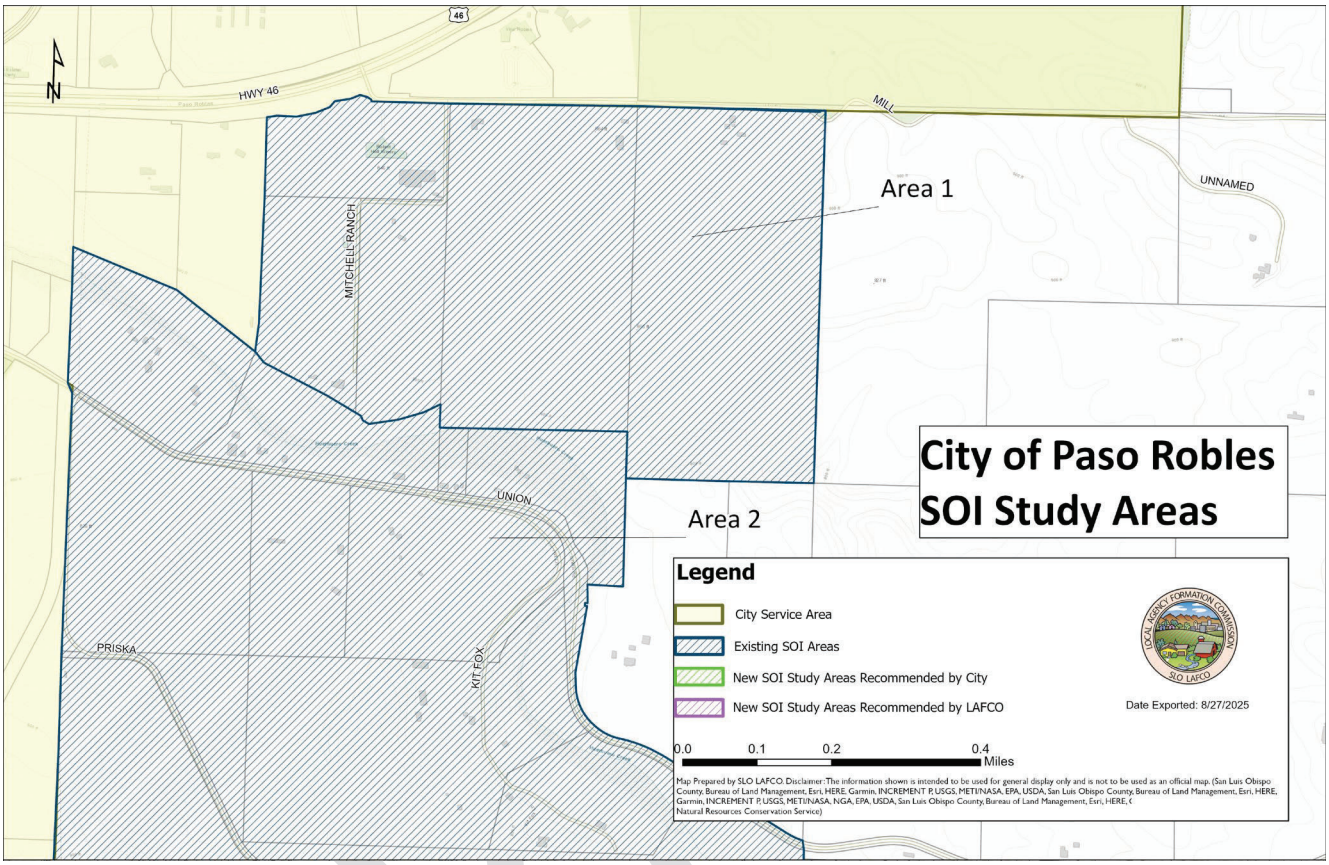
Table 19: Recommended SOI Changes

SOI Study Areas	Description/ Location	Status	City's SOI Request[50]	LAFCO SOI Recommendation
1	Mill Road	Existing	Remain	Remain
2	East Chandler Ranch Area	Existing	Remove	Remove
3	SW corner of Charolais / S River Road (Oak Lane)	Existing	Remove	Remove
4	South Ramada Drive	Existing	Remain	Remain
5	Bailey Drive	Existing	Remove	Remove
6	W 19th Street	Existing	Remove	Remove
7	Nacimiento Lake Drive / Mustang Springs Road	Existing	Remove	Remove
8	North Vine Street	Existing	Remove	Remove
9	Wisteria Lane west of Golden Hill Road	New	Include	Include
10	Buena Vista Drive west of Airport Road	New	Include	Exclude
11	Union Rd near the Landfill	Existing	Remain	Remain
12	Rancho Paso Mobile Home Park	New	Exclude	Exclude
13	Almira Water Association	New	Exclude	Exclude

[50] Exhibit A and B attached to the City MSR & SOI Study

SOI Study Area No. 1 | Mill Road | Recommending it Remain

Figure 13: City of Paso Robles Study Area 1



Description: The Mill Road area covers a 210± acre area adjacent to Paso Robles' eastern boundary, just south of Vina Robles and Hunter Ranch Golf Course. This area includes vineyards, a winery/events center, and some vacant land under the "Agriculture" County land use designation. Some of the developments in the area consist of the Robert Hall Winery, a vineyard, and several homes on larger parcels (which rely on an onsite septic system for wastewater and a private well for water service). The Collins Vineyard is an 80-acre vineyard also located in Study Area 1 and has been within the City's SOI since it was added during the 2013 MSR/SOI update. Study Area No. 1 does not contain property under a Williamson Act Contract; however, portions of this Study Area do contain prime agricultural land as defined in Government Code Section 56064. It is estimated that approximately 77 percent of this Study Area is considered prime. The City does not currently provide any services to this area.

According to the City and County 2012 Memorandum of Agreement, this type of development at the outer edges of the City boundary is consistent with Paso Robles' Purple Belt Program[51], because it acts as a transition area to the more rural area. The intent is for the area between the potential road to remain in agriculture and rural residential use, and visitor-serving agriculturally related commercial use, consistent with the Purple Belt Program and the existing land use of the property. The City has indicated that this area is interested in pursuing annexation in the near future.

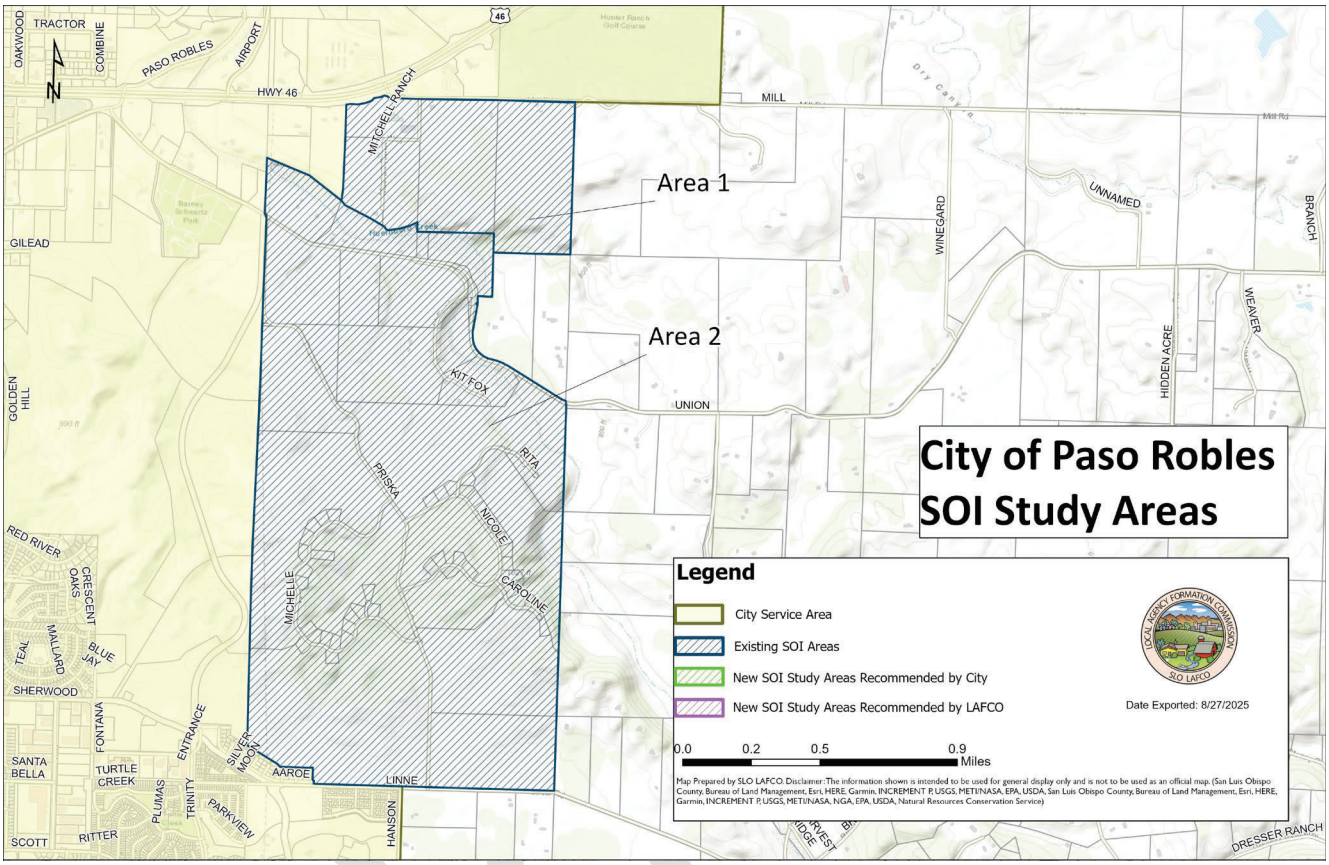
LAFCO Staff Recommendation: It is recommended that Area 1 remain in the City's SOI. This recommendation aligns with the City's existing General Plan and offers an opportunity for the City to coordinate with the County in managing existing winery operations. If annexation is pursued in the future, then the City would be required to demonstrate its ability to effectively serve the area and be subject to LAFCO proceedings and approval. LAFCO Policies and Procedures prioritize the protection of prime farmland for agricultural use. Should the City or landowner initiate annexation, LAFCO Policy 2.9.12 may be triggered, requiring a 1:1 mitigation ratio for any conversion of prime agricultural land to non-agricultural uses.

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[51] The goal of the Purple Belt is to support and maintain the City's community character and way of life. If successful, the Purple Belt will support the continuation of the region's agriculture and ranching traditions, the scenic beauty and character of the City and the surrounding areas, and the tourism industry that depends on both of these.

SOI Study Area No. 2 | East Chandler Ranch Area | Recommending Removal

Figure 14: City of Paso Robles Study Area 2



Description: The East Chandler Ranch area covers a 1,056± acre area adjacent to Paso Robles' eastern boundary, just south of Vina Robles and Hunter Ranch Golf Course. The area is designated "Agriculture" under the County land use designation, and the County, as the land use authority, approved a Tract Map and Conditional Use Permit in 2005 that would allow 42 single-family residences and seven farm worker housing units while preserving 95 percent of the site for agriculture/open space. Study Area No. 2 contains approximately 840 acres of property under Williamson Act Contract (Assessor Parcel Numbers (APN) 020-211-014, 020-211-015, 20-211-016, 020-211-017, 020-211-018, 020-211-019, and 020-211-020). It is estimated that approximately 35 percent of this Study Area is considered prime agricultural land as defined in Government Code Section 56064. This area has been within the City's SOI since it was added during the 2013 MSR and SOI update. The City has determined that annexation

of this area is unfeasible at this time, due to constraints related to wastewater, water, and road maintenance services.[52] The City does not currently provide any services to this area.

When the property was added to the City's SOI, it was mentioned that the City's Purple-Belt Plan aligned with this type of pattern on the outer edges of the City boundary that would act as a transition area to the more rural area. The City did not intend to intensify the County-approved AG Cluster project but rather considered providing urban services to the development through an Outside Agency Agreement; however, this has not occurred since the property was included in the SOI. The reason the City explored pursuing an Outside Agency Service Agreement was to enable the City to provide services to the development. In return, the development would limit groundwater pumping and potentially use recycled water. However, existing developments receive water from either private onsite wells or Gran Ciel Mutual Water Company, wastewater service from onsite septic, and fire service from CAL Fire. Gran Cielo Mutual Water Company is located entirely within Study Area No. 2 and provides potable water to approximately 42 service connections. The Gran Cielo Mutual Water Company was identified as a "Potentially At-Risk[53]" water system based on the State Water Board's SAFER Status[54]. The system has accrued risk points within the Risk Assessment, but not enough to be designated At-Risk. There is little to no need for city services.

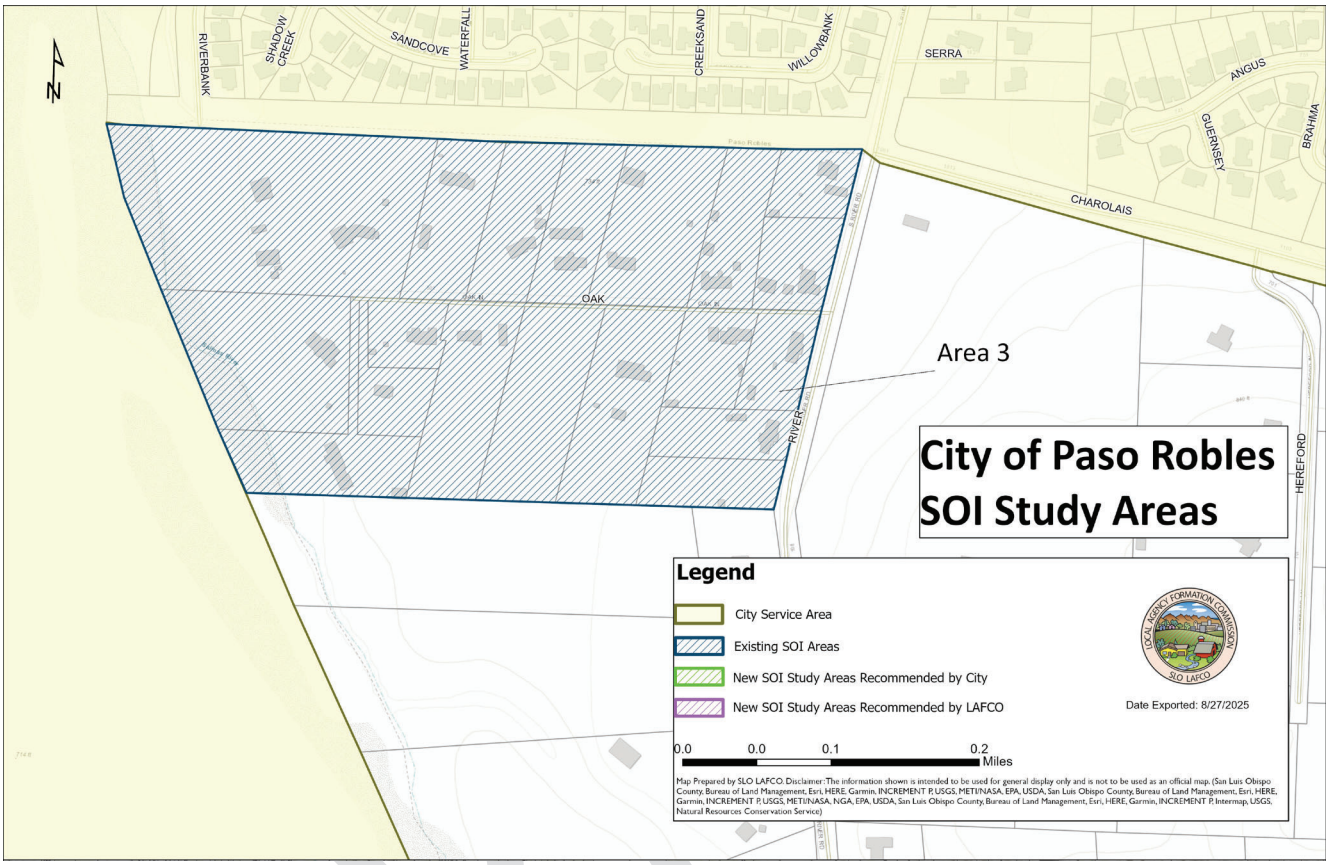
LAFCO Staff Recommendation. It is recommended that Area 2 be removed from the City's SOI. The area has been developed as allowed under the County as the land use authority. The City recognized constraints related to wastewater, water, and road maintenance services.[55] The area was originally included in the SOI to enable the City to provide urban services to the development through an Outside Agency Agreement in exchange for limiting groundwater pumping and a potential user of recycled water; however, the Gran Cielo Mutual Water Company was created to serve area residents, and there is no longer a need for City services.

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[52] Exhibit A of the MSR & SOI Study includes the June 4, 2024, regular City Council meeting staff report that provides more information relating to opportunities and constraints for each SOI Study area and the City's preferred outcome.
[53] SAFER Status data accessed July 2025.
[54] SAFER Status: a categorization of community water systems and non-transient, non-community schools determined by the Needs Assessment's Failing system criteria and Risk Assessment. There are five SAFER Statuses used by the State Water Board. If a water system's SAFER Status is currently Failing, its Risk Assessment result will replace its SAFER Status once the system comes off the Failing list.
[55] Exhibit A of the MSR & SOI Study includes the June 4, 2024, regular City Council meeting staff report that provides more information relating to opportunities and constraints for each SOI Study area and the City's preferred outcome.

SOI Study Area No. 3 | SW corner of Charolais / S River Road (Oak Lane) | Recommend Removal

Figure 15: City of Paso Robles Study Area 3



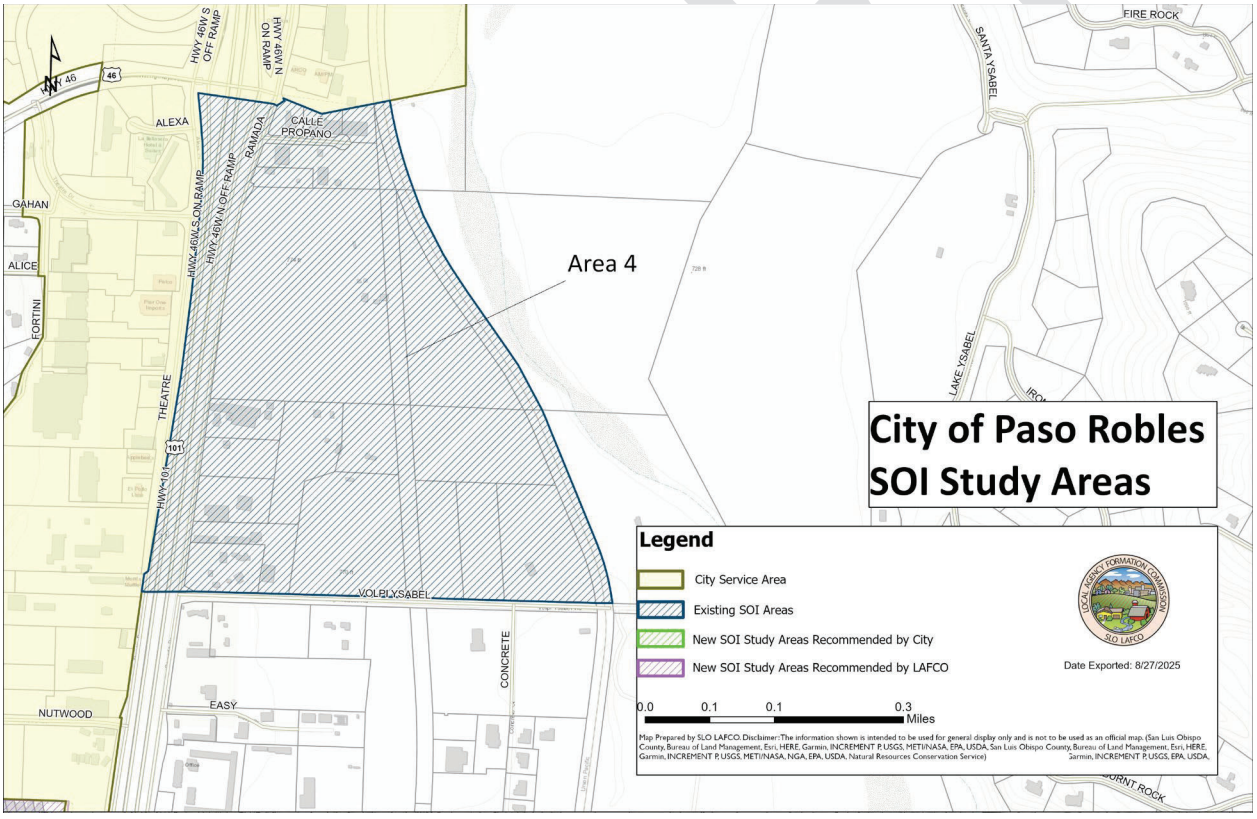
Description: The Southwest corner of Charolais/ South River Road (Oak Lane) area covers 43± acres adjacent to the Paso Robles southern boundary, east of Highway 101. This area includes 2 to 5-acre lots with single-family homes on large lots and is designated "Residential Suburban" under the County's land use designation. Study Area No. 3 does not contain property under a Williamson Act Contract, nor does it contain prime agricultural land as defined in Government Code Section 56064. This area has been within the City's SOI since the early 1980s. The City has determined that annexation of this area is unfeasible at this time, due to constraints related to financial resources, wastewater, water, and road maintenance services.[56] The City does not provide any services, nor is there any anticipated need for city services within this area.

[56] Exhibit A of the MSR & SOI Study includes the June 4, 2024, regular City Council meeting staff report that provides more information relating to opportunities and constraints for each SOI Study area and the City's preferred outcome.

LAFCO Staff Recommendation. It is recommended that Area 3 be removed from the City's SOI. This area has remained within the SOI for over forty years, yet neither the City nor the property owners has demonstrated interest in, or taken steps toward, annexation. Given the absence of current or foreseeable demand for municipal services, continued inclusion in the SOI is unwarranted. The City also recognized constraints related to the City's ability to provide wastewater, water, and road maintenance services. Development in this area receives water from onsite wells, wastewater service from onsite septic tanks, and fire protection from CalFire. Should the City or the landowners express interest in having the area attain municipal service from the City in the future, then the area could be reconsidered for inclusion in the SOI at that time.

SOI Study Area No. 4 | South Ramada Drive | Recommend Partial Removal

Figure 16: City of Paso Robles Study Area 4



Description: The South Ramada Drive area covers 140± acres adjacent to the Paso Robles southern boundary, just east of Highway 101. This area includes land designated "Commercial Service", "Agriculture", "Public Facilities", and "Industrial" under the County's land use designation. This area consists of existing commercial development, active agricultural, and CAL Fire / County Fire Station 30.

Approximately 40 acres of property within Study Area No. 4 contains land under Williamson Act Contract (APNs 040-091-046 and a portion of 040-091-048). This area entered into a Williamson Act contract on December 8, 2020, by Resolution No. 2020-271. The subject property is devoted to agricultural uses in order to preserve a maximum amount of agricultural land. It is estimated that approximately 62 percent of this Study Area is considered prime as defined in Government Code Section 56064. In alignment with LAFCO's legislative directive to steer development away from prime agricultural land and land under Williamson Act Contract, the Commission is prohibited from approving future annexation of APNs 040-091-046 and 040-091-048 due to their Williamson Act Contract status in accordance with Government Code Section 56856.5. In addition, LAFCO Policies & Procedures call for properties with prime farmland to be protected from uses other than agriculture. If the Williamson Act Contract on this property was set to expire in the future with no intent to renew, and final approval of the non-renewal has been granted, and if the City or landowners were to wish to pursue annexation of this territory in the future, it would prompt LAFCO Policy 2.9.12, which requires 1:1 mitigation of prime land when converted from agricultural use.

This area has been within the City's SOI since 1997. On January 15, 1998, the Commission approved Resolution No. 98-2, which removed Study Area No. 4 from the Templeton Community Services District SOI and added it to the City's SOI. CAL Fire / County Fire Station 30 is located at 2510 Ramada Dr, within the southern portion of Study Area 4. The CAL Fire / County Fire Station property (APN 040-143-003) receives water and wastewater service from TCSD through a Service Agreement, which was established in 2015. The agreement between the TCSD and CAL Fire was deemed to have met exemptions specified in Government Code Section 56133(e) and was therefore exempt from LAFCO approval. Additional parcels located on the southwestern side of Study Area No. 4 (APNs 040-143-004, 040-143-051, and 040-143-050) receive water services from TCSD, and potable water and irrigation services are provided to all the parcels along Calle Propano (APNs 040-091-049, -050, -051, and -052). TCSD currently serves a total of 8 parcels in the City's SOI Area No. 4 outside our District boundaries and SOI. The City does not provide any services to this area.

LAFCO Staff Recommendation. It is recommended that Area 4 remain in the City's SOI. This area has remained within the SOI for about twenty-eight years. Neither the City nor the property owners have demonstrated interest in, or taken steps toward, annexation; however, the City would like to retain

this area within the SOI due to its commercial development and as an area for potential growth. Leaving this area allows the City a better opportunity to collaborate with the County on managing both existing and future commercial development. If annexation is pursued in the future, then the City would be required to demonstrate its ability to effectively serve the area and be subject to LAFCO proceedings and approval.

In addition, the approximately 40 acres of land under the Williamson Act under its existing land use is consistent with the City's Purple Belt Program and was identified as a High Priority Area.[57] However, the Commission is prohibited from approving an annexation of land under Williamson Act Contract status in accordance with Government Code Section 56856.5. If the Williamson Act Contract on this property was set to expire in the future with no intent to renew, and final approval of the non-renewal has been granted, then annexation may be pursued. If the City or landowners were to wish to pursue annexation of this territory in the future, it would prompt LAFCO Policy 2.9.12, which requires 1:1 mitigation of prime land when converted from agricultural use.

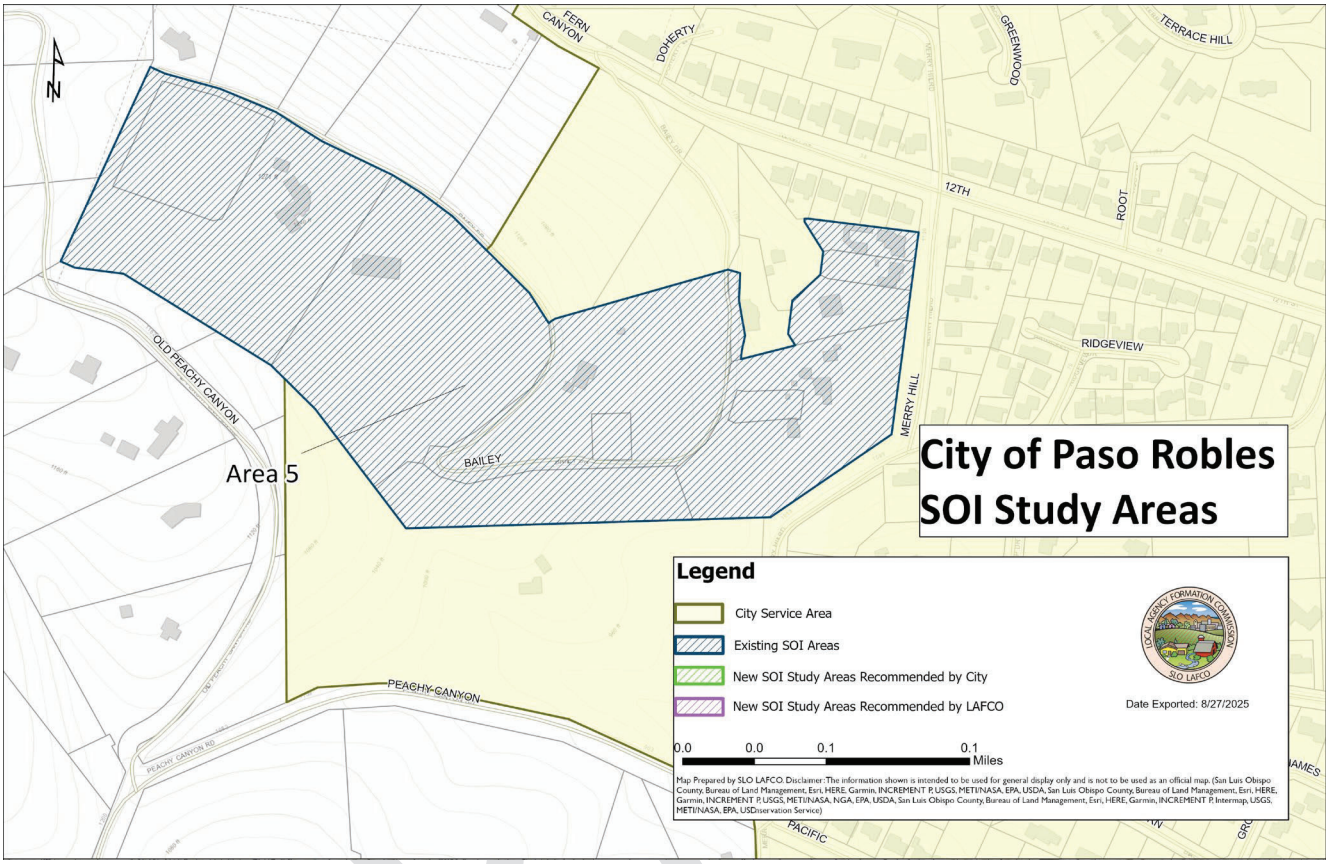
APN 040-143-003 is zoned Public Facilities and includes CAL Fire/County Fire Station 30, which is located within the southern portion of Study Area 4. TCSD provides APN 040-143-003 water and wastewater service. The properties could continue to receive these services from TCSD, should annexation into the City be pursued. However, it would be encouraged that the City, TCSD, and CAL Fire establish a Memorandum of Agreement / Understanding to prevent duplication of services relating to water, sewer, and fire service, should annexation be pursued. Regarding all the remaining parcels within SOI Area 4 that are receiving service from TCSD, service responsibility would be transferred to the City should annexation be pursued.

If by the next MSR & SOI Study cycle, neither the City nor the property owners have demonstrated interest in, or taken steps toward, annexation, removing these areas from the SOI should be considered.

[57] Figure 1 in the Paso Robles Purple Belt Action Plan, November 2009

SOI Study Area No. 5 | Bailey Drive | Recommend Removal

Figure 17: City of Paso Robles Study Area 5



Description: The Bailey Drive area covers 27± acres adjacent to the Paso Robles western boundary, along Bailey Drive. This area includes existing single-family homes on large lots and is designated "Residential Rural" and "Residential Suburban" under the County's land use designation. Study Area No. 5 does not contain property under a Williamson Act Contract, nor does it contain prime agricultural land as defined in Government Code Section 56064. This area has been within the City's SOI since the early 1980s. The City has determined that annexation of this area is unfeasible at this time, due to constraints related to wastewater, water, fire, and road maintenance services.[58] However, the City provides wastewater service to approximately one[59] property in this location through Outside Agency

[58] Exhibit A of the MSR & SOI Study includes the June 4, 2024, regular City Council meeting staff report that provides more information relating to opportunities and constraints for each SOI Study area and the City's preferred outcome.
[59] City Staff Input, October 2025

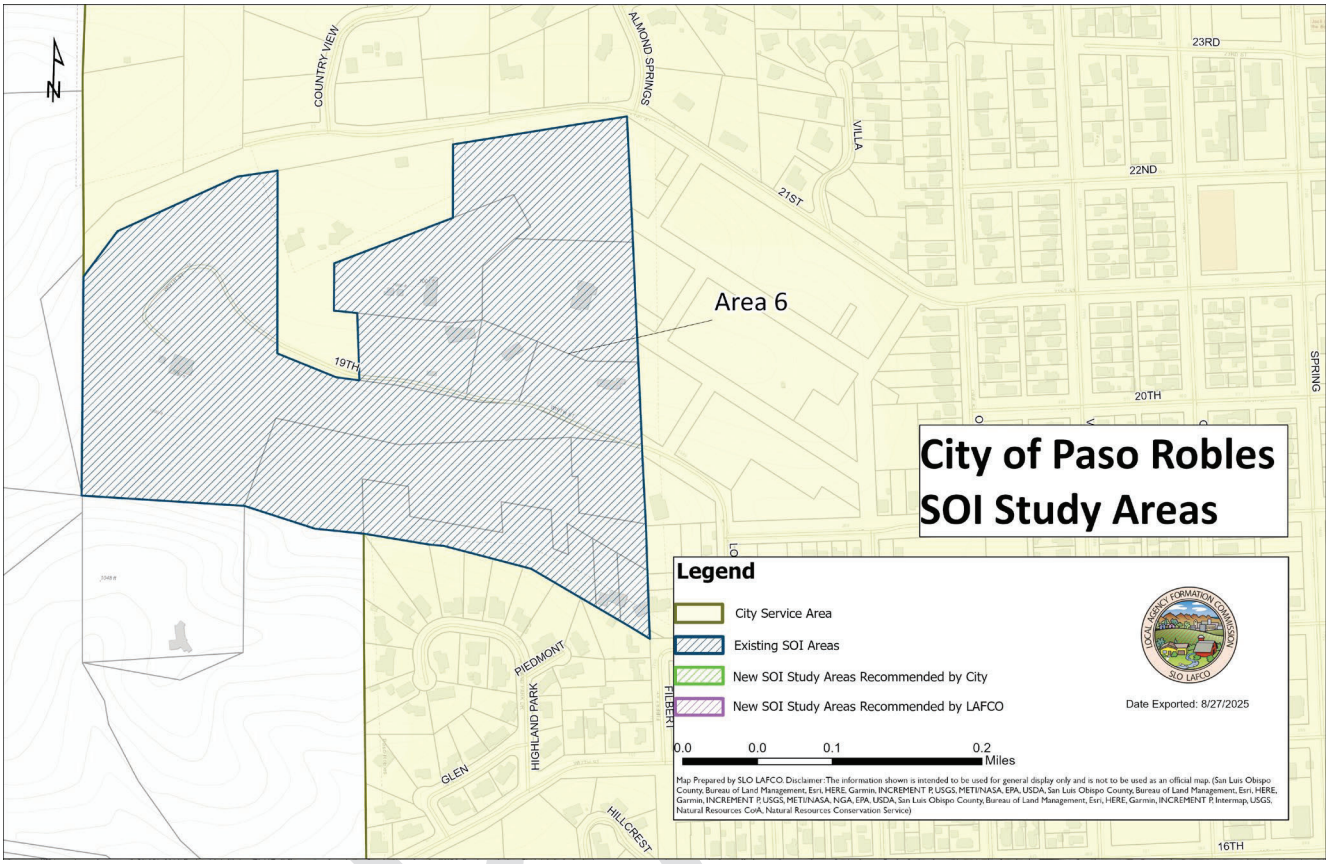
Service Agreements[60] that are believed to have been established before the year 2000. The City does not provide any other services.

LAFCO Staff Recommendation. It is recommended that Area 5 be removed from the City's SOI. This area has remained within the SOI for over forty years, yet neither the City nor the property owners has demonstrated interest in, or taken steps toward, annexation. Given the absence of current or foreseeable demand for municipal services, continued inclusion in the SOI is unwarranted. The City also recognized constraints related to the City's ability to provide wastewater, water, fire, and road maintenance services. Development in this area receives water from onsite wells, wastewater treatment from either onsite septic or the City (through longstanding Outside Agency Agreements), and fire protection from CalFire. Should the City or the landowners express interest in having the area obtain municipal services from the City in the future, then the area could be reconsidered for inclusion in the SOI at that time. Removing areas from the SOI that receive a single service through long-standing Outside Agency Agreements would not impede the City's ability to continue providing service. Because these agreements were established prior to January 1, 2000, they are generally considered "grandfathered" and are therefore exempt from the requirements of Government Code Section 56133.

[60] If an Outside Agency Agreement was in place before Jan 1, 2000, then the agreement is often considered being "grandfathered" in and therefore exempt from the requirements of Government Codes Section 56133.

SOI Study Area No. 6 | W 19th Street | Recommend Removal

Figure 18: City of Paso Robles Study Area 6



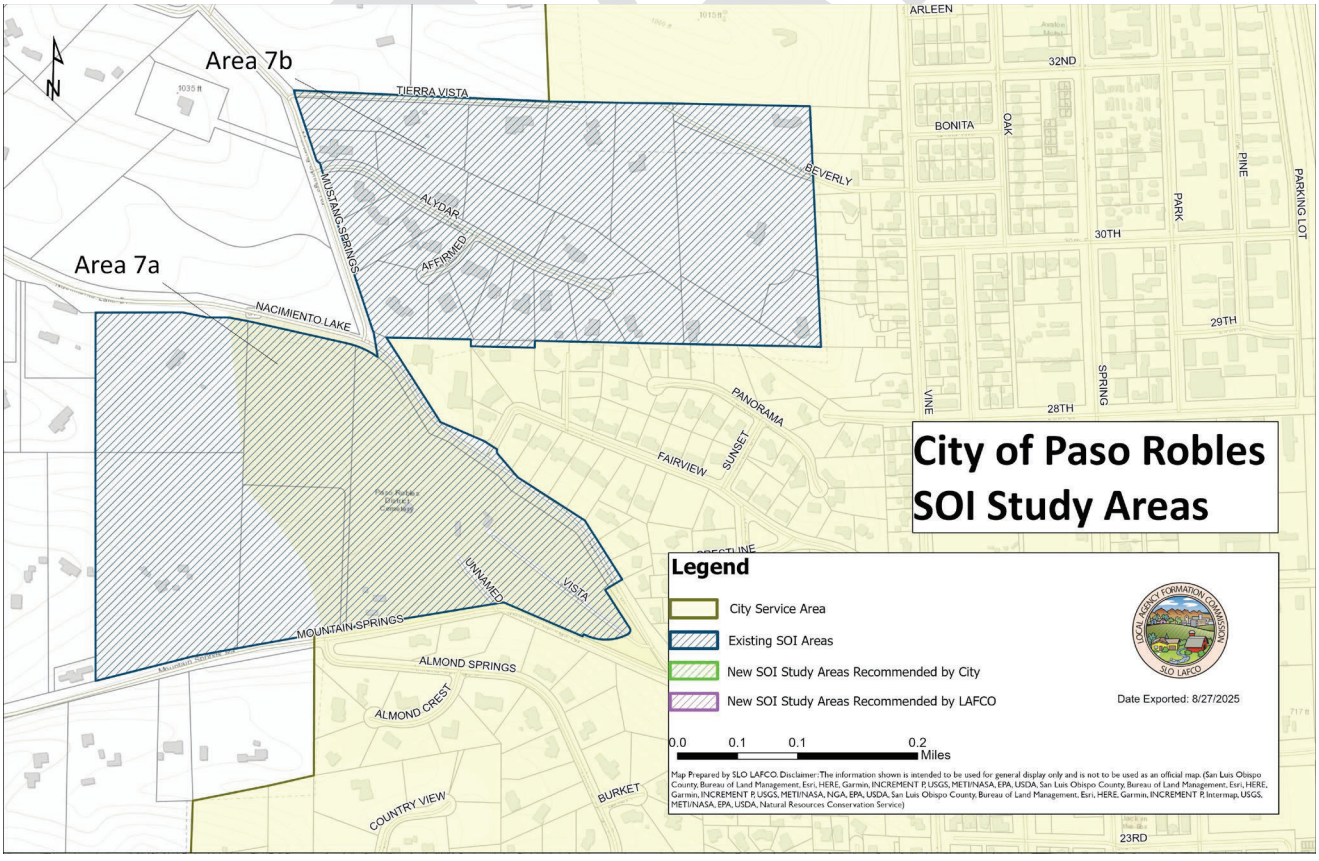
Description: The West 19th Street area covers 48± acres adjacent to the Paso Robles western boundary, along Bailey Drive. This area includes single-family homes on large lots and is designated "Residential Suburban" under the County's land use designation. Study Area No. 6 does not contain property under a Williamson Act Contract, nor does it contain prime agricultural land as defined in Government Code Section 56064. This area has been within the City's SOI since the early 1980s. The City has determined that annexation of this area is unfeasible at this time, due to constraints related to wastewater, water, fire, and road maintenance services.[61] However, the City provides wastewater service to approximately one[62] properties in this location through Outside Agency Service Agreements that were established before the year 2000. The City does not provide any other services.

[61] Exhibit A of the MSR & SOI Study includes the June 4, 2024, regular City Council meeting staff report that provides more information relating to opportunities and constraints for each SOI Study area and the City's preferred outcome.
[62] City Staff Input, October 2025

LAFCO Staff Recommendation. It is recommended that Area 6 be removed from the City's SOI. This area has remained within the SOI for over forty years, yet neither the City nor the property owners has demonstrated interest in, or taken steps toward, annexation. Given the absence of current or foreseeable demand for municipal services, continued inclusion in the SOI is unwarranted. The City also recognized constraints related to the City's ability to provide wastewater, water, fire, and road maintenance services. Development in this area receives water from onsite wells, wastewater treatment from either onsite septic or the City (through longstanding Outside Agency Agreements), and fire protection from CalFire. Should the City or the landowners express interest in having the area obtain municipal services from the City in the future, then the area could be reconsidered for inclusion in the SOI at that time. Removing areas from the SOI that receive a single service through long-standing Outside Agency Agreements would not impede the City's ability to continue providing service. Because these agreements were established prior to January 1, 2000, they are generally considered "grandfathered" and are therefore exempt from the requirements of Government Code Section 56133.

SOI Study Area No. 7 | Nacimiento Lake Drive / Mustang Springs Road | Recommend Removal

Figure 19: City of Paso Robles Study Area 7



Description: The Nacimiento Lake Drive / Mustang Springs Road area covers 111± acres adjacent to the Paso Robles western boundary, along Nacimiento Lake Drive. This area includes the Paso Robles Cemetery and single-family homes on large lots and is designated "Public Facilities" and "Residential Suburban" under the County's land use designation. Study Area No. 7 does not contain property under a Williamson Act Contract, nor does it contain prime agricultural land as defined in Government Code Section 56064. This area has been within the City's SOI since the early 1980s. The City has determined that annexation of this area is unfeasible at this time, due to constraints related to wastewater, water, fire, and road maintenance services.[63] The area was included in the City's SOI due to the landowner's petition. The City does not provide any services.

Mustang Springs Mutual Water Company (MSMWC) is located within Study Area No. 7b and provides potable water to approximately 16 service connections. The Regional Water Quality Control Board (RWQCB) provided LAFCO staff with feedback on the status of the water system. It was indicated that MSMWC was out of compliance with the fluoride maximum contaminant level (MCL) of 2 mg/L from July 2016 through June 2023. Although treatment was installed in 2020, it took approximately 2–3 years to optimize the system to reduce fluoride levels below the MCL. During that period, RWQCB reached out to the City to explore the possibility of consolidation, but no progress was made. The MSMWC was identified as an "At-Risk[64]" water system based on the State Water Board's SAFER Status. The system's risk scores are the highest among the results of the Risk Assessment, which means it is at risk of failing.

LAFCO Staff Recommendation. It is recommended that Area 7 be removed from the City's SOI. This area has remained within the SOI for over forty years, yet neither the City nor the property owners has demonstrated interest in, or taken steps toward, annexation. The City also recognized constraints related to the City's ability to provide wastewater, water, fire, and road maintenance services. Development in this area receives water from onsite wells or MSMWC, wastewater treatment from either onsite septic, and fire protection from CalFire. Should the City or the landowners express interest

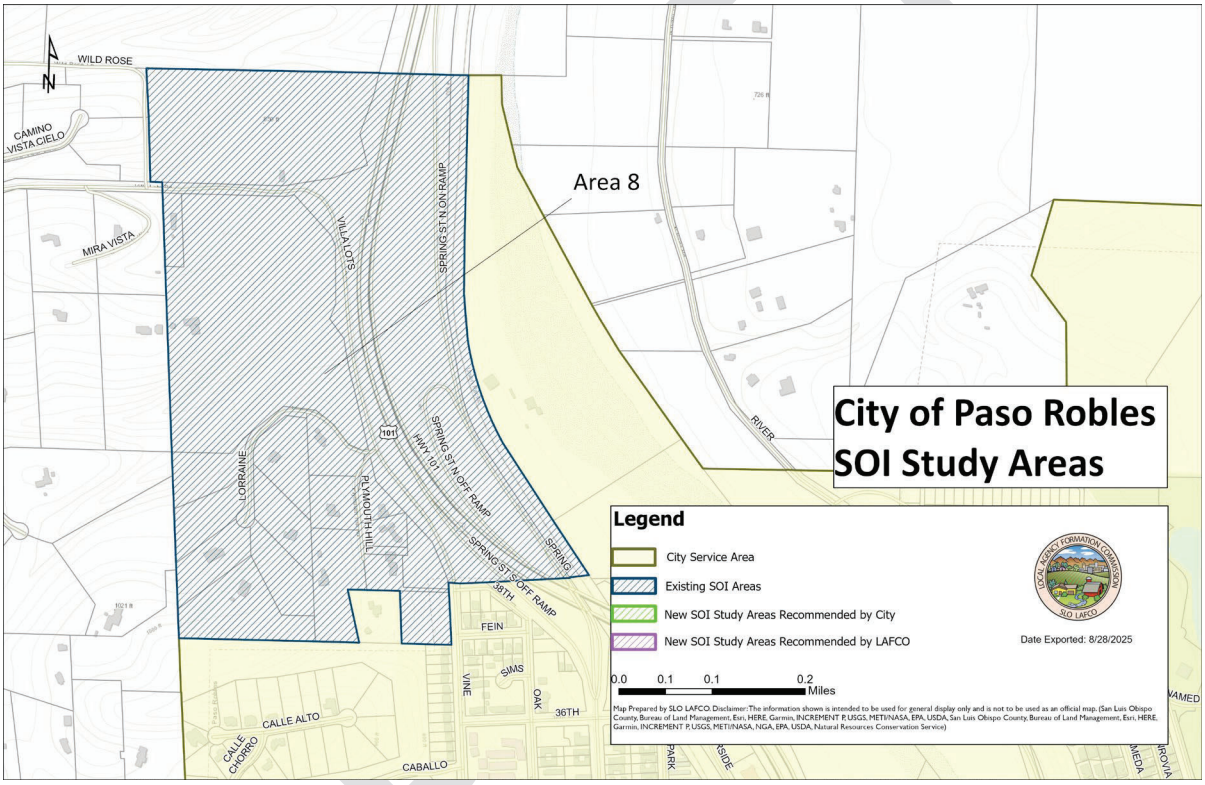
[63] Exhibit A of the MSR & SOI Study includes the June 4, 2024, regular City Council meeting staff report that provides more information relating to opportunities and constraints for each SOI Study area and the City's preferred outcome.
[64] SAFER Status data accessed July 2025.

in the consolidation of MSMWC or having the area obtain municipal services from the City in the future, then the area could be reconsidered for inclusion in the SOI at that time.

It should be noted that even though removal is recommended, the City and MSMWC should continue to collaborate, as necessary. Should the SAFER status of the MSMWC worsen, and if an existing or impending threat to public health or safety arises, the City may provide new or extended services beyond its jurisdictional boundaries and SOI pursuant to Government Code Section 56133. This action would require coordination and approval by the Commission.

SOI Study Area No. 8 | North Vine Street | Recommend Removal

Figure 20: City of Paso Robles Study Area 8



Description: The Nacimiento Lake Drive / Mustang Springs Road area covers 111± acres adjacent to the Paso Robles western boundary, along Nacimiento Lake Drive. This area includes the Paso Robles Cemetery and single-family homes on large lots and is designated "Residential Suburban" and "Residential Rural" under the County's land use designation. Study Area No. 8 does not contain property under a Williamson Act Contract, nor does it contain prime agricultural land as defined in Government Code Section 56064. This area has been within the City's SOI since the early 1980s. The

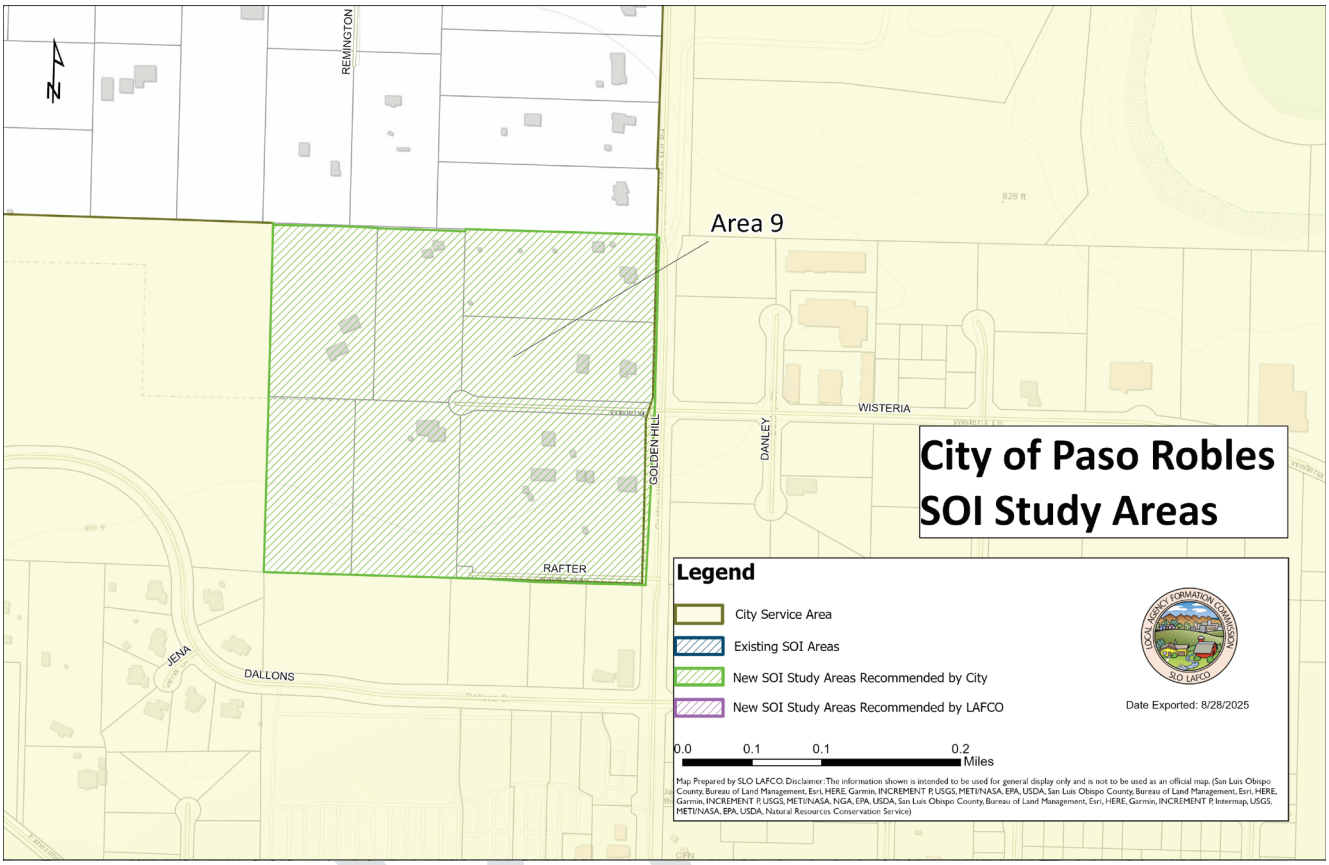
City has determined that annexation of this area is unfeasible at this time, due to constraints related to wastewater, water, fire, and road maintenance services.[65] The City does not provide any services.

LAFCO Staff Recommendation. It is recommended that Area 8 be removed from the City's SOI. This area has remained within the SOI for over forty years, yet neither the City nor the property owners has demonstrated interest in, or taken steps toward, annexation. The City also recognized constraints related to the City's ability to provide wastewater, water, fire, and road maintenance services. Given the absence of current or foreseeable demand for municipal services, continued inclusion in the SOI is unwarranted. Development in this area receives water from onsite wells, wastewater treatment from either onsite septic or the City (through longstanding Outside Agency Agreements), and fire protection from CalFire. Should the City or the landowners express interest in having the area obtain municipal services from the City in the future, then the area could be reconsidered for inclusion in the SOI at that time. Removing areas from the SOI that receive a single service through long-standing Outside Agency Agreements would not impede the City's ability to continue providing service. Because these agreements were established prior to January 1, 2000, they are generally considered "grandfathered" and are therefore exempt from the requirements of Government Code Section 56133.

[65] Exhibit A of the MSR & SOI Study includes the June 4, 2024, regular City Council meeting staff report that provides more information relating to opportunities and constraints for each SOI Study area and the City's preferred outcome.

SOI Study Area No. 9 | Wisteria Lane west of Golden Hill Road | Recommend Inclusion

Figure 21: City of Paso Robles Study Area 9



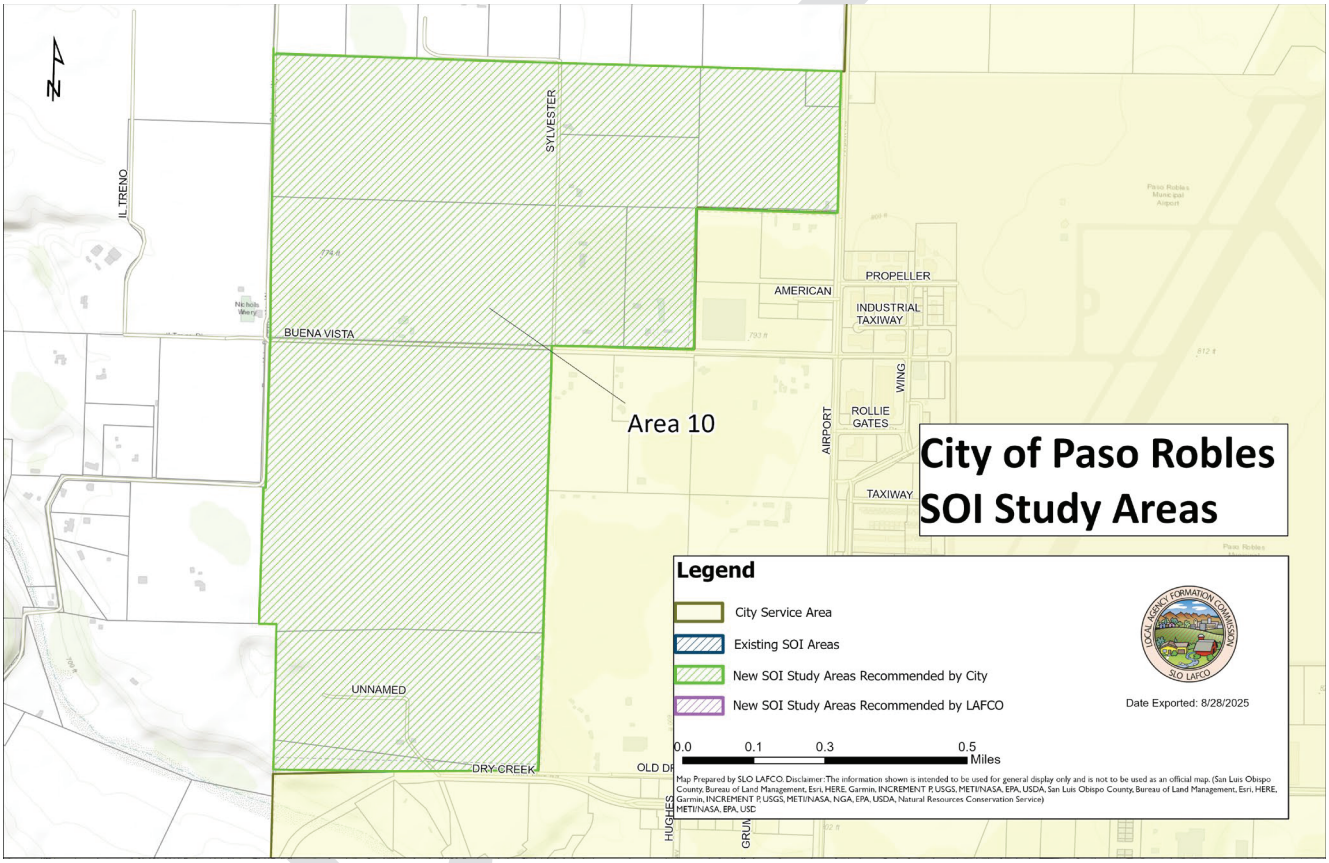
Description: The Wisteria Lane west of Golden Hill Road area covers 43± acres adjacent to the Paso Robles northern boundary. This area includes single-family homes on large lots and is designated "Residential Rural" under the County's land use designation. This area is outside of the City's SOI and is being analyzed as a new Study Area at the City's request. The City would like to include the area to align the SOI with the goals of the City's 2018 Circulation Element, where it was identified that Wisteria Lane would be extended to connect to Dallons Drive by 2055. Study Area No. 9 does not contain property under a Williamson Act Contract, nor does it contain prime agricultural land as defined in Government Code Section 56064. However, the City provides wastewater service to approximately two[66] properties in this location through Outside Agency Service Agreements that were established before the year 2000. The City does not provide any other services.

[66] "Existing and Future Flows" Map included on page 142 of the Wastewater Collections System Renewal Strategy and Master Plan, October 2019

LAFCO Staff Recommendation. It is recommended that Area 9 be included in the City's SOI. Including this area would be consistent with the goals of the City's 2018 Circulation Element and provide the City with an opportunity to better manage the Wisteria Lane extension to Dallons Drive. If annexation is pursued in the future, then the City would be required to demonstrate its ability to effectively serve the area and be subject to LAFCO proceedings and approval.

SOI Study Area No. 10 | Buena Vista Drive west of Airport Road | Recommend Exclusion

Figure 22: City of Paso Robles Study Area 10



Description: The Buena Vista Drive west of Airport Road area covers 500± acres adjacent to the Paso Robles northern boundary, just west of the Paso Robles Municipal Airport. This area includes mostly vineyards, Kiamie Wine Cellars, Sylvester Vineyards & Winery, and several single-family homes with land designated "Agriculture" under the County's land use designation. Study Area No. 10 does not contain property under a Williamson Act Contract; however, portions of this Study Area do contain prime agricultural land as defined in Government Code Section 56064. It is estimated that approximately 78 percent of this Study Area is considered prime. This area is outside of the City's SOI

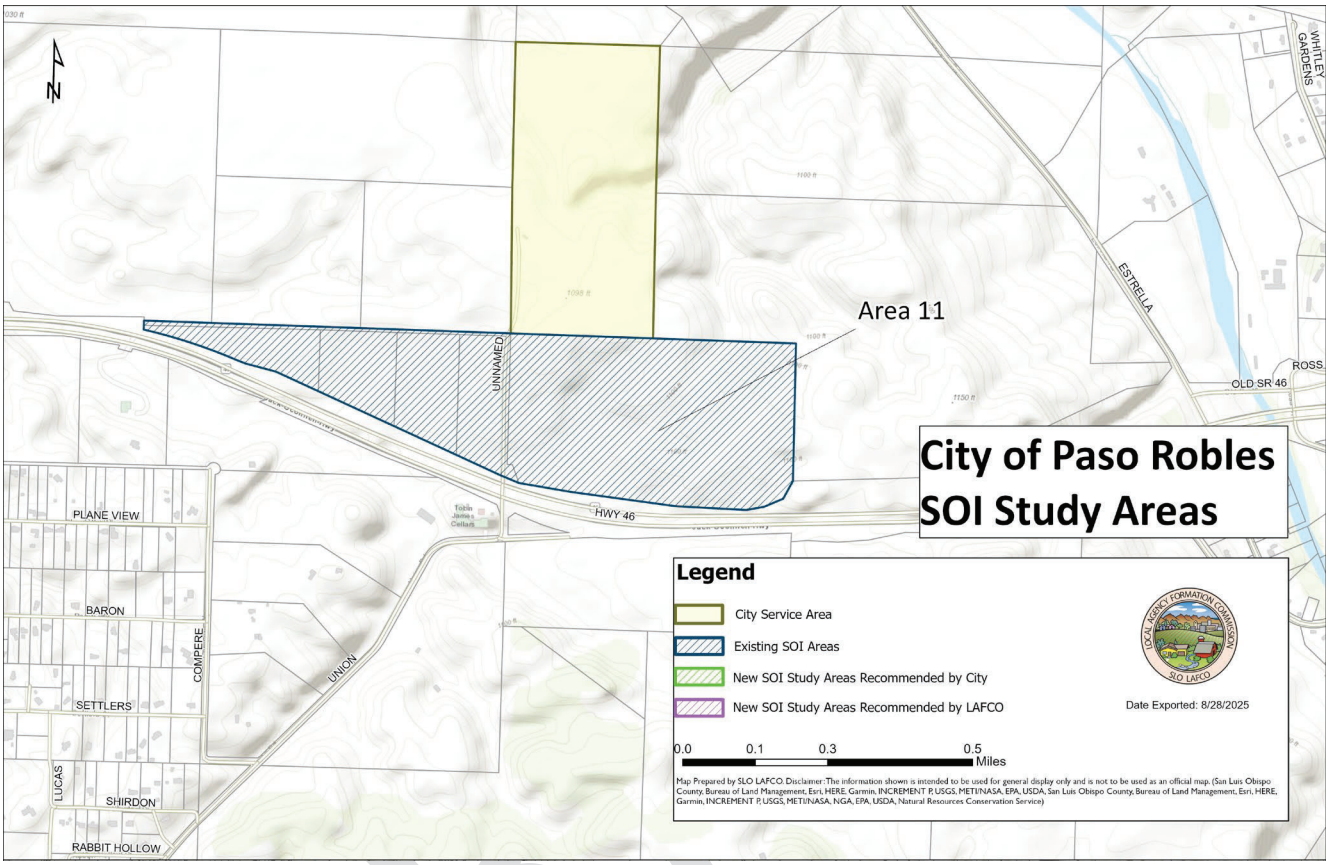
and is being analyzed as a new Study Area at the City's request. The City does not currently provide any services in the area. The City is interested in developing Area 10 into a wine-related industrial area to support the local wine industry; however, this has not been studied. The City has determined that annexation of this area is unfeasible at this time, due to constraints related to its ability to provide critical services such as water, wastewater, and road maintenance.[67]

LAFCO Staff Recommendation. It is recommended that Area 10 be excluded from the City's SOI. The City's long-term goal of developing Area 10 into a wine-related industrial area to support the local wine industry could promote agricultural operations, economic growth, and other benefits. The City has not reviewed this area as an expansion area in their General Plan, and there are no existing Specific Plan and/or Environmental Impact Reports associated with the potential development. Further, impacts on prime soil could be significant because the majority of this area contains prime soils. Though the June 4, 2024, City Council item recommended inclusion of this area into the SOI, the City also recognized constraints related to the City's ability to provide wastewater, water, and road maintenance services. Excluding this area would best align with LAFCO policies and procedures at this time. Should the City prepare a Specific Plan, General Plan Amendment, and Environmental Impact Report in the future, more information would be available, and the area could be reconsidered for inclusion into the SOI and annexation at that time. In addition, LAFCO Policies & Procedures call for properties with prime farmland to be protected from uses other than agriculture. If the City or Landowner pursues annexation in the future, it may prompt LAFCO Policy 2.9.12, which requires 1:1 mitigation of prime land when converted from agricultural use.

[67] Exhibit A of the MSR & SOI Study includes the June 4, 2024, regular City Council meeting staff report that provides more information relating to opportunities and constraints for each SOI Study area and the City's preferred outcome.

SOI Study Area No. 11 | Union Rd near the Landfill | Recommend it Remain in SOI

Figure 23: City of Paso Robles Study Area 11



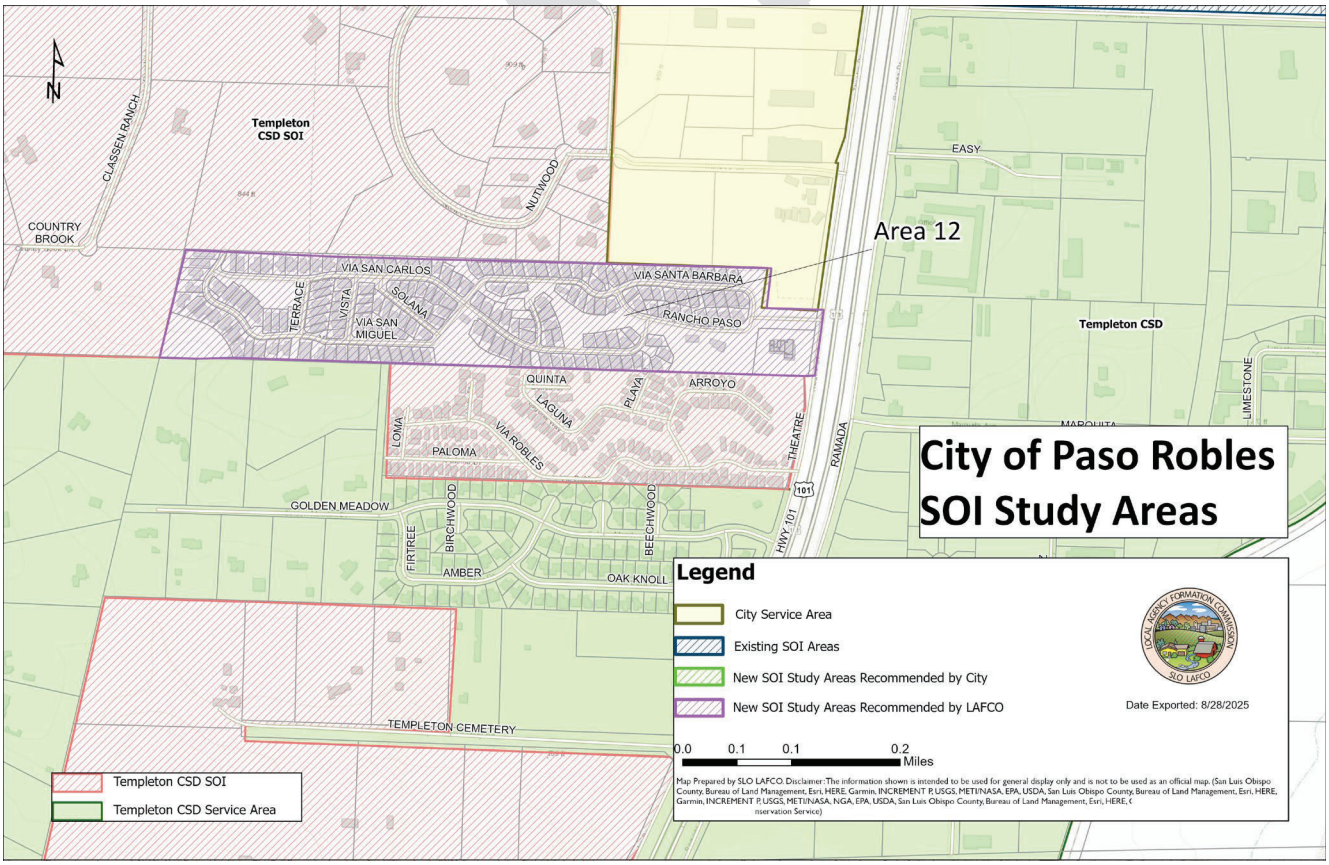
Description: The Union Road area covers 133± acres owned by the City of Paso Robles. The property allows for a buffer to the City landfill site and has been identified as a potential future recycling site. The City has had preliminary discussions with LAFCO staff regarding annexation requirements for this area to potentially pursue development of a waste-to-energy digester. The area is located 3.5 miles east of the city on Highway 46 and immediately north of the Highway adjacent to the landfill. The parcels are vacant and not actively used for agriculture, but are zoned "Agriculture" under the County land use designation. Study Area No. 11 does not contain property under a Williamson Act Contract; however, portions of this Study Area do contain prime agricultural land as defined in Government Code Section 56064. It is estimated that approximately 5 percent of this Study Area is considered prime. This area has been within the City's SOI since it was added during the 2013 MSR/SOI update. The City does not currently provide any services in the area.

LAFCO Staff Recommendation. It is recommended that Area 11 remain in the City's SOI. The City owns the property and would be allowed to pursue annexation of non-contiguous land in the future if it is used for municipal purposes. The City has long-term plans to expand the landfill and provide other public infrastructure and services, and recently has coordinated with LAFCO on requirements for the annexation application. This area would provide a logical extension of the City's landfill. If annexation is pursued in the future, then the City would be required to demonstrate its ability to effectively serve the area and be subject to LAFCO proceedings and approval.

LAFCO Policies & Procedures call for properties with prime farmland to be protected from uses other than agriculture. If the City or Landowner pursues annexation in the future, it may prompt LAFCO Policy 2.9.12, which requires 1:1 mitigation of prime land when converted from agricultural use.

SOI Study Area No. 12 | Rancho Paso Mobile Home Park | Recommend Exclusion

Figure 24: City of Paso Robles Study Area 12



Description: The Rancho Paso Mobile Home Park area covers 36± acres adjacent to the Paso Robles southern service area boundary and immediately north of the Templeton Community Services District

(TCSD) SOI and service area boundaries. This area includes approximately 187 homes on lots owned by individuals and LLCs with land designated "Residential Single-Family" and "Commercial Retail" under the County's land use designation. This area is also located within Paso Robles/Templeton DUC Area 1, as was previously discussed in the "Disadvantaged Unincorporated Communities" section of this report. Study Area No. 12 does not contain property under a Williamson Act Contract, nor does it contain prime agricultural land as defined in Government Code Section 56064. The Rancho Paso MHP owns and operates its Wastewater Treatment Plant, receives water from the Walnut Hills Mutual Water Company, and fire protection from CalFire. This area is outside of the City's SOI and is being analyzed as a new Study Area due to landowner, State Water Resources Control Board (SWRCB), and Regional Water Quality Control Board (RWQCB) interest. The City does not provide any services to the Rancho Paso MHP.

The Rancho Paso MHP Homeowners Association (HOA) and the SWRCB have inquired with LAFCO separately regarding the possibility of annexing the MHP into TCSD or the City, whichever is possible, due to concerns related to the MHP's long-term ability to provide service and the SWRCB's efforts to consolidate small failing/ deteriorating private systems. In 2005, the Central Coast RWQCB identified challenges for the facility going forward and issued a letter to the Rancho Paso MHP HOA. Since then, the Rancho Paso HOA Wastewater Treatment and Disposal Facility has received several violations. The RWQCB stated that the nature of the recent violations suggests that the facility and facility operation are deteriorating.[68] The RWQCB also met with Rancho Paso MHP HOA representatives in 2023 to provide information on options for technical and financial assistance to consolidate with TCSD. The RWQCB fully supports consolidation of the facility with either TCSD or the City and has identified potential funding sources (available to public entities) if consolidation appears to be a viable option at one of the facilities. The RWQCB deems the issues at this facility as a high priority.

In addition, in mid-2025, SLO County contacted DDW-SAFER to reexplore the possibility of consolidating Walnut Hills MWC and Los Robles MHP with TCSD or the City. Both systems have PFAS[69] analyte levels above the Notification Level and qualify for funding under the Emerging Contaminants (EC) program.

[68] Issues with routine maintenance, operations, equipment failures, etc.
[69] Polyfluoroalkyl substances known as PFAS or "forever chemicals".

The City issued a letter on August 21, 2025, with their review and consideration of including the Ranch Paso MHP into the City's SOI.[70] The City's letter outlined concerns related to potential negative fiscal impacts, existing infrastructure not meeting City standards, the use of General Fund resources to subsidize development, and reluctance to assume liabilities considered to be the County's responsibility. The City does not support including SOI Study Area 12 at this time.

LAFCO Staff Recommendation. It is recommended that Area 12 be excluded from the City's SOI. While preliminary discussions have taken place among the affected parties, no viable solutions have yet been identified. Ongoing efforts are underway to explore the potential consolidation of Rancho Paso MHP, Walnut Hills MWC, and Los Robles MHP with neighboring public agencies for wastewater and/or water services. LAFCO's objective in this circumstance is to document the issues and establish a baseline of information in response to expressed interest in pursuing consolidation in the future. Inclusion into the City's SOI is not viable or being recommended at this time, as all potential solutions are still being explored. Further, the City of Paso Robles informed LAFCO that the City cannot serve this area for a variety of reasons, including but not limited to potential negative fiscal impacts, existing infrastructure not meeting City standards, the use of General Fund resources to subsidize development, and reluctance to assume liabilities considered to be the County's responsibility, as seen in Exhibit B. The City is of the position that because these areas were originally permitted and are currently within the County's unincorporated land use authority, parties should engage further with the County on these matters. Nonetheless, the City is encouraged to maintain active collaboration with neighboring service providers, the County, the SWRCB, and the RWQCB, as appropriate. Furthermore, the potential need for service is primarily limited to wastewater, with newly expressed interest in the consolidation of neighboring private water systems.

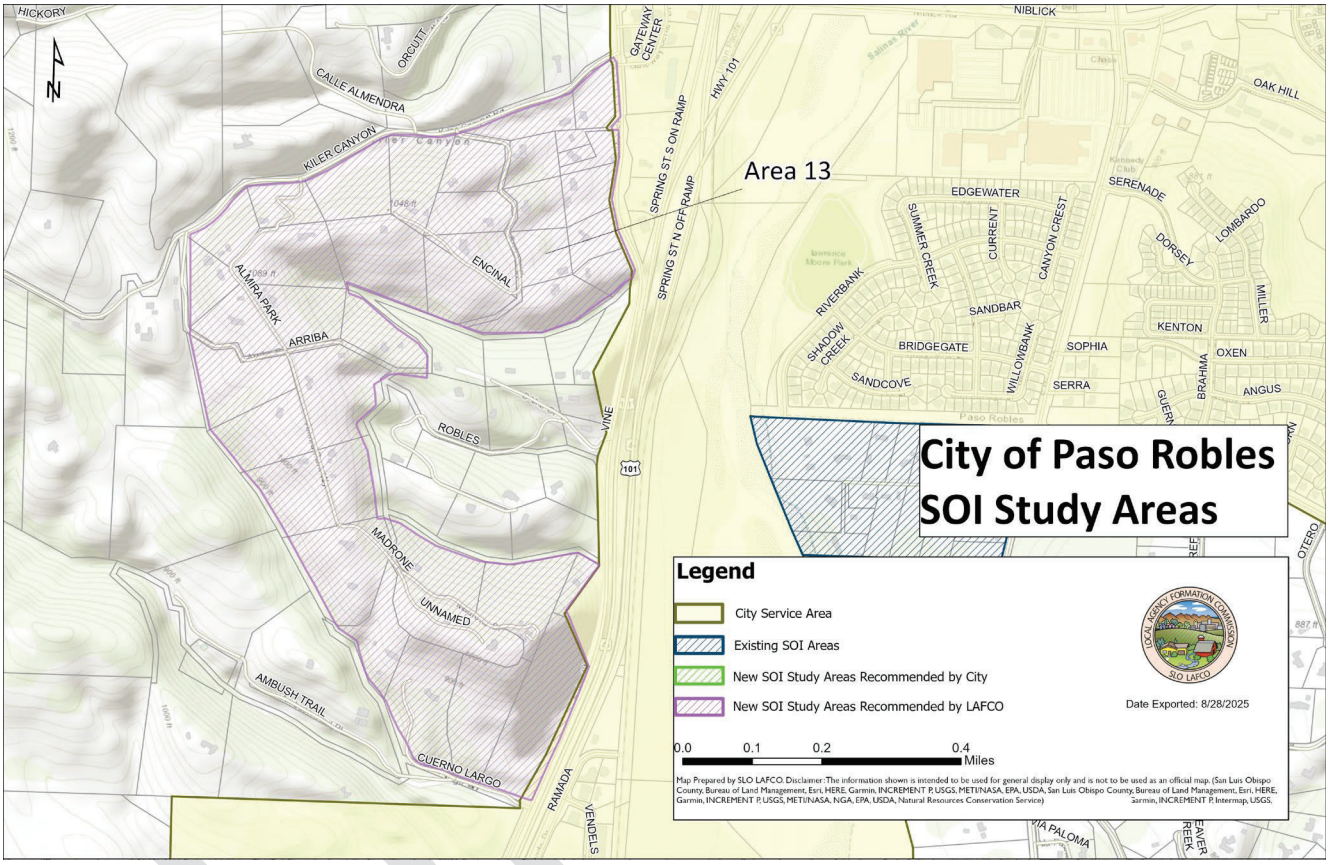
Should consolidation efforts become a challenge, and if an impending threat to health or safety arises, then the City and/or neighboring public agencies may provide new or extended services beyond their jurisdictional boundaries and SOI pursuant to Government Code Section 56133. This action would require coordination and approval by the Commission. It should be noted that this area is within Paso Robles/Templeton DUC Area 1, which qualifies as DUC pursuant to Government Code Section 56033.5.

[70] Exhibit B of the MSR & SOI Study includes the August 21, 2025, City response letter that provides more information relating to the City's preferred outcome on including the New Study Areas being considered by LAFCO.

If the City considers future SOI amendments or annexations, it is recommended that this DUC area be evaluated further, in alignment with objectives to ensure equitable access to public services and infrastructure.

SOI Study Area No. 13 | Almira Water Association | Recommend Exclusion

Figure 25: City of Paso Robles Study Area 13



Description: The Almira Water Association area covers 210± acres and is immediately adjacent to the western City service area boundary. This area includes single-family homes on large lots and is designated "Residential Rural" under the County's land use designation. Study Area No. 12 does not contain property under a Williamson Act Contract, nor does it contain prime agricultural land as defined in Government Code Section 56064. The Almira Water Association provides water to approximately 20 service connections. This area is outside of the City's SOI and is being analyzed as a new Study Area due to RWQCB interest in exploring future consolidation. The City provides wastewater service to

approximately one[71] property in this location through Outside Agency Service Agreements that were established before the year 2000. The City does not provide any other services.

LAFCO staff recommended that all contiguous "Failing" and "At-Risk" systems be analyzed further in the SOI Study. The Almira Water Association was identified as an "At-Risk[72]" water system based on the State Water Board's SAFER Status. The system's risk scores are the highest among the results of the Risk Assessment, which means it is at risk of failing. 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 State RWQCB indicated that the Almira Water Association has experienced recent difficulties related to arsenic and manganese maximum contaminant level violations. Between 2021 and 2024, the RWQCB made multiple outreach attempts with the City to discuss consolidation options, where it was concluded that no SOI changes were being made at the time.

On August 21, 2025, the City issued a letter with their review and consideration of including the Almira Water Association in the City's SOI.[73] The City's letter outlined concerns related to potential negative fiscal impacts, existing infrastructure not meeting City standards, the use of General Fund resources to subsidize development, and reluctance to assume liabilities considered to be the County's responsibility. The City does not support including SOI Study Area 13 at this time.

LAFCO Staff Recommendation. It is recommended that Area 13 be excluded from the City's SOI. Neither the City nor the property owners have demonstrated interest in, or taken steps toward, amending the SOI. Should the City and the landowners express interest in having the area attain municipal service from the City in the future, then the area could be reconsidered for inclusion in the SOI at that time. State law prohibits annexations that will result in islands of unincorporated territory. Therefore, if an SOI amendment and future annexation are pursued, the proposed boundaries must also encompass approximately fifteen adjacent parcels located between the Almira Water Association and the City's

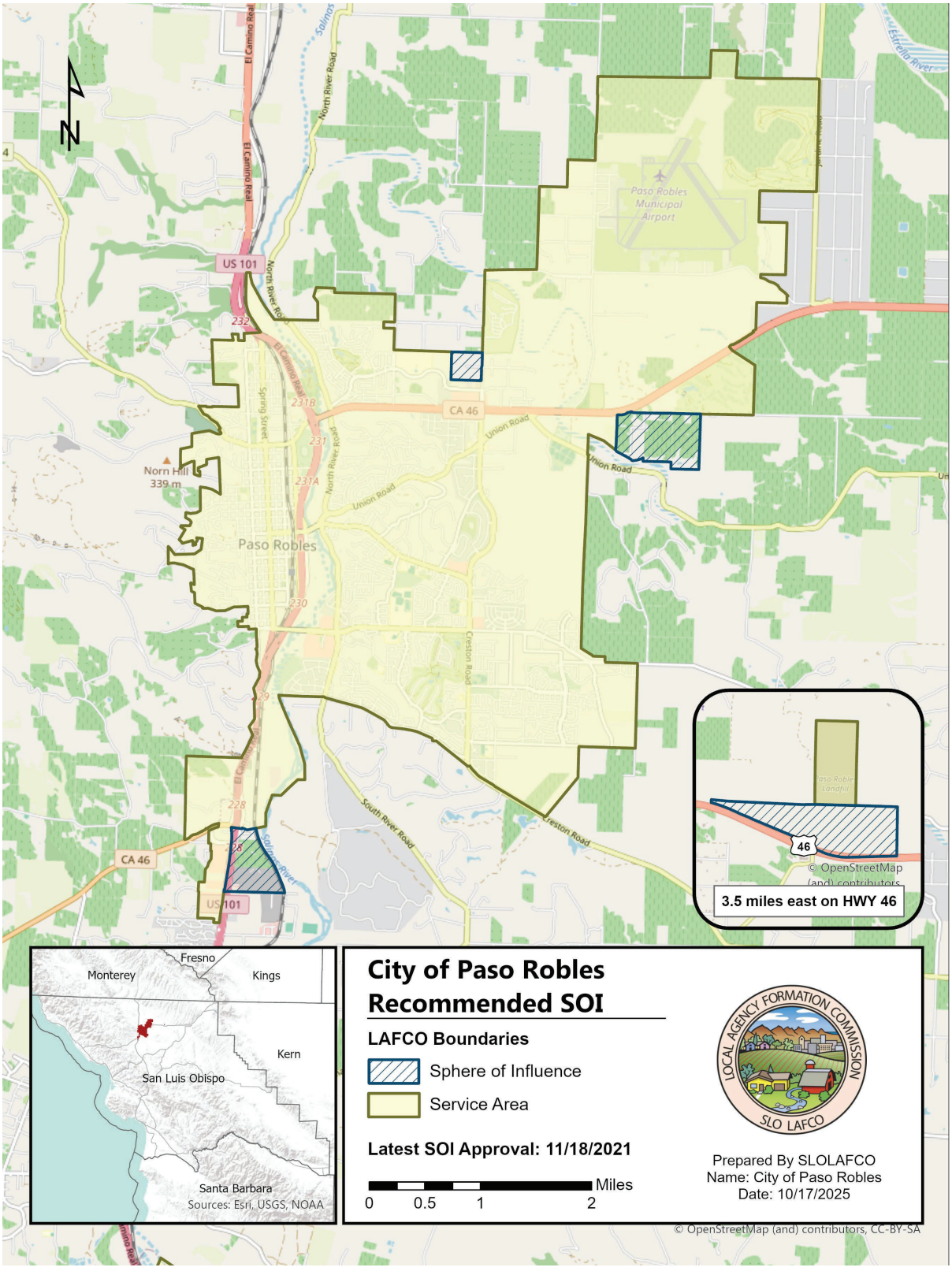
[71] "Existing and Future Flows" Map included on page 142 of the Wastewater Collections System Renewal Strategy and Master Plan, October 2019
[72] SAFER Status data accessed July 2025.
[73] Exhibit B of the MSR & SOI Study includes the August 21, 2025, City response letter that provides more information relating to the City's preferred outcome on including the New Study Areas being considered by LAFCO.

service area, as seen in Figure 25. Furthermore, the potential need for service is limited to water, which may not warrant an annexation. It should be noted that even though exclusion is recommended, the City and Almira Water Association should continue to collaborate, as necessary. Should the SAFER status worsen and if an existing or impending threat to public health or safety arises, the City may provide new or extended services beyond its jurisdictional boundaries and SOI pursuant to Government Code Section 56133. This action would require coordination and approval by the Commission.

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Recommended Sphere of Influence

Figure 26: City of Paso Robles Recommended SOI Map



Memorandum of Agreement

A Memorandum of Agreement (MOA) is commonly entered into by each respective City and the County for areas that are envisioned for future expansion. An MOA is not a mandatory requirement but rather a strategic tool to facilitate regional collaboration, acknowledge proposed changes to sphere boundaries, and explore methods to reach agreement on development standards and planning/ zoning requirements within the sphere. Its purpose is to ensure that growth and development within the sphere align with the priorities of the affected city and proceed in a logical, coordinated, and orderly manner.

The City and County intend to cooperate regarding growth and development on the urban fringe of the City. The City Council of Paso Robles previously considered and approved the MOA between the City and the County on November 20, 2012. The County Board of Supervisors adopted the MOA on January 8, 2013. LAFCO is working together with the affected jurisdictions to facilitate a constructive dialogue on the issues related to a service review and SOI. Once the Commission establishes what the City's SOI will be, then LAFCO staff will continue to coordinate with the affected jurisdictions, and the City Council and County Board of Supervisors may move forward with adopting the MOA. A copy will be made available on the LAFCO website.

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DETERMINATIONS

Service Review Determinations per Government Code Section 56430

As set forth in Government Code Section 56430(a), in order to prepare and update the SOI in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for a service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

1. **Growth and population projections for the affected area**

   The City's estimated population is 31,490 based on 2020 US Census data. The projected General Plan buildout population is estimated to be 44,000. The 2050 Regional Growth Forecast for San Luis Obispo County (medium scenario) population projections do not suggest that Paso Robles will reach the population growth cap of 44,000, as the population of the community is estimated to be 37,858 by the year 2050. The City's population is projected to grow by 27 percent between 2010 and 2050, with an average annual increase of approximately 3 percent.

   In 2025, the City had an estimated 12,949 households, reflecting an increase of approximately 13 percent since 2010. The total number of households is projected to grow by 25 percent between 2010 and the buildout year of 2050. According to the 2050 Regional Growth Forecast for San Luis Obispo County (medium scenario), the City is not expected to reach its housing unit cap of 16,924. Instead, the projected number of housing units by 2050 is 14,342, remaining well below the established limit.

2. **The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

   There are no DUCs within the City's service area, existing or proposed SOI that meet the definition of a DUC as outlined in Government Code Section 56033.5. However, two DUCs are located adjacent to the City's service area and a portion of the existing SOI. These areas—Paso Robles/Templeton DUC Area 1 and Paso Robles DUC Area 2—are all inhabited and have a Median Household Income (MHI) that is less than 80 percent of the statewide MHI, qualifying

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them each as DUCs. If the City considers future SOI amendments or annexations, it is recommended that these DUCs be evaluated further, in alignment with objectives to ensure equitable access to public services and infrastructure.

Table 20: City Disadvantaged Unincorporated Communities Census Block Information

DUC	Census Block Group	Median Household Income	Registered Voters[74]
Paso Robles/Templeton DUC Area #1	127.07.1	$54,797	955
Paso Robles DUC Area #2	102.02.2	$61,513	59

3. **Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies**

   The City is a full-service city and provides Administration, Airport, Animal Control, Electric Utility, Fire and Emergency Services, Law Enforcement, Community Development, Community Services (such as Library, Parks and Recreation), Public Works, Solid Waste, Stormwater, Wastewater, and Water municipal services within its jurisdictional boundary as addressed in this MSR. Existing and planned facilities are generally adequate to meet current community needs and future demands. To address existing and future demands, the City Council adopts annual goals that guide resource allocation through the budget and capital improvement program, which in turn aligns with departmental work plans, capital project priorities, and ensures ongoing high levels of service to the community.

4. **Financial ability of agencies to provide services**

   The City Council adopts an annual budget on a basis consistent with generally accepted accounting principles. The City is primarily funded through charges for services, property taxes, sales & use taxes, grants and contributions, and other taxes such as transient occupancy taxes and Community Facilities Districts. To assess the City's financial health, key indicators, including Operating Ratio, Liquidity Ratio, and Net Position, were analyzed. Operating Ratio, which compares annual operating revenues to operating expenses, showed a consistently positive

[74] SLO County Clerk Recorder Registered Voter GIS Data, October 2023

trend over the past five audited years, indicating that revenues have exceeded expenditures on an annual basis. Liquidity Ratio, which measures current assets relative to current obligations, also remained strong across all five years, reflecting adequate short-term financial health. The City's Net Position, representing the difference between total assets and total liabilities, increased by 26 percent over the five-year audited period, a strong indicator of long-term financial growth and stability. Overall, these financial indicators suggest that the City is in a financially healthy state with adequate financial resources to deliver its services.

5. **Status of and opportunities for shared facilities**

   There are opportunities for new and continued collaborative efforts with neighboring agencies to improve efficiencies. Opportunities may include, but are not limited to, coordination with SLO County regarding future expansion areas, City, County/CAL Fire, and other neighboring agencies that provide fire protection services, agriculture and open space preservation efforts, private water and wastewater consolidation opportunities, and ongoing engagement with Joint Power Authorities in which the City participates.

6. **Accountability for community service needs, including governmental structure and operational efficiencies**

   The City is governed by a five-member City Council that is elected to four-year terms. Regularly scheduled monthly Council meetings are held, and all meetings are open to the public and are publicly posted a minimum of 72 hours prior to the meeting in accordance with the Brown Act. The City maintains an up-to-date website that contains City information, documents, and updates. The City has demonstrated accountability and transparency in its disclosure of information and cooperation during the process of this MSR. The City responded to questionnaires and cooperated with document requests.

7. **Any other matter related to effective or efficient service delivery**

   LAFCO recommends that the City consider analyzing possible annexation of the areas within their sphere boundary as part of any future strategic plan and/or general plan update.

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Sphere of Influence Determinations per Government Code Section 56425

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local agency, as defined by Government Code Section 56036, and enact policies designed to promote the logical and orderly development of areas within the sphere. In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to the following:

1. **Present and planned land uses in the area, including agricultural and open-space lands**

   Land uses within the City's existing SOI are determined by the County's General Plan, and range from a wide variety of uses, from Residential Rural, Residential Suburban, Public Facilities, Commercial Service, Industrial, and Agriculture. The SOI is proposed to be reduced to four areas as discussed in the "SOI Study" Section of this report. Planned land uses within the proposed SOI are not anticipated to deviate from the existing County designations, as the City has expressed interest in existing development and/or land use designation of Residential Rural, Commercial Recreation, Industrial, and Agriculture.

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

   The City is a full-service city and provides Administration, Airport, Animal Control, Electric Utility, Fire and Emergency Services, Law Enforcement, Community Development, Community Services (such as Library, Parks and Recreation), Public Works, Solid Waste, Stormwater, Wastewater, and Water municipal services within its jurisdictional boundary as addressed in this MSR. The areas within the proposed SOI updates reflect the appropriate current and near-term jurisdictional boundaries as well as service areas of the affected agencies as determined by the Commission. Accordingly, the City's SOI should be updated to reflect the changes described in the "SOI Study" section of this report.

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

   The City has the capability and capacity to adequately meet existing service demand and some level of increased future service demand. A comprehensive evaluation of public services and

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adequacy therein for the City has been prepared by the Commission as part of this MSR. In order to continue serving current needs and plan for anticipated future growth, the City is encouraged to continue with planned upgrades to its facilities as identified in its capital improvement program. Accordingly, the City's SOI should be updated to reflect the changes described in the "SOI Study" section and as seen in Figure 26 of this report.

4. **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 social or economic communities of interest within the City service area boundary.

5. **For an update of the 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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere**

   There are no DUCs within the City's service area, existing or proposed SOI that meet the definition of a DUC as outlined in Government Code Section 56033.5. However, two DUCs are located adjacent to the City's service area and a portion of the existing SOI. Paso Robles/Templeton DUC Area 1 and Paso Robles DUC Area 2. The DUCs contain some areas that are uninhabited. There are known deficiencies within a portion of the Paso Robles/Templeton DUC Area 1, consisting of the Rancho Paso MHP, which was studied further in the SOI section of this report. While preliminary discussions have taken place among affected parties (RWQCB, SWRCB, City, TCSD, LAFCO, and Rancho Paso MHP), no viable solutions have yet been identified. Ongoing efforts are underway to explore the potential consolidation of Rancho Paso MHP, Walnut Hills MWC, and Los Robles MHP with neighboring public agencies for water and/or wastewater services. Should the City seek to evaluate any of the City's surrounding areas for an SOI amendment or annexation in the future, disadvantaged communities should be considered further, in alignment with objectives to ensure equitable access to public services and infrastructure.

California Environmental Quality Act

The California Environmental Quality Act (CEQA) is contained in the Public Resources Code Section 21000, et seq. Under this law, public agencies are required to evaluate the potential environmental

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effects of their actions. This MSR & SOI Study for the City of Paso Robles is exempt from CEQA review pursuant to Section 15306 of the CEQA Guidelines, Class 6 – Information Collection and Section 15061 (b)(3) the General Rule Exemption. This report is based on the use of the MSR as a tool for data collection and service evaluation. The MSR & SOI Study will not result in any significant environmental impact, as it does not authorize new municipal service powers. Additionally, the study does not involve changes to land use or introduce activities that would affect the environment.

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APPENDIX

Document Sources

Agency Contacts

- Warren Frace, City of Paso Robles, Community Development Director
- Darren Nash, City of Paso Robles, City Planner
- Darcy Delgado, City of Paso Robles, Associate Planner

Websites

- American Community Survey, Demographic Information
  www.census.gov
- City of Paso Robles | Official Website
  https://www.prcity.com/
- City of Paso Robles Municipal Code
  https://library.municode.com/ca/el_paso_de_robles/codes/code_of_ordinances
- SAFER Dashboard
  https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/saferdashboard.html
- United States Department of Justice, Federal Bureau of Investigation, Crime Data Explorer
  https://cde.ucr.cjis.gov/LATEST/webapp/#/pages/explorer/crime/crime-trend
- United States National Fire Protection Association, US Fire Department Profile
  https://www.nfpa.org/education-and-research/research/nfpa-research/fire-statistical-reports/us-fire-department-profile

Publications/ Documents

- City Adopted Comprehensive Fee Schedule, For City Services Fiscal Year 2024-2025
- City Approved Fiscal Year 2024-25 & 2025-26 Operating and Capital Budget Report
- City Audited Financial Statements June 30, 2020, through June 30, 2024
- City Council Policies & Procedures, December 2001, Latest revisions May 2017
- City Elected Official Stiped and Benefit Information, January 2025
- City General Plan, Latest Revision 2020
- City Fire and Emergency Services Annual Report 2022
- City Fire and Emergency Services, Community Risk Assessment/ Standards of Cover & Five-Year Strategic Plan, April 2022
- City Fiscal Year 2022-2023 Year In Review

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- City Public Protection Classification Summary Report, Paso Robles CA, September 1, 2020
- City Recreation Services Strategic Plan 2022-2026, January 2022
- City Recycled Water Master Plan, March 2014
- City Redistricting 2021 Green Map, Approved 2022
- City Response to LAFCO MSR-SOI Request for Information Questionnaire, December 2022
- City Urban Water Management Plan, July 2021
- City Wastewater Treatment Plant 2024 Annual Report, January 2025
- City 2019 Wastewater Collection System Renewal Strategy and Master Plan
- San Luis Obispo Council of Governments, 2050 Regional Growth Forecast for San Luis Obispo County, June 2017
- Sphere of Influence Update and Municipal Service Review for the City of Paso Robles, February 2013

Exhibits

Exhibit A: June 4, 2024, Regular City Council Meeting Staff Report

Exhibit B: August 21, 2025, City Response Letter

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Exhibit A

June 4, 2024, Regular City
Council Meeting Staff Report

Council Agenda Report

From: Warren Frace, Community Development Director

Subject: Status Briefing and General Direction – LAFCO's decennial Sphere of Influence and Municipal Service Review Update process

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State CEQA Guidelines, Sections §§ 15060, subd. (c)(2)-(3), 15378, subd. (b)(5).

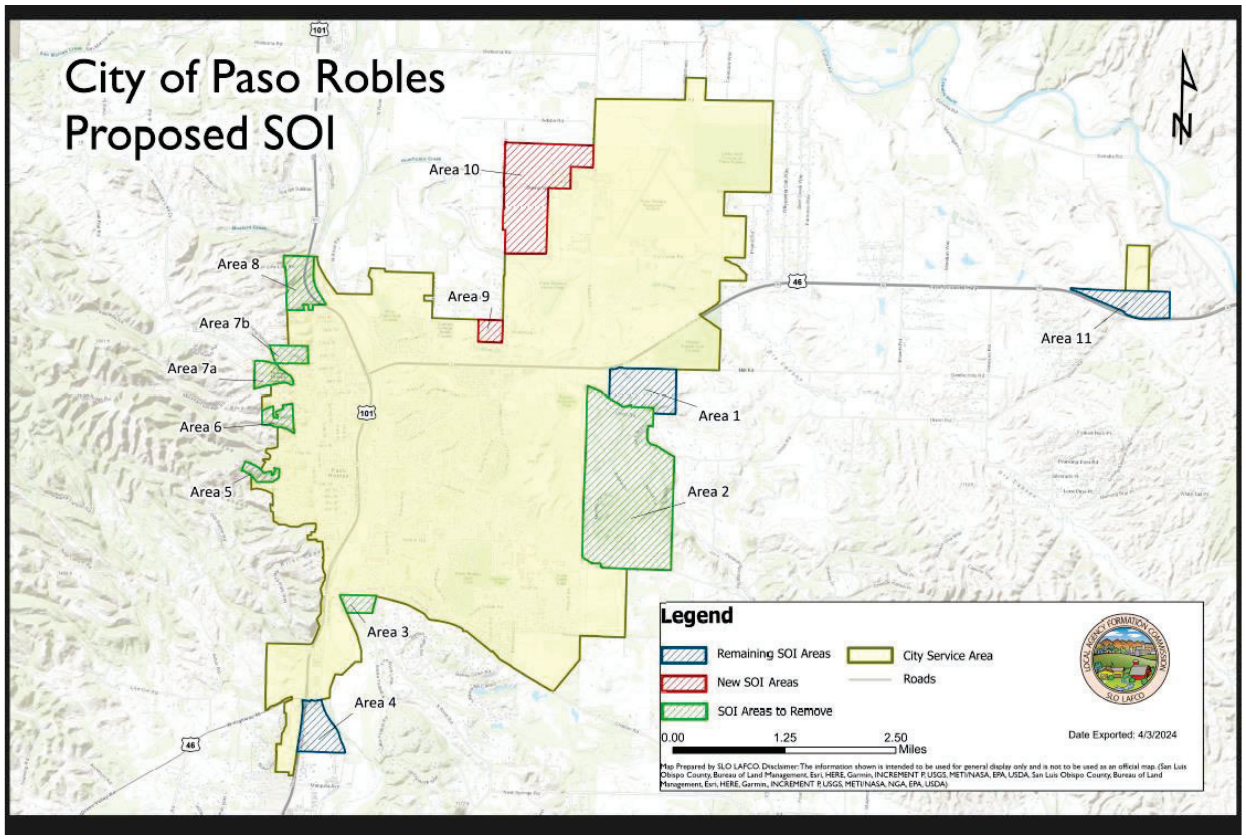
Date: June 4, 2024

Facts

1. The San Luis Obispo Local Agency Formation Commission ("SLO LAFCO") is initiating the decennial update of the Sphere of Influence and Municipal Service Review document for the City of Paso Robles.
2. A Sphere of Influence is a boundary for the expected future City limits and service areas of a local agency or jurisdiction. As such, it does not give property inside the Sphere boundary any more development rights than what already exist. The Sphere of Influence Boundary is a long-range planning tool that assists LAFCO in making decisions about a jurisdiction's future boundary. The Sphere indicates areas that might be served by the City in the future and is generally considered a 20-year, long range planning tool.
3. A Municipal Service Review evaluates the capability of a jurisdiction to serve their existing residents and future development in their Sphere of Influence.
4. Because the two go hand in hand, a Municipal Service Review and Sphere of Influence update are conducted in conjunction.
5. Prior to updating the Sphere of Influence/Municipal Service Review, the City needs to inform SLO LAFCO if any Sphere areas changes need to be studied.
6. City staff has created a map and scorecard for the SOI areas that analyzes the City's ability to serve these areas and the potential public benefit potential (Attachments 2 and 3).
7. The SOI Map has been analyzed by all City departments, and, as a result, several areas within the Sphere are suggested to be removed, while other areas outside the Sphere are suggested to be added (Attachment 3).
8. The City Council is requested to provide direction on which areas to include in the updated Sphere of Influence which will be passed on to SLO LAFCO as they prepare their update to the City's Sphere of Influence/Municipal Service Review.

Options

1. Direct staff to forward the Proposed Sphere of Influence map to SLO LAFCO (Attachment 3); or
2. Direct staff to forward a revised Sphere of Influence map to SLO LAFCO based on specific changes provided by the City Council; or
3. Refer the item back to staff or additional analysis; or
4. Provide alternative direction to staff.



Analysis and Conclusions

The San Luis Obispo Local Agency Formation Commission ("SLO LAFCO") is working to prepare an update of the City's Sphere of Influence ("SOI") and the Municipal Service Review ("MSR") and has asked City staff to relay any changes to the Sphere that should be considered by their agency.

City staff has identified a total of 11 study areas, which includes both existing and new SOI areas, to be considered for potential changes. All City Departments "ranked" each of the study areas based on the following factors (Attachment 2):

- Fire Hazard
- Emergency Access
- Water service
- Sewer service
- Roads and transportation
- Environmental sensitivity
- Economic Development potential
- Affordable housing potential
- Financial impact to City of Paso Robles

SOI Area	Description/ Location	Evaluation Criteria (Green = Positive, Yellow = Neutral, Red = Negative)		Pros	Cons
Area 1	Mill Road	Fire Hazard		Wastewater - New Union Road Lift Station to serve this area is already in design phase. Would enable Vina Robles to connect directly to City sewer and get off septic. Water - Annexation will allow expansion of recycled water system, decrease GW use in the Basin. Roads - expensive infrastructure will be required and City is not in a position to fund an expansion of roads in this area. Outside of the initial infrastructure investment--which the City is not 100% responsible for---there is positive impacts to the city fiscally if development where to be constructed.	Wastewater - Mill Raod area can be served by gravity sewer to new Union Road lift station, not sure if the southern area will have topographic constraints for gravity sewer. Water - Some areas will require booster station (BPS). Current water system needs to be supplemented with additional capacity and infrastructure(flow, volume, pressure). Roads - this connection to Union Road will decrease safety concerns and increase circulation in this area, especially State Route 46 East.
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential (in Airport zone - no housing permitted)	X		
		Financial impact to City of Paso Robles			
Area 2	East Chandler Ranch area	Fire Hazard		Wastewater - Wastewater plant design capacity could likely handle addtional flows form this area. Water - Annexation will allow expansion of recycled water system, decrease GW use in the Basin. Roads - This will require expensive roads and long term maintenance will be a burden on the City.	Wastewater - No master planned sewer for this area and topogaphy could result in the need for additional sewage lift stations. May need to upsize backbone sewers. Sewer modeling required. Water - Hyd. modeling req'd. Some areas willrequire a BPS. Current water system needs to be supplemented with additional capacity (flow, volume, pressure). Existing infrastructure will need to be to City stamdard/ replaced. Roads - None. Financial Impact - Residential developments are not fiscally net netural on services which requires these properties to enter into the CFD, an additional tax burdent to the homeowner.
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial impact to City of Paso Robles			
Area 3	SW corner of Charlois / S River Road (Oak Lane)	Fire Hazard		Water- No benefit to existing water system. May require installation of Project C4, redundunt water supply line.	Wastewater - This area slopes towards Salinas River and would likely need sewage lift station. Water- Hydarulic modeling required. Likely requires extension of looped main through private parcels. Roads - Current system has capacity. Financial Impact - Residential developments are not fiscally net netural on services which requires these properties to enter into the CFD, an additional tax burdent to the homeowner.
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial impact to City of Paso Robles			
Area 4	South Ramada Drive	Fire Hazard		Water- No benefit to existing water system. Wastewater - Backbone sewer is already installed on eastern boundary and has ample capacity.	Water- Hydarulic modeling required. Likely requires extension of looped main through private parcels, possible HWY/RR crossing. Roads - Planned uprgrades will have adequate capacity when built. Existing vineyard will trigger a significant agricultural lands impact. 46W interchange will require signifcant improvments.
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial impact to City of Paso Robles			
Area 5	Bailey Drive	Fire Hazard		Water- No benefit to existing water system. Roads, would need to be installed or upgraded. Additional maintenance burden would have negative impact on City.	Water - Hyd. modeling req'd. Likely require BPS and/or expansion of existing BPS. Would require installation of new mains. Any existing infrastructure in the County would not likely meet City Standards. Wastewater - May require upsizing connector sewers. Roads - None. Fire - Existing deficiencies in access/egress and waterflow
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial impact to City of Paso Robles			
Area 6	W 19th Street	Fire Hazard		Water- No benefit to existing water system. Roads, would need to be installed or upgraded. Additional maintenance burden would have negative impact on City.	Water - Hyd. modeling req'd. Likely require BPS and/or expansion of existing BPS. Existing infrastructure needs to be upgraded to serve. Any existing infrastructure in the County would not likely meet City Standards. Wastewater - May require upsizing connector sewers. Roads - None. Fire -Existing deficiencies in access/egress and waterflow
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial impact to City of Paso Robles			
Area 7	Naciemiento Lake Drive / Mustang Springs Road	Fire Hazard		Water- No benefit to existing water system. Roads, would need to be installed or upgraded. Additional maintenance burden would have negative impact on City.	Water - Hyd. modeling req'd. Likely require BPS and/or expansion of existing BPS. Existing infrastructure needs to be upgraded to serve. Any existing infrastructure in the County would not likely meet City Standards. Wastewater - May require upsizing connector sewers. Roads - None. Fire - Existing deficiencies in access/egress and waterflow
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial impact to City of Paso Robles			
Area 8	North Vine Street	Fire Hazard		Water- No benefit to existing water system. Roads, would need to be installed or upgraded. Additional maintenance burden would have negative impact on City.	Water - Hyd. modeling req'd. Likely require BPS and/or expansion of existing BPS. Existing infrastructure needs to be upgraded to serve. Any existing infrastructure in the County would not likely meet City Standards. Wastewater - May require new sewage lift station and upsizing connector sewers. Roads - None. Fire - Existing deficiencies in access/egress and waterflow
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial impact to City of Paso Robles			
Area 9	Wisteria Lane west of Golden Hill Road	Fire Hazard		Water- No benefit to existing water system. Wastewater - Backbone sewer with available capacity already in place. Roads, Golden Hill Road intersection is currently impacted. Conversion of Vineyards to urban uses will create a significant impact to Ag Lands.	Water: Depending on Development, additional water modeling and infrastructure upgrades may be needed. Roads - Plans for the Union Road overpass will increase capacity for traffic in this area.
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential (in Airport zone - no housing permitted)	X		
		Financial impact to City of Paso Robles			
Area 10	Buena Vista Drive west of Airport Road	Fire Hazard		Water- No benefit to existing water system. Roads - roads curently exist in this area.	Wastewater - Would need to perfrom sewer modeling for this area. Would likely require upgrades to lifstation 12 or intsallation on new lift station. Water - Hyd. modeling req'd., infrastructure upgrades will likely be needed. Roads - Union Road interchange will be required for any expanded developement in this area. Existing
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential (in Airport zone - no housing permitted)	X		
		Financial impact to City of Paso Robles			

Area 11	Union Rd near the Landfill	Fire Hazard			
		Emergency Access			
		Water service			
		Sewer service		Wastewater - sewer service to this area is not available.	
		Roads and transportation		Water- No benefit to existing water system. No water service.	Water: Area is too remote from City water system to extend service, so likely would remain on wells.
		Environmental sensitivity		Roads - Caltrans is responsible for roads in this area and could be a impediment to development.	Roads- SR46 East has plenty of capacity in this area.
		Economic Development potential			
		Affordable housing potential			
		Financial impact to City of Paso Robles		Annexation would save the City money on property taxes	

Based on input from the various departments and the results of the scoring exercise, six (6) areas within the Sphere are suggested to be removed, two (2) areas outside the Sphere are suggested to be included, and three (3) already in the Sphere are recommended to remain. The City Council is requested to provide final direction on which areas to include in the updated Sphere of Influence which will be passed on to SLO LAFCO as they prepare their update to the City's Sphere of Influence / Municipal Service Review.

SOI Study Area	Description/ Location	Status	SOI Recommendation
Area 1	Mill Road	Existing	Remain
Area 2	East Chandler Ranch area	Existing	Remove
Area 3	SW corner of Charlois / S River Road (Oak Lane)	Existing	Remove
Area 4	South Ramada Drive	Existing	Remain
Area 5	Bailey Drive	Existing	Remove
Area 6	W 19th Street	Existing	Remove
Area 7	Nacimiento Lake Drive / Mustang Springs Road	Existing	Remove
Area 8	North Vine Street	Existing	Remove
Area 9	Wisteria Lane west of Golden Hill Road	New	Include
Area 10	Buena Vista Drive west of Airport Road	New	Include
Area 11	Union Rd near the Landfill	Existing	Remain

Fiscal Impact

There could be future fiscal impacts from changing the Sphere of Influence. For instance, removing areas from the Sphere that have low economic potential and greater financial impacts could result in incurred costs. Including areas in the Sphere that have high economic potential and low financial impacts could result in cost savings. The scorecard process included a potential fiscal impact assessment.

CEQA

The City finds that the proposed actions are not subject to the California Environmental Quality Act ("CEQA") because they do not qualify as a "project" under CEQA. The proposed actions include directing City staff to forward a revised Sphere of Influence map to SLO LAFCO or referring the item back to staff for further action. Such actions are considered administrative activities that will not result in a physical change in the environment, and therefore are not subject to CEQA pursuant to State CEQA Guidelines, Section 15378(b)(5).

Moreover, the proposed actions are not subject to CEQA pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment), and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the State CEQA Guidelines because they have no potential for resulting in physical change to the environment, directly or indirectly, as they

merely require the Council to direct staff to forward a revised Sphere of Influence map to SLO LAFCO or refer the item back to staff for further action.

Recommendation (Option 1)
Staff recommends that the City Council direct staff to provide the Proposed Sphere of Influence map to SLO LAFCO (Attachment 3) and adopt Resolution 24-XXX directing staff to forward the recommended changes to the Sphere of Influence study areas to SLO LAFCO (Attachment 1).

Attachments
1. Resolution 24-XXX - Municipal Service Review
    a. Exhibit A - Sphere of Influence Scorecard
    b. Exhibit B - Sphere of Influence Proposed Map
    c. Exhibit C - Recommended Sphere Study Areas

Attachment 1

RESOLUTION 24-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES DIRECTING CITY STAFF TO FORWARD RECOMMENDED CHANGES TO THE SPHERE OF INFLUENCE STUDY AREAS AS PART OF LAFCO'S SPHERE OF INFLUENCE AND MUNICIPAL SERVICE REVIEW UPDATE PROCESS AND FINDING THE ACTION TO BE EXEMPT FROM CEQA UNDER STATE CEQA GUIDELINES SECTIONS 15060 AND 15378

WHEREAS, the San Luis Obispo Local Agency Formation Commission ("SLO LAFCO") is initiating the decennial update of the Sphere of Influence and Municipal Service Review document for the City of Paso Robles; and

WHEREAS, a Sphere of Influence is a boundary for the expected future City limits and service areas of a local agency or jurisdiction. As such, it does not give property inside the Sphere boundary any more development rights than what already exist. The Sphere of Influence Boundary is a long-range planning tool that assists LAFCO in making decisions about a jurisdiction's future boundary. The Sphere indicates areas that might be served by the City in the future and is generally considered a 20-year, long range planning tool; and

WHEREAS, a Municipal Service Review evaluates the capability of a jurisdiction to serve their existing residents and future development in their Sphere of Influence; and

WHEREAS, because the two go hand in hand, a Municipal Service Review and Sphere of Influence update are conducted in conjunction; and

WHEREAS, prior to updating the Sphere of Influence/Municipal Service Review, the City needs to inform SLO LAFCO if any Sphere areas changes need to be studied; and

WHEREAS, City staff has created a map and scorecard for the SOI areas that analyzes the City's ability to serve these areas and the potential public benefit potential (Exhibit A); and

WHEREAS, the SOI Map has been analyzed by all City departments using the scorecard set forth in Exhibit A, and as a result, several areas within the Sphere are suggested to be removed, while other areas outside the Sphere are suggested to be added (Exhibit B); and

WHEREAS, the City Council is requested to provide direction on which areas to include in the updated Sphere of Influence which will be passed on to SLO LAFCO as they prepare their update to the City's Sphere of Influence / Municipal Service Review; and

WHEREAS, the City finds that this action is not a project under the California Environmental Quality Act pursuant to State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378, subd. (b)(5); and

WHEREAS, at their regular meeting on June 4, 2024, the City Council considered the facts as presented in the staff report prepared for this project and accepted public testimony regarding this recommended changes to the Sphere of Influence study areas.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. All of the above recitals are true and correct and incorporated herein by reference.

Section 2. The City Council finds that the proposed actions are not subject to the California Environmental Quality Act ("CEQA") because they do not qualify as a "project" under CEQA. The proposed actions include directing City staff to forward a revised Sphere of Influence map to SLO LAFCO. Such actions are considered administrative activities that will not result in a physical change in the environment, and therefore are not subject to CEQA pursuant to State CEQA Guidelines, Section 15378(b)(5).

Moreover, the proposed actions are not subject to CEQA pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment), and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the State CEQA Guidelines because they have no potential for resulting in physical change to the environment, directly or indirectly, as they merely require the City Council to direct staff to forward a revised Sphere of Influence map to SLO LAFCO.

Section 3. The City Council hereby approves the Recommended Sphere Study Areas attached hereto as Exhibit C and incorporated herein by reference.

Section 4. The City Council directs City staff to provide the Sphere of Influence Proposed Map attached hereto as Exhibit B and incorporated herein by reference to the San Luis Obispo Local Agency Formation Commission.

APPROVED this 4th day of June 2024, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

John R. Hamon, Jr., Mayor

ATTEST:

Melissa Boyer, City Clerk

Exhibit A - Sphere of Influence Scorecard
Exhibit B – Sphere of Influence Proposed Map
Exhibit C – Recommended Sphere Study Areas

Exhibit A

SOI Area	Description/ Location	Evaluation Criteria (Green = Positive, Yellow = Neutral, Red = Negative)		Pros	Cons
Area 1	Mill Road	Fire Hazard		Wastewater - New Union Road Lift Station to serve this area is already in design phase. Would enable Vina Robles to connect directly to City sewer and get off septic. Water - Annexation will allow expansion of recycled water system, decrease GW use in the Basin. Roads - expensive infrastructure will be required and City is not in a position to fund an expansion of roads in this area. Outside of the initial infrastructure investment--which the City is not 100% responsible for---there is positive impacts to the city fiscally if development where to be constructed.	Wastewater - Mill Road area can be served by gravity sewer to new Union Road lift station, not sure if the southern area will have topographic constraints for gravity sewer. Water - Some areas will require booster station (BPS). Current water system needs to be supplemented with additional capacity and infrastructure(flow, volume, pressure). Roads - this connection to Union Road will decrease safety concerns and increase circulation in this area, especially State Route 46 East.
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential (in Airport zone - no housing permitted)	x		
		Financial Impact to City of Paso Robles			
Area 2	East Chandler Ranch area	Fire Hazard		Wastewater - Wastewater plant design capacity could likely handle additional flows form this area. Water - Annexation will allow expansion of recycled water system, decrease GW use in the Basin. Roads - This will require expensive roads and long term maintenance will be a burden on the City.	Wastewater - No master planned sewer for this area and topography could result in the need for additional sewage lift stations. May need to upsize backbone sewers. Sewer modeling required. Water - Hyd. modeling req'd. Some areas will require a BPS. Current water system needs to be supplemented with additional capacity (flow, volume, pressure). Existing infrastructure will need to be to City standard/ replaced. Roads - None. Financial Impact - Residential developments are not fiscally net natural on services which requires these properties to enter into the CFD, an additional tax burden to the homeowner.
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial Impact to City of Paso Robles			
Area 3	SW corner of Charlois / S River Road (Oak Lane)	Fire Hazard		Water- No benefit to existing water system. May require installation of Project C4, redundant water supply line.	Wastewater - This area slopes towards Salinas River and would likely need sewage lift station. Water- Hydarulic modeling required. Likely requires extension of looped main through private parcels. Roads - Current system has capacity. Financial Impact - Residential developments are not fiscally net natural on services which requires these properties to enter into the CFD, an additional tax burden to the homeowner.
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial Impact to City of Paso Robles			
Area 4	South Ramada Drive	Fire Hazard		Water- No benefit to existing water system. Wastewater - Backbone sewer is already installed on eastern boundary and has ample capacity.	Water- Hydarulic modeling required. Likely requires extension of looped main through private parcels, possible HWY/RR crossing. Roads - Planned upgrades will have adequate capacity when built. Existing vineyard will trigger a significant agricultural lands impact. 46W interchange will require significant improvements.
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial Impact to City of Paso Robles			
Area 5	Bailey Drive	Fire Hazard		Water- No benefit to existing water system. Roads, would need to be installed or upgraded. Additional maintenance burden would have negative impact on City.	Water - Hyd. modeling req'd. Likely require BPS and/or expansion of existing BPS. Would require installation of new mains. Any existing infrastructure in the County would not likely meet City Standards. Wastewater - May require upsizing connector sewers. Roads - None. Fire - Existing deficiencies in access/egress and waterflow
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial Impact to City of Paso Robles			
Area 6	W 15th Street	Fire Hazard		Water- No benefit to existing water system. Roads, would need to be installed or upgraded. Additional maintenance burden would have negative impact on City.	Water - Hyd. modeling req'd. Likely require BPS and/or expansion of existing BPS. Existing infrastructure needs to be upgraded to serve. Any existing infrastructure in the County would not likely meet City Standards. Wastewater - May require upsizing connector sewers. Roads - None. Fire -Existing deficiencies in access/egress and waterflow
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial Impact to City of Paso Robles			
Area 7	Nacimiento Lake Drive / Mustang Springs Road	Fire Hazard		Water- No benefit to existing water system. Roads, would need to be installed or upgraded. Additional maintenance burden would have negative impact on City.	Water - Hyd. modeling req'd. Likely require BPS and/or expansion of existing BPS. Existing infrastructure needs to be upgraded to serve. Any existing infrastructure in the County would not likely meet City Standards. Wastewater - May require upsizing connector sewers. Roads - None. Fire - Existing deficiencies in access/egress and waterflow
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial Impact to City of Paso Robles			
Area 8	North Vine Street	Fire Hazard		Water- No benefit to existing water system. Roads, would need to be installed or upgraded. Additional maintenance burden would have negative impact on City.	Water - Hyd. modeling req'd. Likely require BPS and/or expansion of existing BPS. Existing infrastructure needs to be upgraded to serve. Any existing infrastructure in the County would not likely meet City Standards. Wastewater - May require new sewage lift station and upsizing connector sewers. Roads - None. Fire - Existing deficiencies in access/egress and waterflow
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial Impact to City of Paso Robles			
Area 9	Wisteria Lane west of Golden Hill Road	Fire Hazard		Water- No benefit to existing water system. Wastewater - Backbone sewer with available capacity already in place. Roads, Golden Hill Road intersection is currently impacted. Conversion of Vineyards to urban uses will create a significant impact to Ag Lands.	Water: Depending on Development, additional water modeling and infrastructure upgrades may be needed. Roads - Plans for the Union Road overpass will increase capacity for traffic in this area.
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential (in Airport zone - no housing permitted)	x		
		Financial Impact to City of Paso Robles			
Area 10	Buena Vista Drive west of Airport Road	Fire Hazard		Water- No benefit to existing water system. Roads - roads curently exist in this area.	Wastewater - Would need to perform sewer modeling for this area. Would likely require upgrades to liftstation 12 or installation on new lift station. Water - Hyd. modeling req'd., Infrastructure upgrades will likely be needed. Roads - Union Road interchange will be required for any expanded development in this area. Existing
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential (in Airport zone - no housing permitted)	x		
		Financial Impact to City of Paso Robles			
Area 11	Union Rd near the Landfill	Fire Hazard		Wastewater - sewer service to this area is not available. Water- No benefit to existing water system. No water service. Roads - Caltrans is responsible for roads in this area and could be a impediment to development. Annexation would save the City money on property taxes	Water: Area is too remote from City water system to extend service, so likely would remain on wells. Roads- SR46 East has plenty of capacity in this area.
		Emergency Access			
		Water service			
		Sewer service			
		Roads and transportation			
		Environmental sensitivity			
		Economic Development potential			
		Affordable housing potential			
		Financial Impact to City of Paso Robles			

Exhibit B
Sphere of Influence Study Area Map

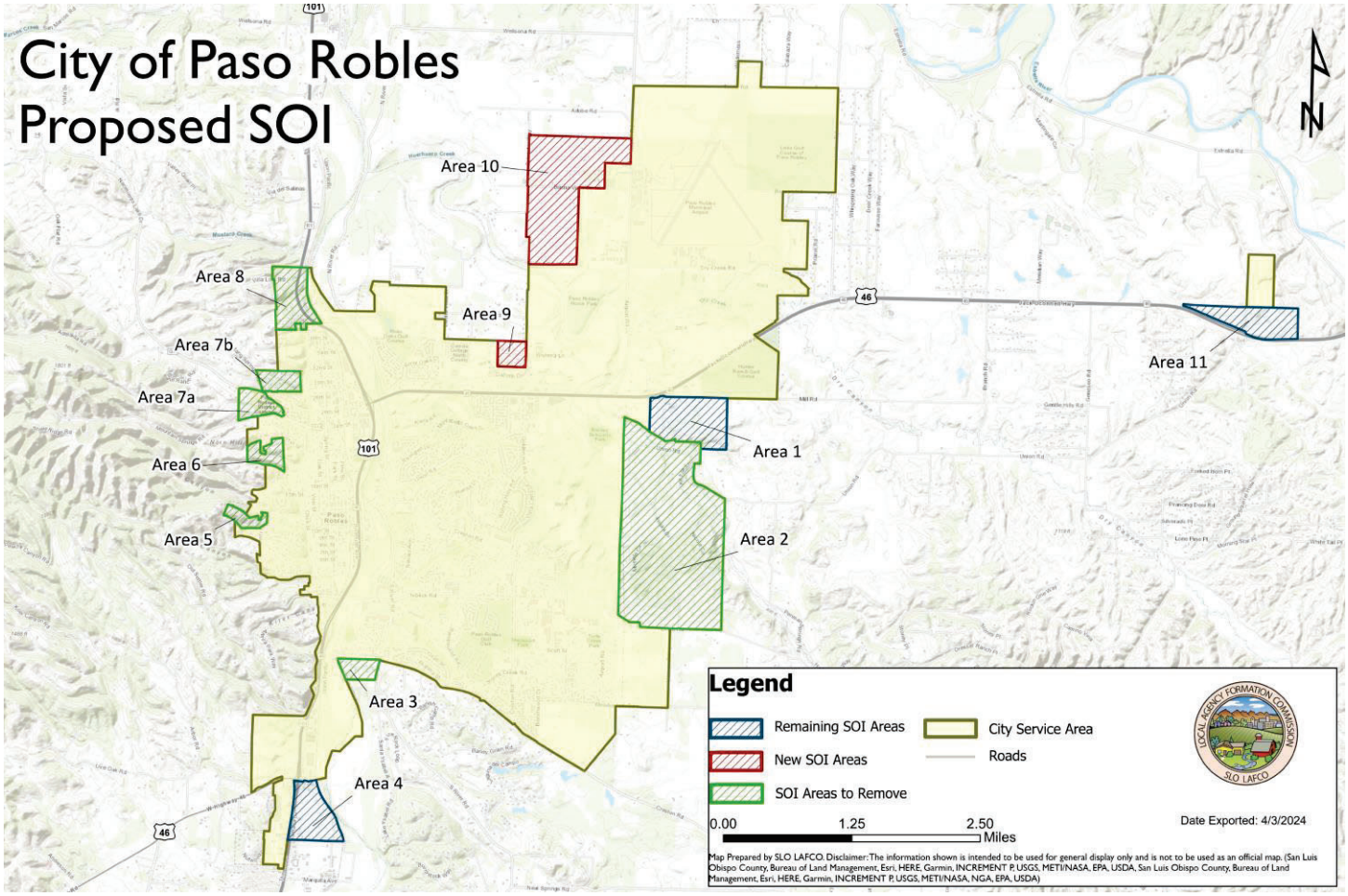


Exhibit C

SOI Study Area	Description/ Location	Status	SOI Recommendation
Area 1	Mill Road	Existing	Remain
Area 2	East Chandler Ranch area	Existing	Remove
Area 3	SW corner of Charlois / S River Road (Oak Lane)	Existing	Remove
Area 4	South Ramada Drive	Existing	Remain
Area 5	Bailey Drive	Existing	Remove
Area 6	W 19th Street	Existing	Remove
Area 7	Nacimiento Lake Drive / Mustang Springs Road	Existing	Remove
Area 8	North Vine Street	Existing	Remove
Area 9	Wisteria Lane west of Golden Hill Road	New	Include
Area 10	Buena Vista Drive west of Airport Road	New	Include
Area 11	Union Rd near the Landfill	Existing	Remain

Exhibit B

August 21, 2025,
City Response Letter

CITY OF EL PASO DE ROBLES

"The Pass of the Oaks"

August 21, 2025

Imelda Marquez-Vawter, LAFCO Senior Analyst
1042 Pacific Street, Suite A
San Luis Obispo, CA 93401

Re: City of Paso Robles Municipal Service Review and Sphere of Influence Status Update: New Study Areas

Dear Ms. Imelda Marquez-Vawter:

The City of Paso Robles has reviewed LAFCO's memorandum dated July 21, 2025, regarding including the Walnut Hills Mutual Water Company, Almira Water Association, Ranch Paso Mobile Home Park, and Mustang Springs Water Company as Study Areas for future Annexation. After careful consideration, the City must decline to pursue annexation or consolidation of any of these areas at this time, for the reasons described below. These areas are in the County of San Luis Obispo, the County approved these developments, and the City believes that the County should be responsible for providing solutions that address the long-term service needs of each area.

1. These water and sewer systems are outside the City limits. The City has no interest in annexing these properties. Annexing these properties would create significant negative fiscal impacts to the City's General Fund. Under the existing tax-sharing agreement, the majority of property tax revenue remains with the County which makes residential annexations net-negative to the City's General Fund and creates long-term strains on public safety and other essential municipal services.

2. The County approved each of the subject development projects and therefore the County needs to take the lead in finding solutions. The County verified that these developments would be able to supply water and wastewater services to the residents. Accordingly, the County, not the City, bears the primary responsibility to address service challenges in these areas and the obligation to help its citizens. The City and other nearby water suppliers and treatment works must not be looked at as a failsafe for inadequate planning.

3. The City is prohibited from suppling water to new users outside the City's corporate boundaries and jurisdiction. City Municipal Code Section **14.04.280** prohibits the City from supplying water outside the City. The City's is also prohibited from issuing sewer permits outside the City's boundaries and jurisdiction (Municipal Code Section 14.08.180).

4. The Walnut Hills Mutual Water Company is within the Templeton C.S.D. sphere of influence. It is appropriate that Templeton C.S.D. consider consolidation or annexation.

5. The infrastructure serving these developments was not constructed to City standards. Consolidating these systems would cause an undue burden on the City's Tax and Ratepayers whose infrastructure was built to City standards before it was accepted—by receiving sub-standard infrastructure, the City would be committing to long term liability associated with its operation and eventual replacement. And, bringing existing utilities within the subject developments to City standards and extending utilities service to these areas, the City Tax and Ratepayers would be subsidizing these developments.

6. Any money the City spends on improving the utilities serving these areas would open the City to a Proposition 218 lawsuit. The rate payers of Paso Robles would essentially be subsidizing these developments when any repair or upgrade is completed. This is a clear violation of Prop 218 as the City can only spend money on projects and maintenance that are covered in the rates presented to the voters.

7. The City would have no control over these un-annexed areas in instances where water use restrictions are put in place. This would put the City at risk of State fines during a drought declared emergency.

8. Annexation are complex, multi-year projects that typically require a minimum of 5-10 years to complete and are costly. Any area where a sphere of influence is needed would take even longer. Both require substantial funding, and those costs could not be paid by the City. It is also unlikely that every landowner would vote in the affirmative for annexation. A no vote would leave areas outside the City, and the City would not be able to serve them with water. Lastly, the City would require that all the infrastructure be brought up to City Standards. This would be prohibitively expensive for the landowners. The quickest viable alternative is for the County to step in and assume responsibility for providing long-term service solutions.

Should you have any questions, please contact Associate Planner Darcy Delgado, or City Planner Darren Nash at 805.237.3970.

Sincerely,

Christopher Alakel (Aug 21, 2025 13:34:24 PDT)

Christopher Alakel
Utilities Director

cc: Warren Frace, Community Development Director
Darcy Delgado, Associate Planner
Darren Nash, City Planner
Leslie Frasier, City Engineer/Deputy Community Development Director

25.08.20 LAFCO Study Areas Community Development Department Response Letter

Final Audit Report 2025-08-21

Created:	2025-08-21
By:	Tonia Roeder (TRoeder@prcity.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAuoRAL3Wgn6ueAD5jArlElRHBVLlUI3Zn

"25.08.20 LAFCO Study Areas Community Development Department Response Letter" History

Document created by Tonia Roeder (TRoeder@prcity.com)
2025-08-21 - 4:47:43 PM GMT

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2025-08-21 - 4:48:34 PM GMT

Email viewed by Christopher Alakel (calakel@prcity.com)
2025-08-21 - 8:33:56 PM GMT

Document e-signed by Christopher Alakel (calakel@prcity.com)
Signature Date: 2025-08-21 - 8:34:24 PM GMT - Time Source: server

Agreement completed.
2025-08-21 - 8:34:24 PM GMT

San Luis Obispo Local Agency Formation Commission

COMMISSIONERS
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NAVID FARDANESH
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BRUCE GIBSON
County Member

CARLA WIXOM
City Member

VACANT
Special District Member

MICHAEL DRAZE
Public Member

STAFF
ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Senior Analyst

MORGAN BING
Analyst

MELISSA MORRIS
Commission Clerk

HOLLY WHATLEY
Legal Counsel

TO: **MEMBERS OF THE COMMISSION**

FROM: **MORGAN BING, ANALYST**
VIA: **ROB FITZROY, EXECUTIVE OFFICER**

DATE: **JANUARY 15, 2026**

SUBJECT: **LAFCO FILE NO. 6-S-25: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE ESTRELLA – EL POMAR – CRESTON WATER DISTRICT**

RECOMMENDATION

Action 1: Find, by motion, the Municipal Service Review and Sphere of Influence Study prepared for the Estrella – El Pomar - Creston Water District (LAFCO File No. 6-S-25) to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Categorical Exemption Section 15306 and CEQA General Rule Exemption 15061(b)(3).

Action 2: Approve, by resolution, the Estrella – El Pomar - Creston Water District Municipal Service Review and Sphere of Influence Study (LAFCO File No. 6-S-25) as contained in Attachments A and B, and reaffirm the District's existing Sphere of Influence as depicted in Attachment A, Exhibit C.

OVERVIEW

The Cortese-Knox-Hertzberg Act directs Local Agency Formation Commissions (LAFCO) to regularly prepare municipal service reviews (MSRs) in conjunction with establishing and updating each local agency's sphere of influence (SOI). The legislative intent of MSRs is to proactively assess the availability, capacity, and efficiency of local governmental services prior to making SOI determinations. MSRs may also lead LAFCOs to take other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies in addition to any related SOI changes. As part of the Commission's work plan, staff have prepared the MSR and SOI Study for the Estrella – El Pomar - Creston Water District (EPCWD or District).

EPCWD MSR AND SOI STUDY

Agency Overview: The EPCWD was formed in 2017 by a petition of landowners under the provisions of Government Code Section 56000 et. seq. The District's primary purpose at formation was to enable participating landowners to comply with the Sustainable Groundwater Management Act (SGMA) by creating a water district that could also serve as a Groundwater Sustainability Agency (GSA), as permitted under SGMA.

Enacted on January 1, 2015, SGMA provides a framework for the sustainable, long-term management of groundwater resources by local agencies, with provisions for state oversight if local efforts are insufficient. The legislation required the formation of GSAs by June 2017 and the adoption of Groundwater Sustainability Plans (GSPs) by January 31, 2020.

Unlike traditional water service providers, EPCWD does not deliver water or infrastructure services. Instead, it functions primarily as a representative entity for landowners who voluntarily choose to "opt in," ensuring their interests are reflected in groundwater management efforts under SGMA by the EPCWD.

Municipal Service Review Summary: LAFCO staff prepared determinations for the seven MSR factors described in Government Code Section 56430 (Attachment A, Exhibit B). In summary, LAFCO determined that EPCWD serves a sparsely populated agricultural-zoned region in northeastern San Luis Obispo County, where population growth is projected to remain minimal. The District's primary purpose upon formation was to enable participating landowners to comply with SGMA by creating a water district that could also serve as a GSA. Although this was the primary purpose of the District, the Commission also took action to activate all powers available under Water Code Section 34000, with the exception of exportation of water and sewer services.

In 2023, the County Board of Supervisors took action to relinquish GSA authority within the EPCWD boundaries to allow EPCWD to become a GSA. This action also added EPCWD to the Paso Basin Cooperative Committee (PBCC). The District has demonstrated adequate capacity to fulfill its role as a GSA and has played a key role in advancing several important projects and management initiatives, including an Economic Impact Study on irrigated agriculture in the Paso Robles region, a Stormwater Capture and Groundwater Recharge Feasibility Study, the development of a 3D Geologic Model, and the establishment of a comprehensive groundwater level monitoring network. The District's capacity is further demonstrated through its participation in the GSP's five-year evaluation, submitted in January 2025. EPCWD now participates in the Paso Robles Area Groundwater Authority, which was formed in March 2025 by a Joint Powers Agreement to replace the PBCC and establish a formal structure for implementing the GSP.

Overall, the District shows indicators of financial stability and health, with consistent liquidity and a 72% increase in net position over five years. However, to sustain the continued implementation of the GSP, identifying additional funding sources will be essential. Governance is maintained through a five-member elected board, with operations conducted transparently and in compliance with state laws. No additional issues affecting service efficiency were identified.

Sphere of Influence Study Summary: LAFCO staff also prepared determinations for the five SOI factors described in Government Code Section 56036 (Attachment A, Exhibit B). EPCWD's current SOI is coterminous with its service area boundary. Because the District's primary role is to serve as a Groundwater Sustainability Agency, there is no logical way to envision or predict growth for the District. Accordingly, LAFCO will evaluate any SOI amendments or annexation requests concurrently and on a case-by-case basis. Therefore, staff recommend reaffirming EPCWD's coterminous SOI and service area boundary.

Agency Coordination/Public Comments: Staff coordinated with EPCWD throughout the preparation of this MSR and SOI Study and received input from EPCWD via meetings, questionnaires, email correspondence, and review of the administrative review draft. A 21-day notice and public review and comment period were conducted between December 25, 2025, and January 15, 2026, for the EPCWD MSR and SOI Study. No written comments were received as of the staff report publishing date of January 8, 2026. All public comments received will become part of the official record of the Commission hearing.

Recommendation: Approve, by resolution, the Estrella – El Pomar - Creston Water District Municipal Service Review and Sphere of Influence Study (LAFCO File No. 6-S-25) as contained in Attachments A and B, and reaffirm the District's existing Sphere of Influence as depicted in Attachment A, Exhibit C.

ENVIRONMENTAL DETERMINATION

LAFCO is the Lead Agency for the proposed MSR and SOI Study. The EPCWD MSR and SOI Study is categorically exempt from further review under CEQA under Section 15306 (Class 6 Exemption). This is based on the use of the MSR as a data collection and service evaluation study. There are no land use changes or environmental impacts created by such studies. In addition, the District's MSR and SOI Study is exempt from further review under Section 15061(b)(3) (General Rule Exemption). This is based on a determination with certainty that the MSR and SOI Study will have no possibility of significantly affecting the environment, given that this report does not grant new municipal service powers or areas and no physical changes to the environment are anticipated, planned, or reasonably foreseeable as a result of the MSR and SOI Study.

Recommendation: Find, by motion, the Municipal Service Review and Sphere of Influence Study prepared for the Estrella – El Pomar - Creston Water District (LAFCO File No. 6-S-25) to be exempt from the CEQA pursuant to CEQA Categorical Exemption Section 15306 and CEQA General Rule Exemption 15061(b)(3).

ATTACHMENTS

Attachment A: Draft LAFCO Resolution No. 2026-XX Approving the Estrella – El Pomar - Creston Water District Municipal Service Review and Sphere of Influence Study

Exhibit A: Notice of Exemption pursuant to Sections 15306 and 15061(b)(3)

Exhibit B: MSR & SOI Study Determinations

Exhibit C: EPCWD Boundary Map

Attachment B: Estrella – El Pomar - Creston Water District Municipal Service Review and Sphere of Influence Study

Attachment A

Draft LAFCO Resolution No. 2026-XX
Approving the Estrella – El Pomar -
Creston Water District Municipal
Service Review and Sphere of
Influence Study

IN THE LOCAL AGENCY FORMATION COMMISSION

COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

Thursday, January 15, 2026

RESOLUTION NO. 2026-XX

RESOLUTION APPROVING THE ESTRELLA – EL POMAR – CRESTON WATER DISTRICT MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY

The following Resolution is now offered:

RECITALS

WHEREAS, the San Luis Obispo Local Agency Formation Commission, hereinafter referred to as the "Commission", is authorized to conduct municipal service reviews and establish, amend, and update spheres of influence for local government agencies whose jurisdictions are within San Luis Obispo County; and

WHEREAS, the Commission conducted a municipal service review to evaluate the availability and performance of governmental services provided by Estrella – El Pomar - Creston Water District, hereinafter referred to as the "District", pursuant to California Government Code Section 56430, hereby incorporated by reference as contained in LAFCO File No. 6-S-25 Estrella – El Pomar - Creston Water District Municipal Service Review and Sphere of Influence Study included as Attachment B of the January 15, 2026, LAFCO Staff Report; and

WHEREAS, the Commission conducted a sphere of influence study for the District pursuant to California Government Code Section 56425, hereby incorporated by reference as contained in LAFCO File No. 6-S-25 Estrella – El Pomar - Creston Water District Municipal Service Review and Sphere of Influence Study included as Attachment B of the January 15, 2026, LAFCO Staff Report; and

WHEREAS, Government Code Section 56425(i) requires that when adopting, amending, or updating a sphere of influence for a special district, the Commission shall establish the nature, location, and extent of any functions or classes of services provided by those districts; and

WHEREAS, Government Code Section 56050.5 provides that once the Commission establishes the functions or services being provided by a district pursuant to Government Code Section 56425 (i), all services, facilities, functions, or powers authorized by the principal act under which the district is formed, but that are not being exercised, are deemed to be latent services or powers; and

DRAFT

WHEREAS, no change in regulation, land use, or development will occur as a result of the adoption of a sphere of influence for the district; and

WHEREAS, the Executive Officer gave sufficient notice of a public hearing to be conducted by the Commission in the form and manner provided by law; and

WHEREAS, the staff report and recommendations on the municipal service review and sphere of influence study were presented to the Commission in the form and manner prescribed by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on the municipal service review and sphere of influence study on January 15, 2026; and

WHEREAS, the Commission considered all of the municipal service review and sphere of influence factors required under Government Code Section 56430(a) and 56425(e) and adopts as its written statements of determinations therein, the determinations set in the municipal service review and sphere of influence study titled " Estrella – El Pomar - Creston Water District Municipal Service Review and Sphere of Influence Study", with said determinations being included in Exhibit B of this resolution; and

WHEREAS, the Notice of Exemption, prepared pursuant to Section 15062, is adequate as the documentation to comply with the California Environmental Quality Act (CEQA) under Categorical Exemption Section 15306 and the General Rule Exemption Section 15061(b)(3), for the municipal service review and sphere of influence study for the District; and

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 and are hereby incorporated by reference.
2. The municipal service review and sphere of influence study titled "Estrella – El Pomar – Creston Water District Municipal Service Review and Sphere of Influence Study" includes the related statements of determination and is determined to be exempt from CEQA pursuant to Section 15306 and Section 15061(b)(3) of the CEQA Guidelines.
3. That the Notice of Exemption prepared for this proposal is complete and adequate, having been prepared in accordance with the provisions of the CEQA, and is hereby determined to be sufficient for the Commission's actions and is incorporated by reference as Exhibit A of this resolution.
4. That the Executive Officer of this Commission is authorized and directed to mail copies of this resolution in the manner provided by law.

DRAFT

5. Pursuant to Government Code Section 56430(a), the Commission makes the written statement of determinations for municipal service reviews, included in Exhibit B of this resolution.
6. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations for the sphere of influence, included in Exhibit B of this resolution.
7. That the sphere of influence for the district be adopted pursuant to the map in Exhibit C of this resolution.
8. Pursuant to Government Code Section 56425(i), the Commission establishes that the District exercises all general powers when operating the District as allowed under Water Code Section 34000, with the exception of exportation of water and sewer services, which are considered latent powers.

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.

DRAFT

_____

Steve Gregory Date
LAFCO Chairperson

ATTEST:

_____

Rob Fitzroy Date
LAFCO Executive Officer

APPROVED AS TO FORM AND LEGAL EFFECT:

Holly Whatley Date
LAFCO Legal Counsel

DRAFT

Exhibit A

Notice of Exemption pursuant to
Sections 15306 and 15061(b)(3)

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. 6-S-25 | Estrella – El Pomar - Creston Water District Municipal Service Review and Sphere of Influence Study

Project Location: The Estrella – El Pomar - Creston Water District (EPCWD) is located in the northeastern unincorporated area of San Luis Obispo County.

Description of Nature, Purpose, & Beneficiaries of Project: The Local Agency Formation Commission (LAFCO) has prepared a Municipal Service Review (MSR) and Sphere of Influence (SOI) Study for EPCWD pursuant to Government Code Section 56430 and Section 56425. The SOI is a 20-year growth boundary that includes areas that may be served by the District in the future. State law requires the MSR to be completed either prior to or concurrent with the SOI study. The MSR evaluates the public services provided by the District and is used as the basis for any changes to the SOI. The Commission took action to reaffirm EPCWD's SOI to remain coterminous to the service area boundary as depicted in Attachment A, Exhibit C of the LAFCO January 15, 2026, staff report found on the LAFCO website at https://slo.lafco.ca.gov/. The Commission also established that all services available under Water Code Section 34000 are active with the exception of exportation of water and sewer services which are considered latent powers.

Name of Public Agency Approving Project: The San Luis Obispo County LAFCO conducted a noticed public hearing on January 15, 2026, at 9:00 a.m. in the Board of Supervisors Chambers in San Luis Obispo at the County Government Center. Additional information 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 15306
☐ 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 MSR and SOI Study is categorically exempt under Class 6, Section 15306, and the MSR and SOI Study also qualifies for a general rule exemption under Section 15061(b)(3). There is no possibility that this MSR and SOI Study may have a significant effect on the environment because there are no land use changes associated with the documents; therefore, the EPCWD MSR and SOI Study is found to be exempt from CEQA pursuant to Section 15306 and Section 15061(b)(3) of the State Guidelines. LAFCO will file this Notice of Exemption upon approval of the MSR and SOI Study.

Rob Fitzroy, Executive Officer _____ Date _____

Exhibit B

MSR & SOI Study
Determinations

Municipal Service Review Determinations for the Estrella – El Pomar – Creston Water District

1. **Growth and population projections for the affected area**

   The EPCWD serves a sparsely populated agricultural area in northeastern unincorporated San Luis Obispo County, where precise population data is unavailable due to the District's noncontiguous boundaries. Regional forecasts suggest gradual growth in the broader North County region—rising from 35,460 in 2025 to 36,961 by 2060 at an annual rate of 0.12%—with EPCWD expected to remain low-density and largely shaped by land use and resource planning.

2. **The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

   There are four areas within or in close proximity to EPCWD's SOI and service area boundary that meet the definition of a DUC as outlined in Government Code Section 56033.5. Although these DUCs were identified, EPCWD does not provide public facilities or services related to wastewater, municipal or industrial water, or structural fire protection. Therefore, no infrastructure deficiencies affecting a DUC would result from changes to the EPCWD's SOI or service area boundary.

3. **Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies**

   The District's main purpose at formation was to enable participating landowners to comply with the Sustainable Groundwater Management (SGMA) Act by creating a water district that could also serve as a Groundwater Sustainability Agency (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 the SGMA. EPCWD represented constituents in the development of the Paso Robles Subbasin Groundwater Sustainability Plan (GSP), which was approved by the California Department of Water Resources in June 2023. The

District has also played a key role in advancing several important projects and management initiatives, including an Economic Impact Study on irrigated agriculture in the Paso Robles region, a Stormwater Capture and Groundwater Recharge Feasibility Study, the development of a 3D Geologic Model, and the establishment of a comprehensive groundwater level monitoring network. The District's capacity is further demonstrated through its participation in the GSP's five-year evaluation, submitted in January 2025. Overall, EPCWD demonstrates adequate capacity to carry out its groundwater management responsibilities under SGMA.

4. **Financial ability of agencies to provide services**

To assess the District's financial health, key indicators, including Operating Ratio, Liquidity Ratio, and Net Position, were analyzed. Operating Ratio, which compares annual operating revenues to operating expenses, remained below 1.0 in only two of the five years, demonstrating an inconsistent ability to generate positive operating margins. Liquidity Ratio, which measures current assets relative to current obligations, remained strong across all five years, reflecting adequate short-term financial health. The District's Net Position, representing the difference between total assets and total liabilities, increased by 72 percent over the five-year audited period, a strong indicator of long-term financial growth and stability. Overall, these financial indicators suggest that EPCWD is in a financially healthy state with adequate financial resources to deliver its services.

5. **Status of and opportunities for shared facilities**

The EPCWD participates in the Paso Robles Area Groundwater Authority (Authority), which was formed by a Joint Exercise of Power Agreement (JPA) in March 2025. The Authority replaces the prior Memorandum of Agreement and establishes a formal structure for implementing the Groundwater Sustainability Plan. EPCWD's participation in the Authority enhances efficiency, reduces duplication of efforts, and strengthens the District's ability to meet SGMA requirements.

6. **Accountability for community service needs, including governmental structure and operational efficiencies**

EPCWD is governed by a five-member Board of Directors, each elected to a four-year term. The Board holds regular meetings on the second Wednesday of each month at 2:00 PM. The District posts its agendas in compliance with the Brown Act and maintains an up-to-date website in compliance with Senate Bill 929.

7. **Any other matter related to effective or efficient service delivery**

   There are no other matters related to the efficiency of services.

Sphere of Influence Determinations for the Estrella – El Pomar - Creston Water District

1. **Present and planned land uses in the area, including agricultural and open-space lands.**

   The present and planned land uses within the service area of EPCWD are guided by the County's General Plan. The majority of the District falls within the Agricultural and Residential Rural land-use designation. Reaffirmation of the District's coterminous SOI is recommended.

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

   Given the predominantly agricultural nature of the EPCWD and its primary function as a Groundwater Sustainability Agency representation, there is no present and probable need for public facilities and services in the area. The District's role is focused on groundwater management rather than direct service provision. Reaffirmation of the District's coterminous SOI is recommended.

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

   At present, it appears that the District has the capacity to fulfill its responsibilities as a Groundwater Sustainability Agency (GSA) under the Sustainable Groundwater Management Act (SGMA). As a member of the Paso Basin Cooperative Committee (PBCC), EPCWD represented its constituents in the development of the Paso Robles Subbasin Groundwater Sustainability Plan (GSP), which was approved by the California Department of Water Resources in June 2023. EPCWD has played a key role in advancing several important projects and management initiatives, including an Economic Impact Study on

irrigated agriculture in the Paso Robles region, a Stormwater Capture and Groundwater Recharge Feasibility Study, the development of a 3D Geologic Model, and the establishment of a comprehensive groundwater level monitoring network. 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, EPCWD demonstrates adequate capacity to carry out its groundwater management responsibilities. Reaffirmation of the District's coterminous SOI is recommended.

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

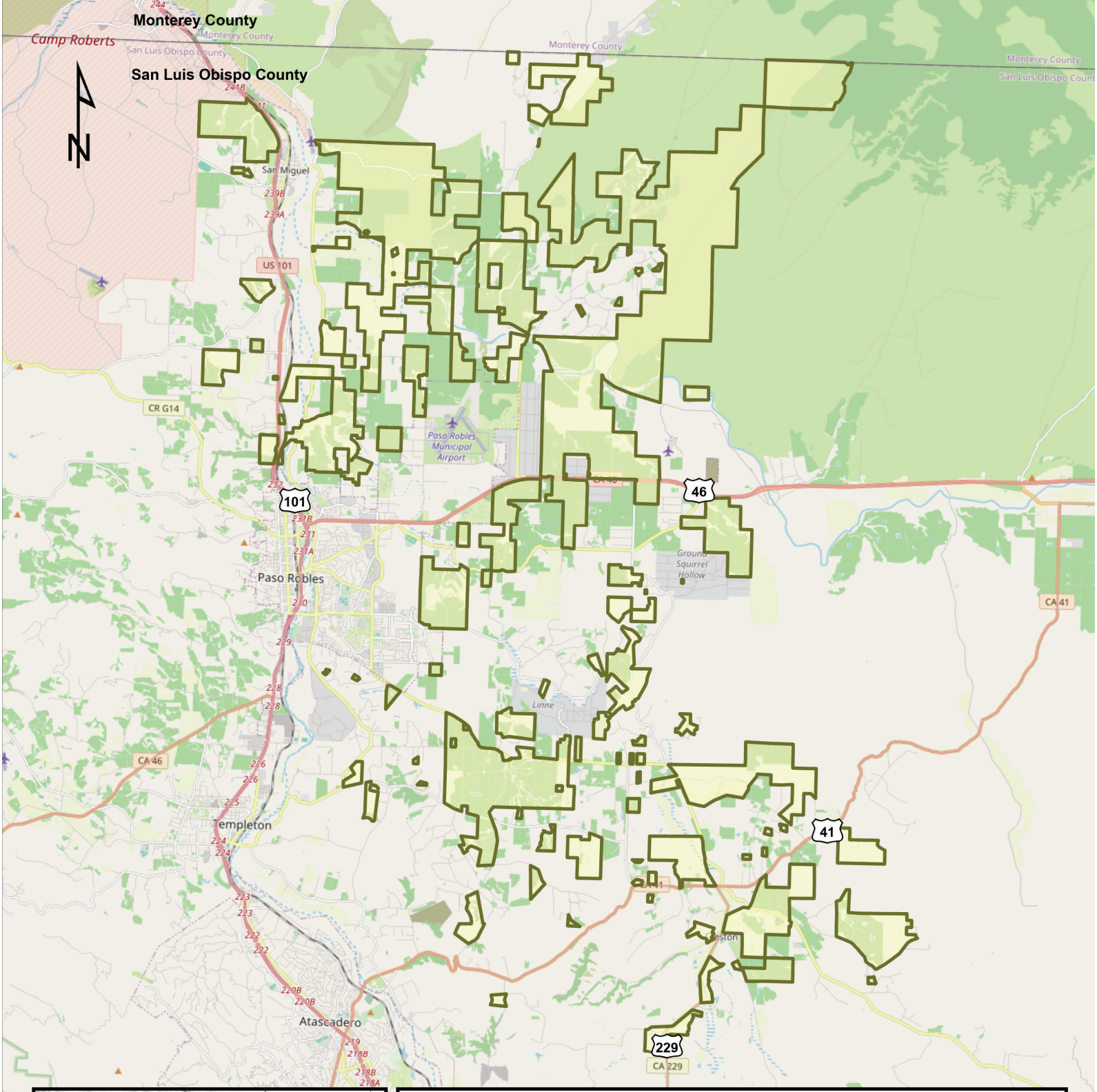
   There are no social or economic communities of interest within the District service area boundary.

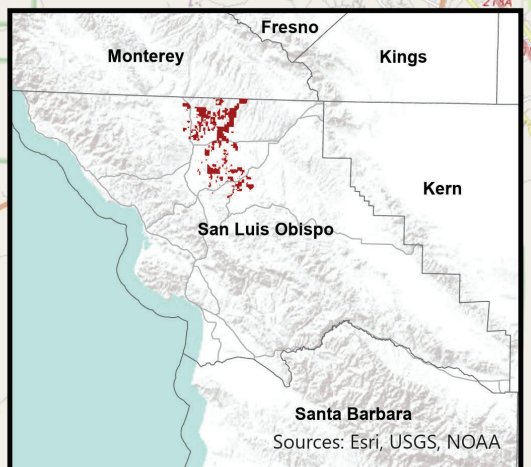
5. **For an update of the sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere**.

6. Four DUCs were identified inside or within close proximity to the EPCWD SOI and service area boundary, as seen in Figure 1. Although these DUCs were identified, EPCWD 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 EPCWD's SOI or service area boundary. Reaffirmation of the District's coterminous SOI is recommended.

Exhibit C

EPCWD
Boundary Map





Estrella-El Pomar-Creston Water District

LAFCO Boundaries

Sphere of Influence
(Same as Service Area)

Service Area

Latest SOI Approval: Jan 2026

0 3 6 Miles

Prepared By SLOLAFCO
Name: EPC
Date: 12/29/2025

B-2-18

© OpenStreetMap (and) contributors, CC-BY-SA

Attachment B

Estrella – El Pomar - Creston Water District Municipal Service Review and Sphere of Influence Study

Public Review Draft

Estrella – El Pomar - Creston Water District Municipal Service Review and Sphere of Influence Study

Prepared by

The San Luis Obispo Local Agency Formation Commission

Adopted ___, 2026

Resolution No. 2026 - __

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ABOUT LAFCO

Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are considered regional subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs' authority is codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), with principal oversight provided by the Assembly Committee on Local Government. LAFCOs are comprised of locally elected and appointed officials with regulatory and planning powers delegated by the Legislature to coordinate and oversee the establishment, expansion, and organization of cities and special districts and their municipal service areas.

Regulatory Responsibilities

LAFCOs' principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts in California. CKH defines "special district" to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO oversight, with the following exceptions: school districts, community college districts, assessment districts, improvement districts, community facilities districts, and air pollution control districts. LAFCOs are also tasked with overseeing the approval process for cities, towns, and special districts to provide new or extended services beyond their jurisdictional boundaries by contracts, agreements, or annexation. LAFCOs also oversee special district actions to either activate new service functions and service classes or divest existing services. LAFCOs generally exercise their regulatory authority in response to applications submitted by affected agencies, landowners, or registered voters. Recent amendments to CKH also authorize and encourage LAFCOs to initiate jurisdictional changes to form, consolidate, and dissolve special districts consistent with community needs.

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Planning Responsibilities

LAFCOs inform their regulatory actions, in part, through two central planning responsibilities: (a) making sphere of influence determinations and (b) preparing municipal service reviews. With this, and other relevant information in the record, LAFCO makes decisions on a variety of matters, including but not limited to annexations to cities and special districts, city incorporations, activation of powers for special districts, dissolutions of special districts, etc.

Sphere of Influence

A Sphere of Influence (SOI) is defined by Government Code Section 56425 as a plan for the probable physical boundary and service area of a local agency or municipality. An SOI is generally considered a 20-year, long-range planning tool. LAFCOs establish, amend, and update SOIs for all applicable jurisdictions in California every five years, or as necessary. When updating an SOI, LAFCOs are required to consider and prepare a written statement of their determinations concerning each of the following five factors:

1) The present and planned land uses in the area, including agricultural and open-space lands.
2) The present and probable need for public facilities and services in the area.
3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
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.
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.

The intent in preparing the written statements is to orient LAFCOs in addressing the core principles underlying the sensible development of local agencies consistent with the anticipated needs of the affected communities.

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Municipal Service Reviews

Municipal Service Reviews (MSRs), in contrast, are intended to inform, among other activities, SOI determinations. LAFCOs also prepare MSRs regardless of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. When updating an MSR, LAFCOs are required to consider and prepare written statements of their determinations with respect to each of the following seven factors:

1) Growth and population projections for the affected area.
2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4) Financial ability of agencies to provide services.
5) Status of, and opportunities for, shared facilities.
6) Accountability for community service needs, including governmental structure and operational efficiencies.
7) Any other matter related to effective or efficient service delivery, as required by commission policy.

LAFCO Decision-Making

LAFCO decisions are legislative in nature and, therefore, are not subject to an outside appeal process; only courts can overturn LAFCO decisions. LAFCOs also have broad powers with respect to conditioning regulatory and planning approvals, so long as they do not establish any terms that directly affect land use density or intensity, property development, or subdivision requirements.

LAFCOs are generally governed by a board comprised of county supervisors, city council members, independent special district members, a representative of the general public, and an alternate member for each category. SLO LAFCO is governed by a seven-member board comprised of two county supervisors, two city council members, two independent special district members, one representative

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of the general public, and an alternate member for each category. All members serve four-year terms and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests. LAFCOs are independent of local government, with their own staff. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the Commission. In addition, all LAFCOs must also appoint their own legal counsel.

SLO LAFCO

Regular Commissioners

Chair Steve Gregory	City Member
Vice Chair Heather Moreno	County Member
Dawn Ortiz-Legg	County Member
Ed Waage	City Member
Edy Eby	Special District Member
Navid Fardanesh	Special District Member
David Watson	Public Member

Alternate Commissioners

Bruce Gibson	County Member
Carla Wixom	City Member
Vacant	Special District Member
Michael Draze	Public Member

Staff

Rob Fitzroy	Executive Officer
Imelda Marquez-Vawter	Senior Analyst
Morgan Bing	Analyst
Melissa Morris	Commission Clerk
Holly Whatley	Legal Counsel

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Contact Information

San Luis Obispo LAFCO's office is located at 1042 Pacific St, Suite A, in the City of San Luis Obispo. The LAFCO office is open by appointment to discuss proposals or other matters and can be scheduled by calling 805-781-5795. Additional information is also available online by visiting slo.lafco.ca.gov.

Acknowledgments

San Luis Obispo LAFCO gratefully acknowledges the time and effort of staff with the Estrella – El Pomar - Creston Water District in assisting in the preparation of this report, including – but not limited to – the following individuals:

Laurie Gage, District Administrator

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DISTRICT MSR & SPHERE OF INFLUENCE STUDY

Overview

This report represents San Luis Obispo LAFCO's first scheduled municipal service review (MSR) for the Estrella – El Pomar – Creston (EPCWD or District) since the District was formed in 2017. The report has been prepared by staff in accordance with the requirements of the Government Code. The purpose of this report is to produce an independent assessment of municipal services in this area over the next five years, or as seen necessary, relative to the Commission's regional growth management duties and responsibilities as established by the State Legislature. This includes evaluating the current and future relationship between the availability, demand, and adequacy of municipal services within the service areas of the District, subject to the Commission's oversight. Information generated as part of the report will be used by the Commission in (a) guiding subsequent sphere of influence updates, (b) informing future boundary changes, and – if merited – (c) initiating government reorganizations, such as special district formations, consolidations, and/or dissolutions.

The period for collecting data to inform the Commission's analysis reflects information since the District was formed in 2017. The financial analysis has been set to cover the last five-year budgeted and the last five-year audited fiscal year period. The timeframe for the report has been generally oriented to cover the next five to seven-year period.

The document outline serves to inform all the state-mandated requirements outlined in Government Code Sections 56430 and 56425. Written determinations have been included as the concluding chapter of this document.

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At A Glance

Table 1: District Profile

Agency Name	Estrella – El Pomar – Creston Water District
Formation	2017
Legal Authority	California Water Code, Section 34000 et seq.
Mailing Address	P.O. Box 1499, Paso Robles, CA 93447-1499
Website	https://www.epcwd.org/
District Administrator	Laurie Gage
Public Meetings	The Board of Directors meets on the second Wednesday of the month at 2:00 PM at the Windfall Farms Conference Room, 4710 Flying Paster Lane, Paso Robles, 93446.
Board of Directors	Five members elected to four-year terms
District Service Area	37,208 acres

Background

The Estrella – El Pomar- Creston Water District (EPCWD or District) was formed by a petition of landowners under the provisions of Government Code Section 56000 et. seq. The District is a landowner-voter district[1], and its primary purpose at formation was to enable participating landowners to comply with the Sustainable Groundwater Management Act (SGMA) by creating a water district that could also serve as a Groundwater Sustainability Agency (GSA), as permitted under SGMA.

Enacted on January 1, 2015, SGMA provides a framework for the sustainable, long-term management of groundwater resources by local agencies, with provisions for state oversight if local efforts are insufficient. The legislation required the formation of GSAs by June 2017 and the adoption of Groundwater Sustainability Plans (GSPs) by January 31, 2020.

Unlike traditional water service providers, EPCWD does not deliver water or infrastructure services. Instead, it functions primarily as a representative entity for landowners who voluntarily choose to "opt

[1] "Landowner-voter district" means a district whose principal act provides that owners of land within the district are entitled to vote upon the election of district officers, the incurring of bonded indebtedness, or any other district matter.

in," ensuring their interests are reflected in groundwater management efforts under SGMA by the EPCWD.

Population Profile

The EPCWD serves a broad agricultural area in northeastern unincorporated San Luis Obispo County. Due to the District's 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 EPCWD. According to SLOCOG projects, 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.[2]

Given EPCWD's primarily agricultural land use and limited residential infrastructure, population growth within the District is similarly expected to remain gradual and low-density. Overall, while EPCWD may experience incremental growth, it is expected to remain a sparsely populated area. Future growth will likely be closely tied to resource availability, land use planning, and agricultural priorities.

Disadvantaged Unincorporated Communities

LAFCO is required to evaluate Disadvantaged Unincorporated Communities (DUCs) as part of this MSR, including the location and characteristics of any such community. Per Government Code Section 56033.5, a DUC is defined as any area with 12 or more registered voters where the median household income (MHI) is less than 80 percent of the statewide MHI. Once the locations of the DUCs have been identified, LAFCOs are further required to evaluate any present and probable need for services related to sewer, municipal or industrial water, or structural fire protection of any DUC within the existing SOI. The legislative intent is to prohibit selective annexations by agencies of tax-generating land uses while leaving out underserved, inhabited areas with infrastructure deficiencies and a lack of access to reliable potable water, wastewater, and fire protection services.

[2] 2060 Regional Growth Forecast for the San Luis Obispo County Region, San Luis Obispo Council of Governments

To identify the MHI for locations within the unincorporated areas of the County, and to identify those that meet the DUC MHI threshold, LAFCO used U.S. Census American Community Survey (ACS) five-year reports for Census Block Groups (CBG) and Census Designated Places (CDP) data. Once a CBG or a CDP meets the DUC MHI threshold, LAFCO then verifies that those areas are inhabited as specified in Government Code Section 56033.5 using registered voter data from the County Clerk-Recorder.

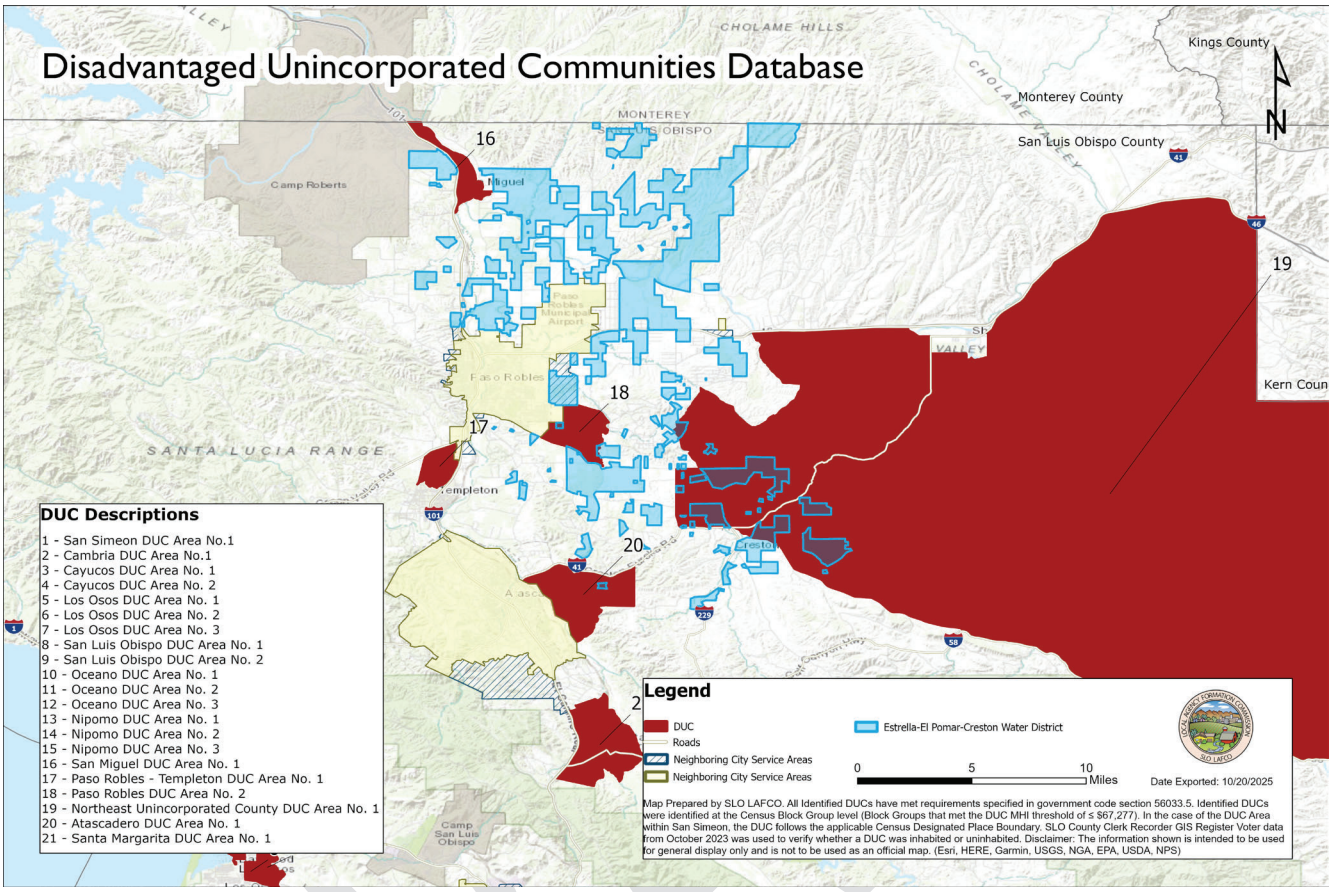
Using this methodology, four DUCs were identified in proximity to and partially within EPCWD's service area, as shown in Figure 1. Although these DUCs were identified, EPCWD does not provide public facilities or services related to wastewater, municipal or industrial water, or structural public safety protection. As a result, any modifications to EPCWD's SOI or service area boundaries would not lead to infrastructure deficiencies affecting these communities. Table 2 contains additional information about each DUC within the District's boundary.

Table 2: Disadvantaged Unincorporated Communities

DUC	MHI[3]	Registered Voters[4]
San Miguel DUC Area No. 1	$66,496	1,268
Paso Robles DUC Area No. 2	$61,513	59
Northeast Unincorporated County DUC Area No. 1	$61,526	1,009
Atascadero DUC Area No. 1	$59,559	354

[3] American Community Survey Data from 2016-2020 in 2021 inflation/adjusted dollars
[4] County of San Luis Obispo Clerk Recorder GIS Data from October 2023

Figure 1: Disadvantaged Unincorporated Communities



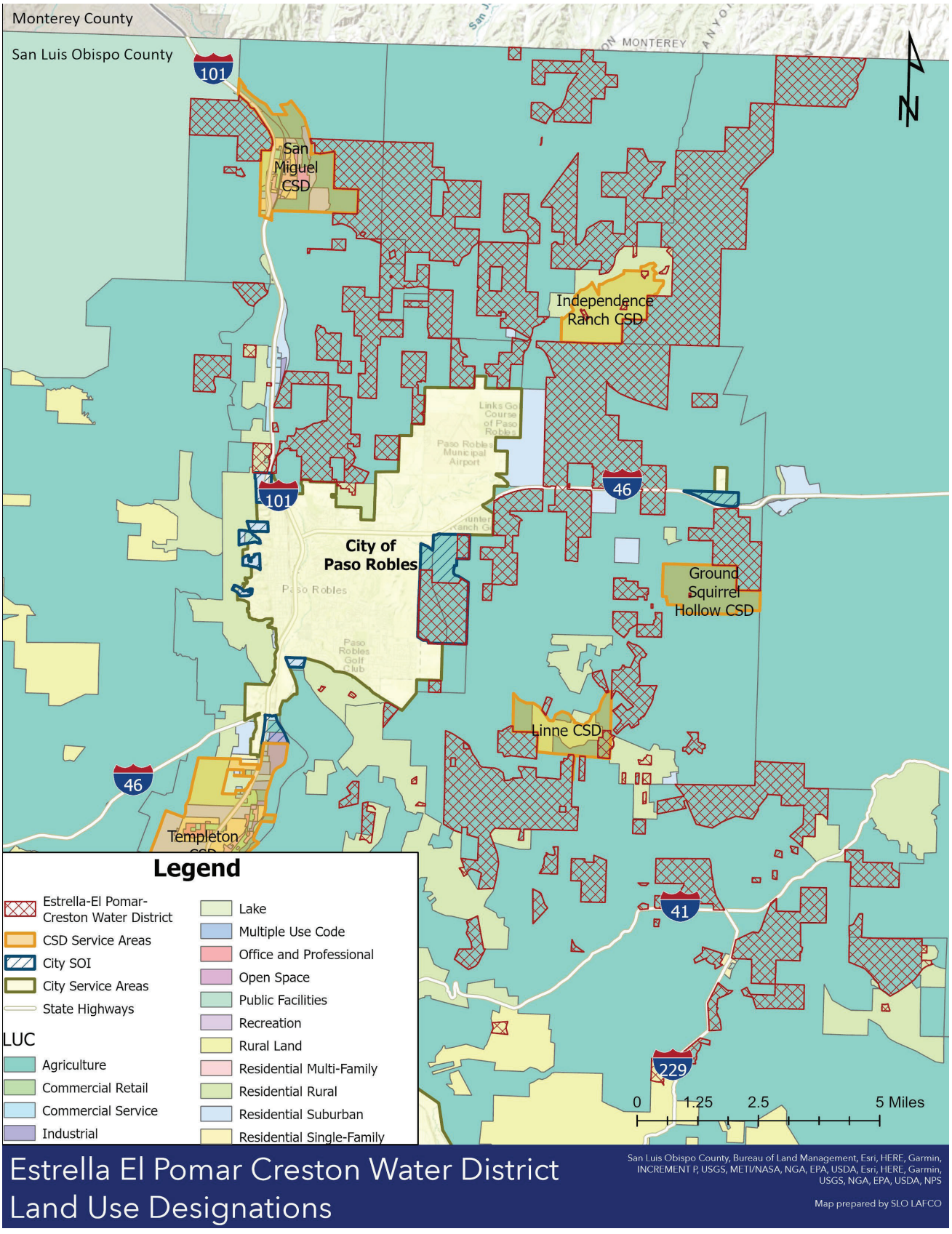
Social or Economic Communities of Interest in the Area

There are no District relevant social or economic communities of interest in the area served.

Present and Planned Land Use

The present and planned land uses within EPCWD's service area are governed by the County General Plan. The General Plan provides a basis for local government land use decisions, providing clear guidance to citizens, developers, and decision-makers regarding how land within the County's unincorporated areas can be developed. As illustrated in Figure 2, the majority of the District falls within the Agriculture and Residential Rural land-use designations. However, because EPCWD was formed to function exclusively as a Groundwater Sustainability Agency, its operations and services are not directly influenced by specific land use designations within its boundaries, though future land use changes could augment the way in which the GSP is implemented.

Figure 2: EPCWD Land Use Designations



Accountability

EPCWD is an independent special district governed by a five-member Board of Directors, each elected to a four-year term. To be qualified, directors must be holders of title to land within the District or the legal representative of a holder of title to land within the District. The Board holds regular meetings on the second Wednesday of each month at 2:00 PM at the Windfall Farms Conference Room at 4710 Flying Paster Lane, Paso Robles, CA 93446. The public may participate in person, via phone, or by logging onto the web-based meeting link provided on each agenda. Agendas and board packets are officially posted on the EPCWD website and at the meeting location. Every agenda for a regular meeting provides an opportunity for members of the public to directly address the board.

Table 3: EPCWD Board of Directors

Board Member	Title	Term
Eric Pooler	Director	2025 – 2029
Hilary Graves	Director	2025 – 2029
Lee Nesbitt	Director	2025 – 2029
Ryan Scott	Director	2023 – 2027
Zach Merkel	Director	2025 – 2027

EPCWD maintains an up-to-date website in compliance with Senate Bill 929, which contains contact information for the District, the current agenda, financial transaction reports, compensation reports, and an SB 272 Enterprise System catalog. Approved minutes of the Board's regular meetings are also made available for public access on the website. The District also reports that all Form 700 financial disclosure statements are current and in compliance with state requirements.

Services & Capacity

Authorized Services

EPCWD's governance authority is established under California Water District Law, Water Code Section 34000 et. seq. This principal act outlines the broad range of services and facilities that a water district may provide.

In accordance with Government Code Section 56425(i), when LAFCO adopts, updates, or amends a SOI for a special district, it must also determine the nature, location, and extent of the functions or services the district is authorized to provide. Furthermore, under Government Code Section 56050.5, any service authorized by the district's principal act that is not currently being exercised is considered a latent power, requiring LAFCO approval prior to activation.

As part of EPCWD's formation approval in 2017, the Commission also took action to activate all powers available under Water Code Section 34000 with the exception of the following powers:

1. **Exportation of Water:** EPCWD's authority to export, transfer, or move groundwater outside the boundaries of the Paso Robles Groundwater Basin was deemed latent.
2. **Sewer Services:** Powers granted under Part 5, Chapter 2, Article 5 (Sections 35500-35509) of the California Water Code, relating to sewer infrastructure and services, were also designated as latent.

This services and capacity section analyzes present and long-term infrastructure demands and resource capabilities of the local agency. LAFCO reviews and evaluates 1) the resources and services that are currently available, and 2) the ability of the District to expand such resources and services in line with increasing demands. An adequate supply of services should be documented to support areas in the sphere, envisioned for eventual annexation and service by a jurisdiction.

Groundwater Sustainability Plan Implementation

The Sustainable Groundwater Management Act (SGMA), enacted in 2014, required local agencies to manage groundwater. In September 2017, five local agencies — Shandon-San Juan Water District (SSJWD), Heritage Ranch Community Services District[5], the City of Paso Robles, San Luis Obispo County, and San Miguel Community Services District — formed GSAs and formed the Paso Basin Cooperative Committee (PBCC) under a Memorandum of Agreement (MOA) to develop the Groundwater Sustainability Plan (GSP) to sustainably manage the portions of the Paso Robles Basin underlying their combined service areas (i.e. all portions of the Basin located within San Luis Obispo County).

[5] Heritage Ranch Community Services District withdrew from the Paso Basin Cooperative Committee in 2020

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In June 2023, the County Board of Supervisors took action to relinquish GSA authority within the EPCWD boundaries to allow EPCWD to become a GSA. This action also added EPCWD to the MOA and, as a result, granted the District membership to the PBCC. The PBCC has now been superseded by the Paso Robles Area Groundwater Authority, which was established in March 2025 through a Joint Powers Agreement (more details further below).

The GSP, which was approved by the California Department of Water Resources (DWR) on June 30, 2023, outlines the approach to achieve a sustainable groundwater resource free of undesirable results within 20 years, while maintaining the unique cultural, community, and business aspects of the Subbasin. In adopting this GSP, it was the goal of the GSAs to balance the needs of all groundwater users in the Subbasin, within the sustainable limits of the Subbasin's resources. The GSP describes the Paso Robles Subbasin, develops quantifiable management objectives that consider the interests of the Subbasin's beneficial groundwater uses and users, and identifies management actions and conceptual projects that will allow the Subbasin to achieve sustainability by 2040. The GSP covers the entire Paso Robles Subbasin.

As previously stated, the GSP includes a set of management actions and projects designed to achieve groundwater sustainability by 2040. While the GSP is a joint plan, some projects are specific to individual GSAs, including EPCWD. Basin-wide management actions include:

- Monitoring, reporting, and outreach
- Promoting best water use practices
- Promoting stormwater capture
- Promoting voluntary fallowing of irrigated crop land

To support these actions, the GSP identifies infrastructure projects that will enhance water supply and reduce reliance on groundwater. Several potential projects are described in the GSP that may be implemented by willing entities to offset pumping and lessen the degree to which management actions would be needed. The implementation of projects depends on willing participants and/or successful funding votes. There are six potential sources of water for projects under the GSP, including:

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1. Tertiary treated wastewater supplied and sold by the City of Paso Robles and the San Miguel CSD to private groundwater extractors to use in lieu of groundwater. This water is commonly referred to as recycled water (RW).
2. State Water Project Water
3. Nacimiento Water Project Water
4. Salinas Dam/Santa Margarita Reservoir Water
5. Local Recycled Water
6. Flood flows/stormwater from local rivers and streams

As one of the GSAs, EPCWD plays a vital role in implementing the GSP within its jurisdiction. While the plan is basin-wide, EPCWD is responsible for advancing specific projects and management actions tailored to its service area. These may include local infrastructure improvements, water conservation initiatives, and participation in regional water supply projects. Below is a summary of key projects and management actions EPCWD has undertaken or contributed to since 2018:

Economic Impact Study: In partnership with SSJWD, SLO County Farm Bureau, Paso Robles Wine Country Alliance, and AgWest Farm Credit, EPCWD commissioned an economic impact study examining irrigated agriculture in the Paso Robles area. The study evaluates the potential economic consequences of groundwater reductions associated with SGMA and GSP implementation. It highlights the significant risks to the local economy and encourages the exploration of creative, flexible GSP implementation strategies beyond groundwater pumping cutbacks alone.

Stormwater Capture & Groundwater Recharge Feasibility Study and 3D Geologic Model Development: In collaboration with SSJWD, the District conducted a basin-wide groundwater recharge feasibility study. A key outcome of this effort was the development of a detailed 3D geologic model, which is now actively used by the Paso Robles Area Groundwater Authority and continues to be refined as new data becomes available. The study and model provide several important benefits, such as:

- Maintaining a visual and graphical representation of the local geologic setting and distribution of principal aquifers, faults, and aquitards, thereby allowing improved understanding of groundwater conditions

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- Supporting characterization of groundwater level and water quality conditions
- Enabling the development of additional geologic cross sections
- Providing input data for a numerical groundwater flow model update

EPCWD Groundwater Level Monitoring Network: EPCWD launched a program to monitor groundwater levels by partnering with member well owners across the District. Approximately 33 wells have been measured quarterly at no cost to participating landowners. This effort will help fill critical data gaps and significantly reduce uncertainty in analyses of groundwater elevations and changes in groundwater storage.

Groundwater Sustainability Plan Evaluation

As part of monitoring, reporting, and outreach, SGMA requires periodic evaluation of approved GSPs at least every five years. The periodic evaluation represents the GSAs' written assessment of GSP implementation and adaptive management. The GSAs submitted the 5-Year Plan Evaluation to the DWR on January 30, 2025. The evaluation details numerous significant actions undertaken by the PBCC to demonstrate progress towards sustainability in the Subbasin within the 20-year SGMA implementation time frame. Key takeaways from the evaluation include the following:

- Over the past five years, groundwater monitoring data revealed rising water levels due to above-average precipitation, with no significant changes in subsidence or water quality conditions linked to groundwater management.
- Significant strides have been made in data collection, policy changes, and governance, with water level declines in most representative monitoring sites reversed, indicating notable progress towards sustainability.
- The GSAs believe it is premature to revise or amend the GSP at this time. Several key activities, such as the installation of more monitoring wells and the initiation of GSP projects and programs, are still in progress.

The implementation of the GSP to date, in tandem with higher-than-average rainfall over the past two years, has been effective in preventing further declines in groundwater levels and, by extension, the reduction of groundwater in storage. These activities, in addition to planned Projects and Management

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Actions, indicate progress toward achieving sustainability in the first 5-year period of SGMA implementation.

Paso Robles Area Groundwater Authority

With the GSP now approved by the State, a long-term governance structure was recently adopted to implement it more effectively. The Joint Exercise of Powers Agreement (JPA), adopted in March 2025, supplants the MOA and creates a legal entity, the Paso Robles Area Groundwater Authority (Authority), to oversee and fund GSP implementation. The 4-Party JPA defines governance, voting rights, funding mechanisms, and responsibilities. The Authority will be funded primarily through groundwater extraction fees, though initial costs will be covered by contributions from the GSAs. The Authority has powers to regulate and manage groundwater use, but does not replace the individual GSAs. The JPA includes:

- City of Paso Robles
- County of San Luis Obispo
- Estrella-El Pomar-Creston Water District
- Shandon-San Juan Water District

In 2025, the Authority proposed a groundwater management charge to fund implementation of its GSP and meet the requirements of SGMA. The proposed fee would have applied to agricultural, commercial, and public water system pumpers—excluding small domestic well owners who use less than 2 acre-feet per year. The services to be funded include State-mandated monitoring and reporting, GSP program administration, regulatory programs, and groundwater demand reduction projects and management actions. However, during a public hearing on August 1, 2025, a majority of affected property owners formally protested the fee, surpassing the threshold required to block its enactment. The Authority is now working to identify alternative funding mechanisms to ensure it can continue to make essential contributions.

Finance

LAFCO is required to make a determination regarding the financial ability of EPCWD to provide public services. This section provides a general overview of the District's financial health and establishes the

context for LAFCO's financial determinations. To evaluate the District's overall financial condition, LAFCO utilizes three key financial indicators:

- *Operating Ratio:* Assessment of revenues relative to expenditures;
- *Liquidity Ratio:* Analysis of assets and liabilities to gauge short-term financial stability;
- *Net Position:* Measurement of the District's overall financial worth.

The primary data sources for this evaluation are the District's audited financial statements from Fiscal Year (FY) 2020 through FY 2024.[6]

Budget

The District adopts an annual budget on or before June 30th of each fiscal year. The Board of Directors may amend the budget by motion during each fiscal year. All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Professional contracts entered into by the District are subject to annual review by the Board of Directors.

Audited Financial Statements

EPCWD hires an outside accounting firm to perform an annual audit in accordance with established governmental accounting standards. This includes auditing EPCWD's financial statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing EPCWD's short and long-term fiscal health with a specific focus on delivering its active service functions.

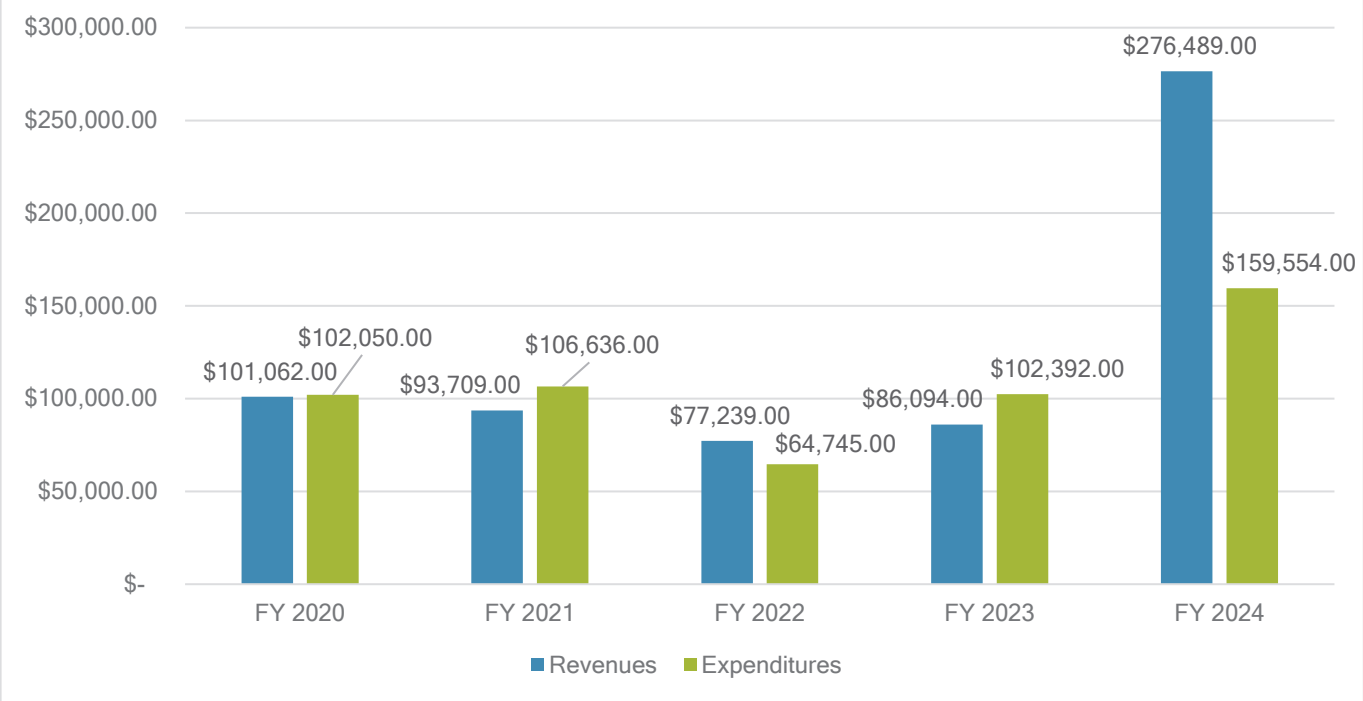
Revenues and Expenditures

The District is primarily funded through property assessments and miscellaneous income. As shown in Figure 3 below, the District's revenues have fluctuated over the last five fiscal years. Similarly, the District's total expenditures—primarily related to project expenses, administration and operations, legal counsel, and insurance—have varied during this period, with no consistent upward or downward trend. According to District staff, EPCWD has chosen to adopt assessment levels to align closely with annual budget projections, ensuring that revenues are sufficient to cover operating costs, planned

[6] EPCWD's operates on a fiscal year that corresponds with the calendar year, beginning January 1 and ending December 31.

projects, and maintain prudent reserves—without generating excess funds. Each fiscal year's budget also incorporates carryover balances from prior years.

Figure 3: Audited Revenues and Expenditures

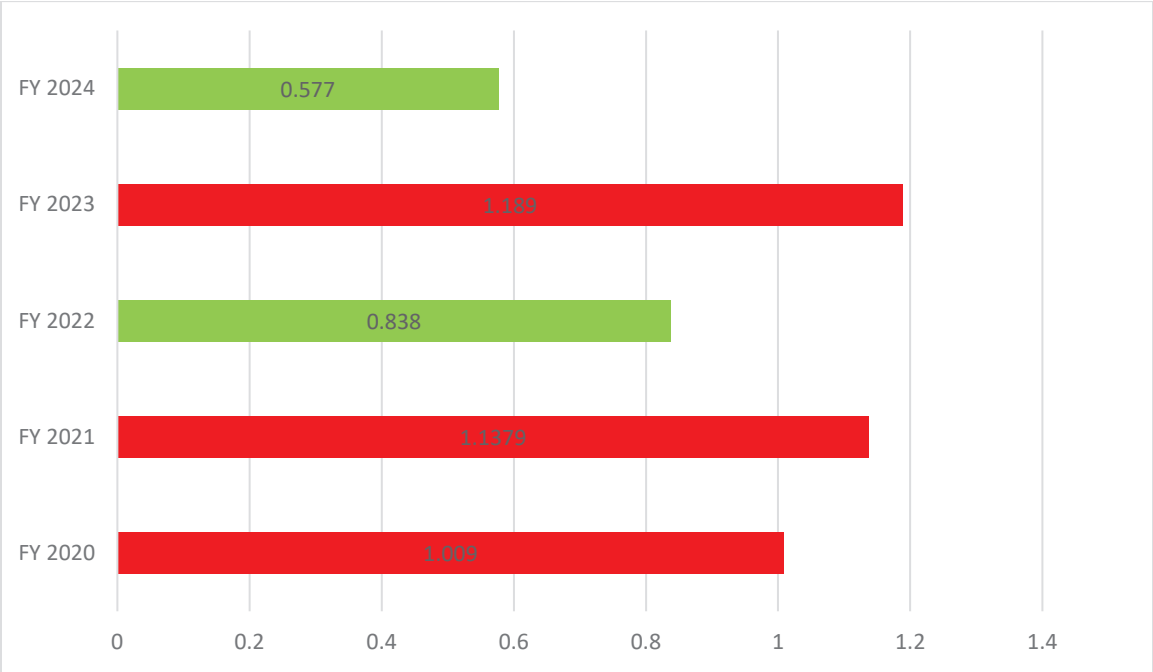


To assess the District's ability to meet its financial obligations, Figure 4 displays the Operating Ratio for the past five audited fiscal years. This ratio—calculated as annual operating expenses divided by annual operating revenues—serves as a basic indicator of financial performance:

- A ratio **below 1.0** indicates the agency is operating at a surplus
- A ratio **above 1.0** indicates the agency is operating at a deficit

Over the five-year period, the District's Operating Ratio only remained below 1.0 in two of the five years, indicating that operating expenses exceeded operating revenues in most years. Specifically, in FY 2020, FY 2021, and FY 2023, the District operated at a deficit, primarily due to high project expenses. Overall, the District's Operating Ratios do not demonstrate a consistent ability to generate positive operating margins.

Figure 4: Operating Ratio (FY 2020 - FY 2024)



Assets and Liabilities

An agency's assets represent resources that provide current, future, or potential economic benefits. These assets may include items the agency owns or amounts owed to the agency. Over the past five audited years, EPCWD's total assets have grown, reaching $263,131 at the end of FY 2024.

An agency's liability is something the agency owes, usually a sum of money. Liabilities are settled over time through the transfer of economic benefits, including money, goods, or services. At the close of FY 2024, EPCWD had no audited liabilities.

Table 4: Current Assets and Liabilities

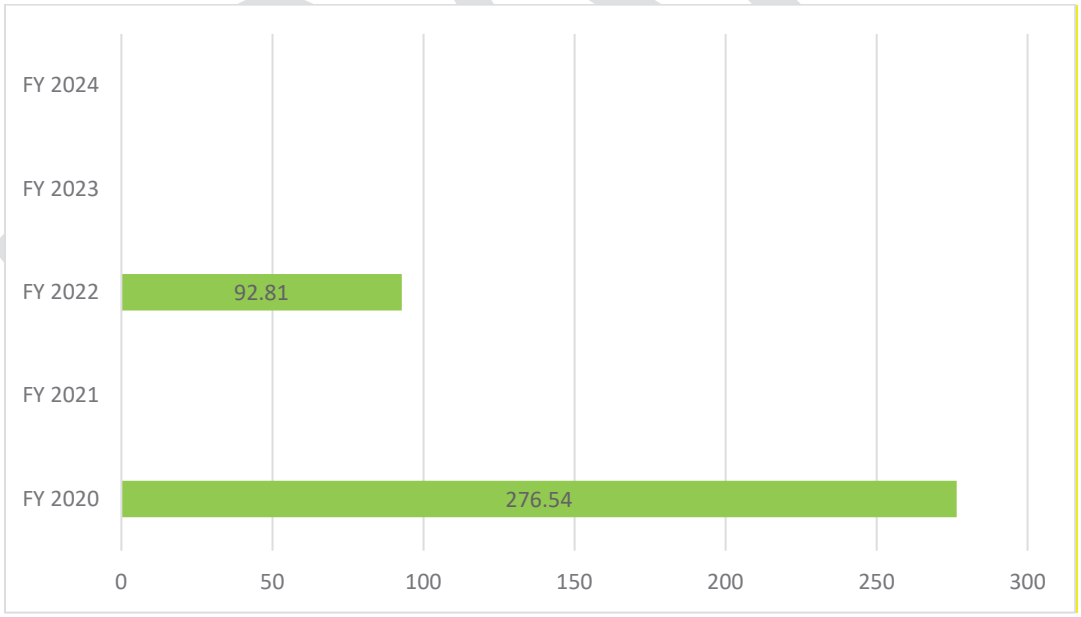
Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Current Assets	$ 153,482	$140,000	$154,155	$146,196	$263,131
Current Liabilities	$555.00	-	$1,661.00	-	-

Figure 5 illustrates the District's Liquidity Ratios from FY 2020 through FY 2024. This ratio measures the District's ability to meet its short-term financial obligations by comparing unrestricted current assets to current liabilities.

- A ratio **above 1.0** indicates that the District has sufficient short-term resources to cover its liabilities, reflecting strong financial health.
- A ratio **below 1.0** signals potential liquidity concerns, suggesting short-term resources may be insufficient to meet immediate obligations.

Generally, the higher the ratio, the greater the District's short-term financial stability. Over the five-year period shown in Figure 5, the District's liquidity ratio was above 1.0 in FY 2020 and FY 2022, demonstrating a stable ability to meet short-term obligations. In FY 2021, FY 2023, and FY 2024, a liquidity ratio could not be calculated due to the District having no current liabilities. While the ratio is technically undefined in these years, the absence of short-term obligations reflects an extremely strong liquidity position, with no immediate financial risk.

Figure 5: Liquidity Ratio (FY 2020 - FY 2024)



Net Position

The government-wide financial statements utilize a net position presentation to assess the District's financial position at a specific point in time. Net position is defined as the difference between total assets and total liabilities, and it serves as a key indicator of an agency's overall financial health.

- A **positive net position** indicates that the District possesses more assets than liabilities, reflecting fiscal health
- A **negative net position** may suggest fiscal distress or an inability to meet long-term obligations

As of 2024, EPCWD's net position increased to $263,131, reflecting growth over the past five audited years. This increase indicates that the District's total assets exceed its total liabilities, indicating the District is in a financially healthy state.

Table 5: Audited Net Position

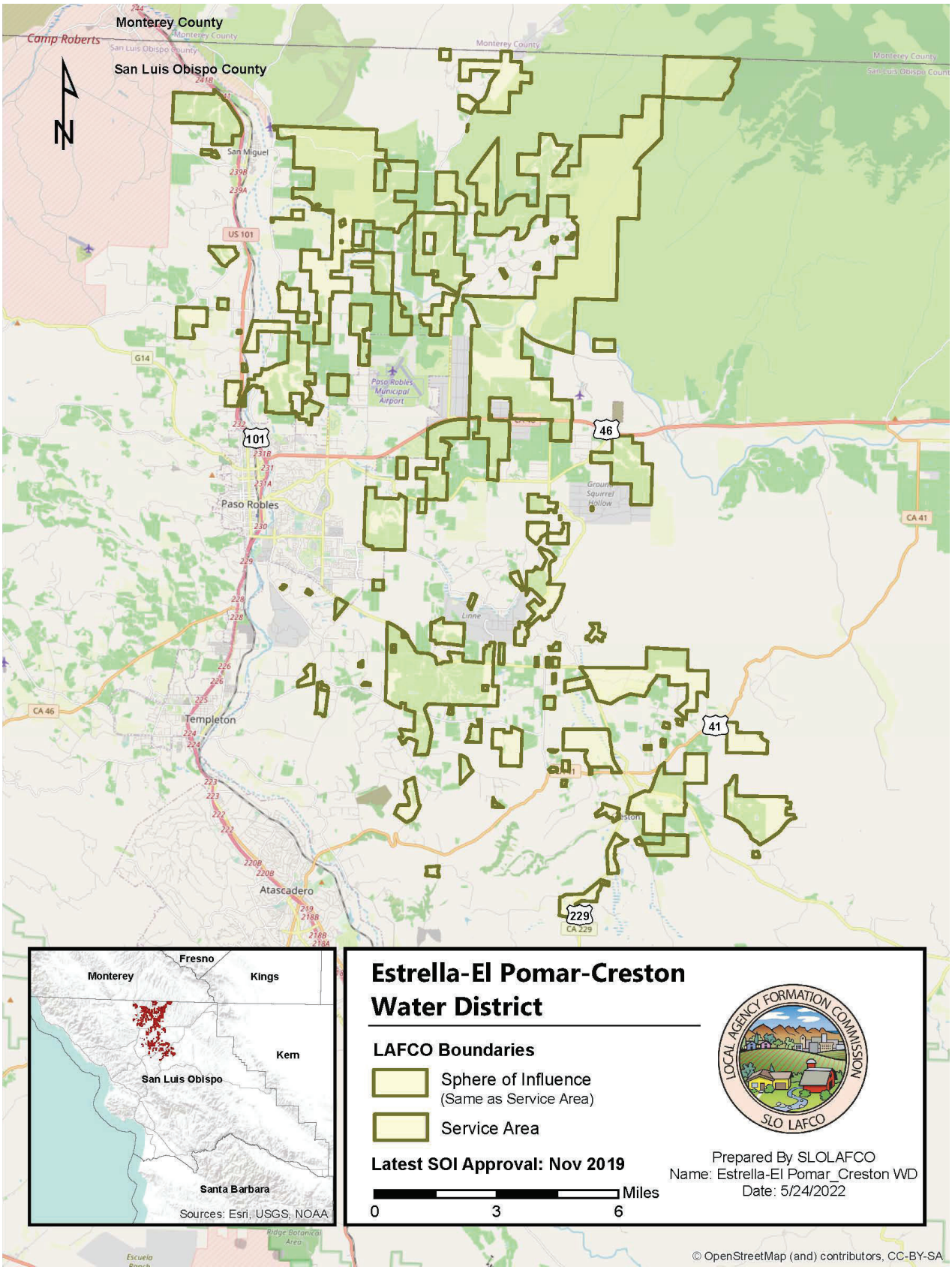
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	5-yr % Change
Total Net Position	$152,927	$140,000	$152,494	$146,196	$263,131	72%

Sphere of Influence

EPCWD's current SOI is coterminous with its service area boundary, as illustrated in Figure 6. The District encompasses approximately 37,208 acres in northern San Luis Obispo County. Because the District's primary role is to serve as a Groundwater Sustainability Agency, there is no logical way to envision future growth for the District. Accordingly, LAFCO will evaluate any SOI amendments or annexation requests concurrently and on a case-by-case basis. Future amendments and or updates of the SOI shall only include properties that have submitted written landowner consent. Therefore, the District's SOI and service area boundary should remain coterminous.

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Figure 6: EPCWD Boundary Map, Adopted November 2019



DETERMINATIONS

Municipal Service Review Determinations

As set forth in Government Code Section 56430(a), in order to update the SOI in accordance with Government Code Section 56425, the commission shall conduct a service review of the municipal services provided in the County or other appropriate area designated by the Commission. The Commission shall include in the area designated for a service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

1. **Growth and population projections for the affected area**

   The EPCWD serves a sparsely populated agricultural area in northeastern unincorporated San Luis Obispo County, where precise population data is unavailable due to the District's noncontiguous boundaries. Regional forecasts suggest gradual growth in the broader North County region—rising from 35,460 in 2025 to 36,961 by 2060 at an annual rate of 0.12%—with EPCWD expected to remain low-density and largely shaped by land use and resource planning.

2. **The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

   There are four areas within or in close proximity to EPCWD's SOI and service area boundary that meet the definition of a DUC as outlined in Government Code Section 56033.5. Although these DUCs were identified, EPCWD does not provide public facilities or services related to wastewater, municipal or industrial water, or structural fire protection. Therefore, no infrastructure deficiencies affecting a DUC would result from changes to the EPCWD's SOI or service area boundary.

3. **Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies**

   The District's main purpose at formation was to enable participating landowners to comply with the Sustainable Groundwater Management (SGMA) Act by creating a water district that could also serve as a Groundwater Sustainability Agency (GSA) under SGMA. In addition to its

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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 the SGMA. EPCWD represented constituents in the development of the Paso Robles Subbasin Groundwater Sustainability Plan (GSP), which was approved by the California Department of Water Resources in June 2023. The District has also played a key role in advancing several important projects and management initiatives, including an Economic Impact Study on irrigated agriculture in the Paso Robles region, a Stormwater Capture and Groundwater Recharge Feasibility Study, the development of a 3D Geologic Model, and the establishment of a comprehensive groundwater level monitoring network. The District's capacity is further demonstrated through its participation in the GSP's five-year evaluation, submitted in January 2025. Overall, EPCWD demonstrates adequate capacity to carry out its groundwater management responsibilities under SGMA.

4. **Financial ability of agencies to provide services**

   To assess the District's financial health, key indicators, including Operating Ratio, Liquidity Ratio, and Net Position, were analyzed. Operating Ratio, which compares annual operating revenues to operating expenses, remained below 1.0 in only two of the five years, demonstrating an inconsistent ability to generate positive operating margins. Liquidity Ratio, which measures current assets relative to current obligations, remained strong across all five years, reflecting adequate short-term financial health. The District's Net Position, representing the difference between total assets and total liabilities, increased by 72 percent over the five-year audited period, a strong indicator of long-term financial growth and stability. Overall, these financial indicators suggest that EPCWD is in a financially healthy state with adequate financial resources to deliver its services.

5. **Status of and opportunities for shared facilities**

   The EPCWD participates in the Paso Robles Area Groundwater Authority (Authority), which was formed by a Joint Exercise of Power Agreement (JPA) in March 2025. The Authority replaces the prior Memorandum of Agreement and establishes a formal structure for implementing the Groundwater Sustainability Plan. EPCWD's participation in the Authority

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enhances efficiency, reduces duplication of efforts, and strengthens the District's ability to meet SGMA requirements.

6. **Accountability for community service needs, including governmental structure and operational efficiencies**

   EPCWD is governed by a five-member Board of Directors, each elected to a four-year term. The Board holds regular meetings on the second Wednesday of each month at 2:00 PM. The District posts its agendas in compliance with the Brown Act and maintains an up-to-date website in compliance with Senate Bill 929.

7. **Any other matter related to effective or efficient service delivery**

   There are no other matters related to the efficiency of services.

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Sphere of Influence Determinations

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, the Commission shall develop and determine the Sphere of Influence of each local agency, as defined by Government Code Section 56036, and enact policies designed to promote the logical and orderly development of areas within the sphere. In determining the Sphere of Influence of each local agency, the Commission shall consider and prepare a written statement of its determinations with respect to the following:

1. **Present and planned land uses in the area, including agricultural and open-space lands.**

   The present and planned land uses within the service area of EPCWD are guided by the County's General Plan. The majority of the District falls within the Agricultural and Residential Rural land-use designation. Reaffirmation of the District's coterminous SOI is recommended.

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

   Given the predominantly agricultural nature of the EPCWD and its primary function as a Groundwater Sustainability Agency representation, there is no present and probable need for public facilities and services in the area. The District's role is focused on groundwater management rather than direct service provision. Reaffirmation of the District's coterminous SOI is recommended.

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

   At present, it appears that the District has the capacity to fulfill its responsibilities as a Groundwater Sustainability Agency (GSA) under the Sustainable Groundwater Management Act (SGMA). As a member of the Paso Basin Cooperative Committee (PBCC), EPCWD represented its constituents in the development of the Paso Robles Subbasin Groundwater Sustainability Plan (GSP), which was approved by the California Department of Water Resources in June 2023. EPCWD has played a key role in advancing several important projects and management initiatives, including an Economic Impact Study on irrigated agriculture in the Paso Robles region, a Stormwater Capture and Groundwater Recharge Feasibility Study, the development of a 3D Geologic Model, and the establishment of a comprehensive groundwater level

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monitoring network. 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, EPCWD demonstrates adequate capacity to carry out its groundwater management responsibilities. Reaffirmation of the District's coterminous SOI is recommended.

4. **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 social or economic communities of interest within the District service area boundary.

5. **For an update of the 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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere**.

   Four DUCs were identified inside or within close proximity to the EPCWD SOI and service area boundary, as seen in Figure 1. Although these DUCs were identified, EPCWD 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 EPCWD's SOI or service area boundary. Reaffirmation of the District's coterminous SOI is recommended.

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