



San Luis Obispo Local Agency Formation Commission Meeting Agenda April 18, 2024, 9:00am

MEETING

APRIL 18, 2024 – 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
FAX 805-788-2072
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COMMISSIONERS

MARSHALL OCHYLSKI, CHAIR, SPECIAL DISTRICT
STEVE GREGORY, VICE CHAIR, CITY
DEBBIE ARNOLD, COUNTY
JIMMY PAULDING, COUNTY
ED WAAGE, CITY
ROBERT ENNS, SPECIAL DISTRICT
HEATHER JENSEN, PUBLIC
DAWN ORTIZ-LEGG, COUNTY ALTERNATE
CARLA WIXOM, CITY ALTERNATE
ED EBY, SPECIAL DISTRICT ALTERNATE
DAVID WATSON, PUBLIC ALTERNATE

MEETING PARTICIPATION

- **To submit written comment**, mention the matter or agenda item number and send via email to mbing@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 and 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 at 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 \$250 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

Approval of the Minutes: January 18, 2024 (Pages 3 - 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 in one of the three methods mentioned above in the “Meeting Participation” section.

Consent Agenda

A-1: Third Quarter Fiscal Year 2023-2024 Budget Status and Work Plan Report (Recommend Review and Approve) (Pages 11 - 23)

Informational Matters

B-1: Informational Report on the Status of San Simeon Community Services District (Recommend Receive and File) (Pages 24 - 24)

B-2: LAFCO File No. 1-R-24| Notice of Submittal for Petition of Application for a Sphere of Influence Amendment and Annexation No. 1 to Shandon San Juan Water District (Skyview) (Recommend Receive and File) (Pages 35 - 38)

Regular Matters

C-1: LAFCO File No. 1-O-24 | Outside Agency Agreement Between the City of Pismo Beach and Coastal Christian School for Fire Suppression Water (Recommend Review and Approve) (Pages 39 - 68)

C-2: CALAFCO Legislative Update (Recommend Review and Approve) (Pages 69 - 77)

C-3: Proposed Fiscal Year 2024-2025 Budget and Work Plan (Recommend Review and Approve) (Pages 78 - 89)

Closed Session

D-1: Pursuant to Government Code Section 54957 – Public Employee Performance Evaluation | Title: Legal Counsel

Commissioner Comments

Legal Counsel Comments

Executive Officer Comments

Adjournment



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
JANUARY 18, 2024, 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, January 18, 2024, by Chairperson Arnold 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 Debbie Arnold, Vice Chair Marshall Ochylski, Commissioners Robert Enns, Steve Gregory, Jimmy Paulding, and Ed Waage, and Alternate Commissioners Ed Eby and David Watson

Absent: Commissioner Heather Jensen and Alternate Commissioners Charles Bourbeau and Dawn Ortiz-Legg

Staff: Rob Fitzroy, LAFCO Executive Officer
Imelda Marquez-Vawter, LAFCO Analyst
Morgan Bing, LAFCO Clerk Analyst
Brian Pierik, LAFCO Legal Counsel

Selection of the 2024 Chair and Vice-Chair

Chairperson Arnold asked for a motion to nominate a Chair for 2024.

Commissioner Waage nominated **Vice-Chair Ochylski** as Chair of the Commission for 2024.

Commissioner Enns seconded the motion.

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

AYES: Commissioners Waage, Enns, Gregory, Paulding, Watson, Vice-Chair Ochylski, and Chairperson Arnold

NAYS: None

ABSTAINING: None

The motion was passed and **Vice-Chair Ochylski** assumed the role as Chair of the Commission.

Chairperson Ochylski asked for a motion to nominate a Vice-Chair for 2024.

Commissioner Waage nominated **Commissioner Gregory** as Vice-Chair of the Commission for 2024.

Commissioner Arnold seconded the motion.

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

AYES: Commissioners Waage, Arnold, Enns, Gregory, Paulding, Watson and Chairperson Ochylski

NAYS: None

ABSTAINING: None

The motion was passed and **Commissioner Gregory** assumed the role as Vice-Chair of the Commission.

Presentation of a Certificate of Appreciation to Chair Debbie Arnold for her service as Chair

Chairperson Ochylski and **Mr. Fitzroy** presented **Commissioner Arnold** with a Certificate of Appreciation for her service as Chair in 2023.

Approval of the Minutes: October 19, 2023

Chairperson Ochylski announced the consideration of approval for the October 19, 2023, Regular Meeting Minutes.

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

Chairperson Ochylski asked for Commissioner comments or a motion to approve the minutes.

Commissioner Arnold motioned to approve the minutes.

Commissioner Paulding seconded the motion.

AYES: Commissioners Arnold, Paulding, Enns, Waage, Vice-Chair Gregory and Chairperson Ochylski

NAYS: None

ABSTAINING: Commissioner Watson

The motion was passed.

Non-Agenda Public Comment Period

Chairperson Ochylski opened the item for public comment.

Hank Krzciuk, resident of San Simeon, provided comment regarding San Simeon Community Services District's instability and the CSD's investigation of divestiture of water and wastewater service.

Commissioner Arnold inquired about future a discussion item regarding San Simeon Community Services District and the potential divestiture proposal.

Mr. Fitzroy responded that staff could return with a status report item regarding the matter to a future meeting agenda, if the Commission would wish to have a formal discussion.

Chairperson Ochylski directed staff to bring a San Simeon Community Services District Status Report item to the next Commission meeting.

Informational Matters

A-1: Notice of Petition of Landowner Application for LAFCO File No. 3-R-23 Sphere of Influence Amendment and Annexation No. 20 to Cayucos Sanitary District (Recommend Receive and File)

Ms. Bing presented the item.

Commissioner Watson inquired about the 60-day termination period.

Ms. Bing responded to questions and provided comment.

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

Commissioner Enns commented on the project and motioned to approve staff recommendation.

Vice-Chair Gregory seconded the motion.

Chairperson Ochylski conducted a voice-vote and the motion passed unanimously.

Regular Matters

B-1: LAFCO File No. 2-S-23 | Municipal Service Review and Sphere of Influence Study for Cambria Community Services District (Recommend Review and Approve)

Mr. Fitzroy and **Mrs. Marquez-Vawter** presented the item.

Chairperson Ochylski opened the item for Commissioner questions.

Commissioner Arnold asked about potential opportunities to increase water supply to the district.

Matthew McElhenie, General Manager of Cambria Community Services District, responded to questions and provided comment.

Commissioner Arnold inquired about potential supply associated with a water reclamation project.

Matthew McElhenie responded to questions and provided comment.

Commissioner Arnold asked about a potential desalination plant.

Matthew McElhenie responded to questions and provided comment.

Commissioner Arnold commented on the water waitlist.

Commissioner Waage asked if the district recommends reducing the Sphere of Influence.

Matthew McElhenie responded to questions and provided comment.

Commissioner Watson asked for clarification on wet and dry season water supply.

Matthew McElhenie responded to questions and provided comment.

Jim Green, Cambria CSD Utilities Department Manager, responded to questions and provided comment.

Chairperson Ochylski opened the item for public comment.

Hank Krzciuk, resident of San Simeon, provided comment related to the California Voting Rights Act.

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

Commissioner Enns inquired about landscape water supply.

Jim Green responded to questions and provided comment.

Commissioner Watson asked about LAFCO's role in making determinations.

Mr. Fitzroy responded to questions and provided comment.

Chairperson Ochylski provided input regarding the determinations.

Commissioners Waage and **Paulding** agreed with **Chairperson Ochylski's** statement.

Commissioner Arnold commented on LAFCO's role.

Vice-Chair Gregory provided comment.

Commissioner Enns asked about Cambria CSD's current water meter policy.

Tristan Reaper, Cambria CSD Utilities Department Program Manager, and **Matthew McElhenie** responded to questions and provided comment.

Commissioner Waage motioned to approve staff recommendation for Action 1.

Commissioner Watson seconded the motion.

AYES: Commissioners Waage, Watson, Arnold, Enns, Paulding, Vice-Chair Gregory and Chairperson Ochylski

NAYS: None

ABSTAINING: None

The motion was passed.

Commissioner Waage motioned to approve staff recommendation for Action 2.

Commissioner Paulding seconded the motion.

AYES: Commissioners Waage, Paulding, Arnold, Enns, Watson, Vice-Chair Gregory and Chairperson Ochylski

NAYS: None

ABSTAINING: None

The motion was passed.

Commissioner Waage commented on Cambria CSD's Fire Department.

B-2: LAFCO File No. 1-S-23 | Municipal Service Review and Sphere of Influence Study for Avila Beach Community Services District (Recommend Review and Approve)

Mr. Fitzroy and **Ms. Bing** presented the item.

Chairperson Ochylski opened the item for Commissioner questions.

Commissioner Enns asked about the Sphere of Influence boundary.

Mr. Fitzroy responded to questions and provided comment.

Brad Hagemann, General Manager of Avila Beach Community Services District, responded to questions and provided comment.

Commissioner Arnold noted a typo on page 106 of the staff report and asked about the Sphere of Influence and private water mutual companies.

Mr. Fitzroy responded to questions and provided comment.

Commissioner Watson asked about a service demand estimate within the Sphere of Influence.

Mr. Fitzroy responded to questions and provided comment.

Commissioner Watson discussed removing the phrase “if needed” from the Sphere of Influence determinations on page 145 of the staff report.

Chairperson Ochylski agreed with **Commissioner Watson’s** comment.

Vice-Chair Gregory asked about consolidation with a private water mutual company.

Mr. Fitzroy responded to questions and provided comment.

Brad Hagemann responded to questions and provided comment.

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

Commissioner Watson motioned to approve staff recommendation for Action 1.

Vice-Chair Gregory seconded the motion.

AYES: Commissioner Watson, Vice-Chair Gregory, Commissioners Arnold, Enns, Waage, Paulding, and Chairperson Ochylski

NAYS: None

ABSTAINING: None

The motion was passed.

Commissioner Watson motioned to approve staff recommendation for Action 2 with the amendment of removing the words “if needed” from page 145 of the staff report.

Vice-Chair Gregory seconded the motion.

Brad Hagemann provided comment.

AYES: Commissioner Watson, Vice-Chair Gregory, Commissioners Arnold, Enns, Waage, Paulding, and Chairperson Ochylski

NAYS: None

ABSTAINING: None

The motion was passed.

B-3: Second Quarter Fiscal Year 2023-2024 Budget Status and Work Plan Report (Recommend Review and Approve)

Mr. Fitzroy presented the item.

Chairperson Ochylski opened the item for Commissioner questions, hearing none.

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

Commissioner Arnold motioned to approve staff recommendation.

Vice Chair Gregory seconded the motion.

AYES: Commissioner Arnold, Vice-Chair Gregory, Commissioners Enns, Waage, Paulding, Watson, and Chairperson Ochylski

NAYS: None

ABSTAINING: None

The motion was passed.

Commissioner Comments:

Commissioner Waage proposed to direct staff to bring an annual closed session item for legal counsel performance evaluation, commencing with the following meeting.

Commissioners concurred.

Legal Counsel Comments: None

Executive Officer Comments: **Mr. Fitzroy** provided comment regarding future commission meetings and provided updates on Commissioner elections.

Adjournment: With no further business before the Commission, the meeting adjourned at 11:01 a.m. until the next meeting of the Commission in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo.

THESE MINUTES ARE NOT OFFICIAL NOR ARE THEY A PERMANENT PART OF THE RECORD UNTIL THEY ARE APPROVED BY LAFCO COMMISSIONERS AT THE NEXT REGULAR MEETING.

Respectfully submitted,
Morgan Bing, LAFCO Clerk Analyst

DRAFT



San Luis Obispo Local Agency Formation Commission

TO: MEMBERS OF THE COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: APRIL 18, 2024

SUBJECT: THIRD QUARTER FISCAL YEAR 2023-2024 BUDGET STATUS AND WORK PLAN REPORT

RECOMMENDATION

Action 1: Review the third quarter budget and work plan report for fiscal year (FY) 2023-2024 and approve, by motion, to direct the Executive Officer to file it with the County Auditor.

BUDGET OVERVIEW

This report is the third FY 2023-2024 quarterly report for the San Luis Obispo Local Agency Formation Commission (LAFCO). The LAFCO operating budget is comprised of four components: 1) salaries, payroll taxes, and benefits, 2) services and supplies, 3) revenues, and 4) fund balance and reserves. Day-to-day management of the budget is based on “bottom-line” principles that allow for variation within individual line-item accounts as long as the overall expenditures remain within the approved budget.

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

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

COMMISSIONERS

Chairperson
MARSHALL OCHYLSKI
Special District Member

Vice-Chair
STEVE GREGORY
City Member

DEBBIE ARNOLD
County Member

JIMMY PAULDING
County Member

ROBERT ENNS
Special District Member

ED WAAGE
City Member

HEATHER JENSEN
Public Member

ALTERNATES

DAWN ORTIZ-LEGG
County Member

ED EBY
Special District Member

CARLA WIXOM
City Member

David Watson
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

QUARTERLY BUDGET SUMMARY

Executive Officer Comments. The third quarter budget actuals indicate LAFCO continues to be in a strong budgetary position. Expenditures are as expected within the third quarter. Application activity and associated revenue continue to be strong; with only 75% of the fiscal year complete we have reached 122% of our revenue projections for proposal applications/interest.

Expenditures. Overall, third quarter expenditures are at 71% with 75% of the fiscal year complete. A detailed budget report is provided in Attachment A. Below is a brief summary of line-item expenditures:

- Salaries and benefits are 73% expended.
- Services and Supplies are 65% expended.

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

- **January:** Microsoft Office Subscription \$37.50, CSDA \$105.00, USPS \$19.60, SLO Clerk Recorder \$100.00, SLO Clerk Recorder AMS Service Fee \$1.49
- **February:** Microsoft Office Subscription \$37.50, Digital West \$239.09,
- **March:** Microsoft Office Subscription \$37.50, Norton \$119.99, Amazon \$32.61

Revenues. Contributing agencies (Cities, Special Districts, and County) have paid 100% of the LAFCO charges billed in the first quarter by the County Auditor. Application and interest revenue is 122% of projected revenue for the year.

Fund Balance (Reserves). Fund Balance is the LAFCO reserve of funds for various expenditures. Fund Balance expenditure requires Commission approval. The current fund balance available is \$280,419.

WORK PLAN QUARTERLY UPDATE

Executive Officer Comments. Workload for the third quarter of the FY has been busy, as expected. In addition to our typical workload of proposal application processing, we have completed Municipal Service Reviews (MSRs) for Avila Beach Community Services District (CSD) and Cambria CSD and launched MSRs for Los Osos CSD and Cambria Healthcare District. We have also commenced the financial audit, received a new annexation application to Cayucos Sanitary District (SD), and finalized the Froom Ranch annexation (post-approval action items). We also

received a new annexation application to Shandon San Juan Water District and an Outside Agency Agreement for the City of Pismo Beach. We also re-commenced the MSR for the City of Paso Robles. We are looking forward to the remainder of the FY.

Work Plan Update. In conjunction with the FY 2023-2024 budget process, the Commission adopted an accompanying Work Plan for FY 2023-2024. Our work prioritization is as follows:

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

Consistent with the priorities established by the Commission for the FY 2023-2024 Work Plan, during the third quarter staff have been diligently working on the following items:

- Updated countywide mapping for Disadvantaged Unincorporated Communities (DUCs)
- Continued proposal application processing including the recently received Cayucos SD annexation, the Dana Reserve Specific Plan annexation, multiple County Service Area annexation applications, and annexations into special independent districts
- Completed MSRs for Avila Beach CSD and Cambria CSD
- Initiated MSRs for Los Osos CSD and Cambria Healthcare District, and San Simeon CSD
- RFP for Auditing Services / commencement of work on the audit
- Conducted ongoing critical operations, invoicing, payroll, records management, office administration, directory update
- Additional work efforts include attendance/presentations at various district public meetings to discuss LAFCO processes, response to numerous public inquiries regarding annexations, coordination with numerous districts and cities regarding potential future annexations, coordination with districts regarding activation / divestiture of powers, responses to Public Record Act requests, reorganizing our record management systems, and LAFCO maps/GIS Boundary Data maintenance

Significant Project Status Updates

Below is a brief summary of the current status of significant applications currently in process:

- **Oceano Community Services District Divestiture** – The Board of Supervisors indicated it was supportive of being the successor agency to provide fire protection within Oceano. The Board of Supervisors provided direction to County staff to contract with Five Cities Fire Authority and develop a Plan for Services accordingly. Next steps – County staff will return to the Board of Supervisors with a draft Plan for Services detailing expenditures, transfers of liabilities and properties, as well as equipment, etc. Once that is complete, OCSB Board of Directors will need to pass a Resolution in support and endorse the revised Plan for Services proposed by the County. Once that has been completed, and a contract with Five Cities Fire Authority is in place, LAFCO will be able to set the item for hearing.

This is not expected to occur until Spring or Summer 2024. The original target date for OCSD was June 2024 as this is when the interim contract for service with Five Cities Fire Authority would expire, however, OCSD has confirmed they can extend service beyond June 2024 if absolutely necessary.

- **Dana Reserve Specific Plan** – The County Planning Commission recommended approval of the project on October 23 and 24. The next step is Board of Supervisors consideration in April 2024. If approved, LAFCO will continue processing and get the item ready for hearing.
- **County Service Area 23** – The Santa Margarita Ranch project containing 111 homes is currently being processed. The project would connect to CSA 23 for water service. Staff conducted a 30-day review and provided a letter detailing informational needs. Once the applicant returns with the necessary information, we will continue processing the application.
- **Shandon San Juan Water District Annexation** – Via landowner petition, a request to annex approximately 4,000 acres into the District has been formally submitted. The proposal was reviewed within the 30-day review period and placed on hold for multiple reasons. The primary issue with the proposed annexation, as per the letter from the County, is that it would require a boundary modification to the County Groundwater Sustainability Agency (GSA) boundary. Currently, the County does not allow any new wells within the Paso Robles Groundwater Basin within the County's GSA boundary; however, Shandon San Juan Water District does allow new wells if certain criteria is met. Should the County allow the boundary modification, it would allow increased groundwater extraction that was not otherwise allowed. This matter would have significant implications for the Paso Robles Groundwater Basin Groundwater Sustainability Plan and may trigger environmental review under California Environmental Quality Act (CEQA). The County and the District are actively in discussions on this matter. Staff will keep the Commission apprised as this develops.

Work Plan Projections. Looking ahead, we expect the workload to remain high and staff to be operating at full capacity, particularly with large annexation applications such as Dana Reserve and other annexations and reorganizations we anticipate soon. While workload will be high, we expect the number of hearings items to remain on the lighter side as we focus on application processing as well as the MSR program which requires substantial internal staff work and reduced need for hearings until such a time when they are ready for Commission consideration.

Attachment A: Quarterly Budget Status Report

Attachment B: Credit Card Statements

Attachment A

Quarterly Budget Status Report

	Adopted FY 23-24	Expenditures / Revenue	Percent Expended / Revenue	Projected Year End
Expenditures Summary <i>(Services, Supplies, Salaries, Benefits, Taxes)</i>	\$711,653	\$503,332	71%	\$691,037
Revenues Summary <i>(Processing Fees, Reserves, Agency Contributions)</i>	\$711,653	\$658,707	93%	\$691,037
Services and Supplies Expenditure Details				
Computer Software	\$500	\$456	91%	\$456
Copying-Printing	\$300	\$11	4%	\$11
Meals	\$600	\$406	68%	\$600
LAFCO Insurance Policies	\$20,000	\$18,675	93%	\$18,675
Maintenance-Equipment	\$30	\$125	417%	\$125
Maintenance-Software	\$50	\$0	0%	\$50
CALAFCO/ SDRMA / Other Memberships	\$8,800	\$7,223	82%	\$7,223
Employee Mileage Reimbursement	\$200	\$0	0%	\$200
Commissioner Mileage Reimbursement	\$1,500	\$390	26%	\$800
Office Supplies	\$2,500	\$789	32%	\$1,200
Custodial Services	\$1,800	\$1,670	93%	\$1,800
County Auditor Services	\$9,619	\$9,619	100%	\$9,619
Legal Counsel	\$32,400	\$24,100	74%	\$32,400
Postage	\$1,000	\$153	15%	\$500
General Services/ Commissioner Stipends	\$39,000	\$14,345	37%	\$27,674
Publication & Legal Notices	\$1,000	\$275	27%	\$500
Training	\$5,000	\$1,800	36%	\$4,000
Office Lease	\$42,000	\$31,500	75%	\$42,000
Large Equipment	\$1,500	\$0	0%	\$1,500
Small Equipment	\$400	\$0	0%	\$400
Telephone / Internet	\$3,000	\$1,914	64%	\$3,000
Travel Expenses	\$2,500	\$0	0%	\$1,700
Utilities	\$0	\$0	0%	\$0
Board Chambers - IT Support	\$850	\$0	0%	\$0
Vehicle Allowance	\$5,400	\$3,946	73%	\$5,400
Vehicle Rental	\$500	\$0	0%	\$0
Services and Supplies Subtotal	\$180,449	\$117,397	65%	\$159,833
Salary, Benefits, and Taxes Expenditures				
Salaries	\$326,000	\$238,231	73%	\$326,000
Taxes - FICA SS Employer Match	\$20,212	\$14,651	72%	\$20,212
Taxes - Medicare Employer Match	\$4,727	\$3,430	73%	\$4,727
Pension Rate	\$102,882	\$75,686	74%	\$102,882
Pension Obligation Bond	\$17,882	\$12,455	70%	\$17,882
SDI/SUI Employer Contribution	\$1,500	\$256	17%	\$1,500
Health Insurance	\$48,000	\$33,930	71%	\$48,000
Deferred Compensation	\$10,000	\$7,296	73%	\$10,000
Salary, Benefits, and Taxes Subtotal	\$531,204	\$385,934	73%	\$531,204
Total Expenditures	\$711,653	\$503,332	71%	\$691,037
Revenue Details		Revenue to Date		
Interest Earned	\$4,000	\$8,884	222%	\$8,884
Environmental Review Fees	\$3,000	\$3,500	117%	\$3,500
Sphere of Influence Fees	\$2,000	\$6,000	300%	\$6,000
Application Processing Fees	\$23,000	\$20,670	90%	\$23,000
Other Revenue (Transfer of Reserves)	\$60,000	\$0	0%	\$30,000
Agency Contributions				
Cities	\$206,551	\$206,551	100%	\$206,551
County	\$206,551	\$206,551	100%	\$206,551
Special Districts	\$206,551	\$206,551	100%	\$206,551
Total Revenue	\$711,653	\$658,707	93%	\$691,037
Reserves Fund Balance	\$220,419	\$280,419	127%	\$250,419

Attachment B

Credit Card Statements

Account Summary

Billing Cycle		01/31/2024
Days In Billing Cycle		31
Previous Balance		\$66.55
Purchases	+	\$263.59
Cash	+	\$0.00
Balance Transfers	+	\$0.00
Special	+	\$0.00
Credits	-	\$49.59-
Payments	-	\$66.55-
Other Charges	+	\$0.00
Finance Charges	+	\$0.00

NEW BALANCE \$214.00

Credit Summary

Total Credit Line	\$10,000.00
Available Credit Line	\$9,786.00
Available Cash	\$0.00
Amount Over Credit Line	\$0.00
Amount Past Due	\$0.00
Disputed Amount	\$0.00

Account Inquiries

- Call us at: (866) 777-9013
Lost or Stolen Card: (866) 839-3485
- Go to www.umpquabank.com
- Write us at PO BOX 35142 - LB1181, SEATTLE, WA 98124-5142

Payment Summary

NEW BALANCE	\$214.00
MINIMUM PAYMENT	\$214.00
PAYMENT DUE DATE	02/25/2024

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

Corporate Activity

TOTAL CORPORATE ACTIVITY				\$116.14-
Trans Date	Post Date	Reference Number	Transaction Description	Amount
01/08	01/09	70005604009555009830036	PAYMENT - THANK YOU SPOKANE WA	\$66.55-
01/26	01/26	70005604026777026150631	REBATE CREDIT	\$49.59-

Cardholder Account Summary

ROBERT FITZROY #### #### ####	Payments & Other Credits \$0.00	Purchases & Other Charges \$37.50	Cash Advances \$0.00	Total Activity \$37.50
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/26	01/28	PPLN01	24430994026400818020311	MSFT * E0200QL1TT MSBILL.INFO WA	\$37.50

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

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



Account Number

####

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

AMOUNT OF PAYMENT ENCLOSED

Closing Date	New Balance	Total Minimum Payment Due	Payment Due Date
01/31/24	\$214.00	\$214.00	02/25/24

\$



BL ACCT
LAFCO
1042 PACIFIC ST
SUITE A
SAN LUIS OBISPO CA 93401

e-Statement

MAKE CHECK PAYABLE TO:

UMPQUA BANK COMMERCIAL CARD OPS
PO BOX 35142 - LB1181
SEATTLE WA 98124-5142

Cardholder Account Summary				
MORGAN BING #### #### ####6	Payments & Other Credits \$0.00	Purchases & Other Charges \$226.09	Cash Advances \$0.00	Total Activity \$226.09

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/10	01/11	PPLN01	24692164010100569949178	SQ *CSDA SAN LUIS OBISPO gosq.com CA	\$105.00
01/11	01/12	PPLN01	24137464012001483409049	USPS PO 0568770075 SAN LUIS OBIS CA	\$19.60
01/19	01/21	PPLN01	24343114019900016188059	SLO CLERK RECORDER 805-7815080 CA	\$100.00
01/19	01/22	PPLN01	24343114021900016188071	AMS*SERVICE FEE 101653 888-9147768 FL	\$1.49

Finance Charge Summary / Plan Level Information									
Plan Name	Plan Description	FCM ¹	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
Purchases									
PPLN01 001	PURCHASE	E	\$0.00	0.06008%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$214.00
Cash									
CPLN01 001	CASH	A	\$0.00	0.06554%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 31		
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate		
¹ FCM = Finance Charge Method									
(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.									

Account Summary

Billing Cycle		02/29/2024
Days In Billing Cycle		29
Previous Balance		\$214.00
Purchases	+	\$276.59
Cash	+	\$0.00
Balance Transfers	+	\$0.00
Special	+	\$0.00
Credits	-	\$0.00
Payments	-	\$214.00-
Other Charges	+	\$0.00
Finance Charges	+	\$0.00

NEW BALANCE \$276.59

Credit Summary

Total Credit Line	\$10,000.00
Available Credit Line	\$9,723.41
Available Cash	\$0.00
Amount Over Credit Line	\$0.00
Amount Past Due	\$0.00
Disputed Amount	\$0.00

Account Inquiries

- Call us at: (866) 777-9013
Lost or Stolen Card: (866) 839-3485
- Go to www.umpquabank.com
- Write us at PO BOX 35142 - LB1181, SEATTLE, WA 98124-5142

Payment Summary

NEW BALANCE	\$276.59
MINIMUM PAYMENT	\$276.59
PAYMENT DUE DATE	03/25/2024

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

Corporate Activity

TOTAL CORPORATE ACTIVITY				\$214.00-
Trans Date	Post Date	Reference Number	Transaction Description	Amount
02/08	02/09	70005604040555040660013	PAYMENT - THANK YOU SPOKANE WA	\$214.00-

Cardholder Account Summary

ROBERT FITZROY #### #### ##	Payments & Other Credits \$0.00	Purchases & Other Charges \$37.50	Cash Advances \$0.00	Total Activity \$37.50
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
02/26	02/27	PPLN01	24430994057400812024337	MSFT * E0200QYPP7 MSBILL.INFO WA	\$37.50

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

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



Account Number

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AMOUNT OF PAYMENT ENCLOSED

Closing Date	New Balance	Total Minimum Payment Due	Payment Due Date
02/29/24	\$276.59	\$276.59	03/25/24

\$



BL ACCT 00000 LAFCO
1042 PACIFIC ST
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SEATTLE WA 98124-5142

Cardholder Account Summary

MORGAN BING #### #### ####6	Payments & Other Credits \$0.00	Purchases & Other Charges \$239.09	Cash Advances \$0.00	Total Activity \$239.09
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
02/22	02/23	PPLN01	24692164053100811688267	DIGITAL WEST 888-781-9378 CA	\$239.09

Finance Charge Summary / Plan Level Information

Plan Name	Plan Description	FCM ¹	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
Purchases									
PPLN01 001	PURCHASE	E	\$0.00	0.06008%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$276.59
Cash									
CPLN01 001	CASH	A	\$0.00	0.06554%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00
* Periodic Rate (M)=Monthly (D)=Daily							Days In Billing Cycle: 29		
** includes cash advance and foreign currency fees							APR = Annual Percentage Rate		
¹ FCM = Finance Charge Method									
(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.									

Account Summary

Billing Cycle		03/31/2024
Days In Billing Cycle		31
Previous Balance		\$276.59
Purchases	+	\$190.10
Cash	+	\$0.00
Balance Transfers	+	\$0.00
Special	+	\$0.00
Credits	-	\$0.00
Payments	-	\$276.59
Other Charges	+	\$0.00
Finance Charges	+	\$0.00

NEW BALANCE \$190.10

Credit Summary

Total Credit Line	\$10,000.00
Available Credit Line	\$9,809.90
Available Cash	\$0.00
Amount Over Credit Line	\$0.00
Amount Past Due	\$0.00
Disputed Amount	\$0.00

Account Inquiries

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Lost or Stolen Card: (866) 839-3485
- Go to www.umpquabank.com
- Write us at PO BOX 35142 - LB1181, SEATTLE, WA 98124-5142

Payment Summary

NEW BALANCE	\$190.10
MINIMUM PAYMENT	\$190.10
PAYMENT DUE DATE	04/25/2024

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

Corporate Activity

TOTAL CORPORATE ACTIVITY				\$276.59-
Trans Date	Post Date	Reference Number	Transaction Description	Amount
03/11	03/19	70005604079555079010142	PAYMENT - THANK YOU SPOKANE WA	\$276.59-

Cardholder Account Summary

IMELDA MARQUEZ #### #### ####9	Payments & Other Credits \$0.00	Purchases & Other Charges \$119.99	Cash Advances \$0.00	Total Activity \$119.99
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
03/18	03/19	PPLN01	24692164078101505865915	NORTON *AP1518607182 NORTON.COM/CC AZ	\$119.99

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

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



Account Number

####

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

AMOUNT OF PAYMENT ENCLOSED

Closing Date	New Balance	Total Minimum Payment Due	Payment Due Date
03/31/24	\$190.10	\$190.10	04/25/24

\$



BL ACCT0 LAFCO
1042 PACIFIC ST
SUITE A
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PO BOX 35142 - LB1181
SEATTLE WA 98124-5142

Cardholder Account Summary

ROBERT FITZROY #### #### ##	Payments & Other Credits \$0.00	Purchases & Other Charges \$37.50	Cash Advances \$0.00	Total Activity \$37.50
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
03/26	03/27	PPLN01	24430994086400811135923	MSFT * E0200RC9VM MSBILL.INFO WA	\$37.50

Cardholder Account Summary

MORGAN BING #### #### #### 6	Payments & Other Credits \$0.00	Purchases & Other Charges \$32.61	Cash Advances \$0.00	Total Activity \$32.61
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
03/10	03/11	PPLN01	24692164070105221936072	AMZN Mktp US*RN7CT6I92 Amzn.com/bill WA	\$32.61

Finance Charge Summary / Plan Level Information

Plan Name	Plan Description	FCM ¹	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
Purchases									
PPLN01 001	PURCHASE	E	\$0.00	0.06008%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$190.10
Cash									
CPLN01 001	CASH	A	\$0.00	0.06554%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00

* Periodic Rate (M)=Monthly (D)=Daily
 ** includes cash advance and foreign currency fees
 Days In Billing Cycle: 31
 APR = Annual Percentage Rate
¹ FCM = Finance Charge Method
 (V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.



San Luis Obispo Local Agency Formation Commission

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ALTERNATES

DAWN ORTIZ-LEGG
County Member

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CARLA WIXOM
City Member

David Watson
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

TO: MEMBERS OF THE COMMISSION

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

DATE: APRIL 18, 2024

**SUBJECT: INFORMATIONAL REPORT ON THE STATUS OF SAN SIMEON
COMMUNITY SERVICES DISTRICT**

RECOMMENDATION

Receive and file an informational report on San Simeon Community Services District's interest in dissolution.

COMMISSION DIRECTION

On January 18, 2024, at a regularly scheduled meeting, the Commission provided staff with direction to return with a briefing on San Simeon Community Services District (SSCSD) and the status of a potential divestiture or dissolution proposal in response to public comment provided during the comment period for items not on the agenda.

BACKGROUND

The San Simeon Acres Community Services District was formed following an election in 1961 for the purpose of providing street lighting, water, and street maintenance to the San Simeon Acres commercial strip bordering Highway 1. The SSCSD is currently authorized to provide water, sewer, street lighting, road maintenance, solid waste, and weed abatement, which are considered general terms used to identify the authorized powers of the District. These powers are further described in Government Code Section 61100. The CSD currently provides services to approximately 160 permanent residents and up to 1,500 transient visitors. A five-member elected board of directors manages District affairs. SSCSD has an annual operating budget of just over \$1.2 million as of FY 2023-2024

The District provides water service from wells located along Pico Creek with a permitted total production of 140 acre-feet per year. The District is also licensed to produce tertiary (recycled) water but has not done so for several years. The

community has one original 150,000-gallon wood-topped reservoir capable of holding one to two days of water supply. In 2016, the District installed a reverse osmosis desalination facility for dry periods. This facility has been used only for brief periods.

Wastewater treatment service was added in 1964. SSCSD is licensed to treat 200,000 gallons per day (GPD) of wastewater. This capacity includes up to 50,000 GPD of wastewater for California State Parks' Hearst Castle Visitor's Center and the San Simeon Village (Hearst Ranch houses, Hearst Ranch Winery, and Sebastian's Deli). The fifty-year State Parks agreement with SSCSD expired in 2021 and SSCSD has indicated that a new contractual agreement and billing arrangement is needed, and they are aware that LAFCO review and approval would be required for the outside agency agreement.

In 2019, SSCSD reached a settlement with the California Coastal Commission (CCC) for long-standing violations related to its wastewater treatment facility. In summary, the settlement consisted of a Coastal Development Permit (CDP) that authorized after-the-fact development which included a number of mitigation measures/conditions of approval.

The CDP also included *special* conditions that require SSCSD to build a new WWTP, decommission the existing WWTP, and fully restore the site. The CDP provided the District with a 20-year limited authorization to relocate its WWTP away from the ocean where it is presently located. The relocation of the plant is to be completed by 2039. The initial detailed plan for the relocation is due July 2024. The cost of the relocation is not known at this time but would likely be in the tens of millions of dollars.

KEY DISTRICT ISSUES

In a February 1, 2024, SSCSD staff report, District staff outlined the following challenges faced over the last several years. Note these challenges are written from the perspective of the District and are not necessarily reflective of LAFCO's analysis or assessment of the situation.

1. **Wastewater Treatment Plant Relocation:** SSCSD determined the initial detailed plan for the relocation of the WWTP is behind schedule (due July 2024). SSCSD determined that they have inadequate resources to perform the detailed engineering and environmental impact studies required for the development of a new WWTP as well as mitigation and removal of the existing plant to a requisite return of the affected area to natural bluffs and beach area. In 2018, the CCC established the cost of this beach loss impact over the 55 years of the WWTP's existence at just under \$5M, thus establishing the mitigation costs required of the District. The cost of moving the WWTP is not known at this time but is anticipated to cost tens of millions of dollars.
2. **Administrative functions:** In 2023 a multiyear investigation by the San Luis Obispo County District Attorney's Office concluded. It found that Grace Environmental Services (GES)

contracts with SSCSD violated state laws, including conflict of interest laws. The final court settlement agreement effectively required the immediate removal of Charles Grace as San Simeon's General Manager. This resolved the main conflict of interest and violation of state law but left the District without a general manager. The Board hired an Interim General Manager to begin the process of restructuring the district administration to more appropriately address the current needs of the District. SSCSD determined that the transition of administrative functions from GES, the previous and long-standing firm that managed the day-to-day operations of the district, has been the most challenging. The Interim General Manager and Accountant are both contractors and perform all of the administrative functions.

3. **Grants and Infrastructure Improvements:** SSCSD determined that over the last five years under the management of GES, the District lost over \$1 million in grants for various reasons, including false statements to grant providers; project mismanagement, and poor oversight.
4. **Development:** SSCSD determined that with the installation of the Reverse Osmosis Desalination facility in 2016, the District's decades-long development moratorium was expected to end. Ending the development moratorium has been the subject of legal actions, however, the District has not lifted the moratorium because it lacks District policies, procedures, ordinances, staff, experience, and resources to do so.
5. **District Board Instability:** SSCSD determined that due to their Board's action in 2022 to divide SSCSD into five voting districts, in order to comply with the California Voting Rights Act, they have been struggling to fill seats on their Board. With recent Board turnover and a community of about 450 residents and 200 registered voters, the District has a difficult time filling seats on the Board.
6. **Finance:** SSCSD has an overall budget of just over \$1.2 million as of FY 2023-2024. This budget is based on rate-payer fees, service fees, and property tax that fund SSCSD operations and basic maintenance needs. Budgeted expenses are \$1.1 million, leaving a forecasted net operating gain of \$0.1 million for FY 2023-2024. Direct costs for operations, including electrical power and depreciation, are \$660,000 or 61% of the budget. That leaves \$510,000 of revenue for administration, management, and other miscellaneous costs.

RECENT ACTIONS TO ADDRESS CHALLENGES

The SSCSD Board has recently taken certain actions in context to the above challenges.

1. **September 2023** - The new board majority terminated the GES contract entirely in September 2023. The Board hired an Interim General Manager to begin the process of restructuring the District administration to address the current needs of the District more appropriately.

2. **December 7, 2023** – At the request of the District, LAFCO staff provided a presentation to the Board of Directors on the process for divestiture or dissolution. At their December 7, 2023, meeting, the SSCSD Board voted to proceed with the steps to submit a formal request to LAFCO for divestiture of District services.
3. **February 1, 2024** – SSCSD Board provided staff direction to prepare an “Urgency Resolution” for Divestiture of water and sewer power. However, no further action was taken with regard to an “Urgency Resolution”.
4. **March 15, 2024** – SSCSD Board redirected staff to prepare a Resolution of Application and Plan for Services for dissolution to be considered at a future date by the Board. District staff will return, at a date not currently known, with the Resolution of Application and Plan for Services for dissolution of the SSCSD for consideration by the Board of Directors.

DISSOLUTION PROCESS OVERVIEW

Because it appears that SSCSD intends to propose dissolution, LAFCO staff have provided a high-level overview of the dissolution process for the benefit of the Commission and the public. The dissolution process is specified within State Government Code. If SSCSD ultimately takes action to approve a resolution to pursue dissolution, LAFCO staff will likely return with a study session item to discuss the details of the proposal.

It is important to note that dissolution of any agency and transferring all responsibilities and liabilities to another agency and effectuating those changes, is a complicated endeavor and can easily take one year or more to process. The process would involve and require extensive review of baseline conditions in terms of financial and infrastructure needs, liabilities, and any other outstanding issues. It would require a detailed plan for service as to how the new agency would provide those services and fund operations. It is possible this proposal would require the formation of a County Service Area (CSA), which would subject the community to new fees to pay for future infrastructure and operational costs via the Prop 218 process. Lastly, the LAFCO process is inherently democratic and involves the public. The public will have an opportunity to protest any action of LAFCO and if certain thresholds are met, it could affect the overall outcome.

"Dissolution" under State Government Code means the disincorporation, extinguishment, or termination of the existence of a district and the cessation of all its corporate powers. Below is a high-level overview of the dissolution process.

1. Resolution of Application adopted by the SSCSD Board
 - a. Application must contain, in part, a Resolution of Application pursuant to 56654(a) and a Plan for providing services pursuant to 56653.
2. SSCSD submits the Resolution of Application to LAFCO

- a. The date of application submittal is the date that LAFCO commences a 30-day review.
3. LAFCO 30-Day Review
 - a. LAFCO staff will determine if the application is sufficient for filing. If the application is not sufficient and additional information is needed, then the proposal will be placed on hold. The applicant will be informed of the status of the application through a 30-day review letter.
4. Notice/Referrals to Affected Agencies
 - a. Affected Agencies will have an opportunity to comment on the proposal.
 - b. The County will receive a referral requesting the County's position on the plan for services submitted by SSCSD. If warranted, the County should provide their own plan for services with analysis related to costs, time, and staffing to take on the responsibilities of the District and determine if they plan to pursue the formation of a County Service Area.
5. Certificate of Filing
 - a. Once the applicant has met all submission requirements and all items in the 30-day review letter have been met, LAFCO will issue a Certificate of filing accepting the application for filing.
 - b. A Hearing will be set within 90 days of the Certificate of Filing.
6. LAFCO Hearing
 - a. Staff will prepare a staff report and supporting documents for the hearing.
 - b. 21-day notice of Hearing & additional noticing would be conducted per gov code section 56660, 56661, & 56665
7. 30-Day Reconsideration Period
 - a. Following a 30-day period during which any person may request the Commission to reconsider its action approving a proposal per gov code section 56895.
8. Protest Proceedings/Election
 - a. If LAFCO approves the dissolution, protest thresholds are set forth in gov code section 57092. In summary, if more than 25% of landowners who own at least 25% of the assessed value of land within SSCSD or if 25% of registered voters oppose the action but less than 50%, it goes to an election, if more than 50% it's terminated, as per 57078.
9. Certificate of Completion
 - a. After all Commission Conditions of Approval have been met LAFCO may file the Certificate of Completion with the County Clerk Recorder.
 - b. Dissolution is not completed and effective until the Certificate of Completion is filed.

ALTERNATIVES

The list of options below is limited to two fundamental approaches, the details of each option may vary substantially, and other alternatives may be sought. The options listed below are only intended to facilitate discussion. Ultimately, it is the role of the SSCSD Board of Directors to determine which path is pursued.

Alternative #1: Continue to Operate as a District and Address Challenges

The District has the option to continue to operate as a district and address its challenges. The District would need to make internal improvements in order to manage its own affairs (i.e. passage of a special tax to fund projects, hire a full-time general manager and staff, contract for water and sewer service, grants, etc.). There are also many grants and technical assistance programs available for the District. This option would also allow LAFCO to continue processing the District's scheduled Municipal Service Review (MSR) and Sphere of Influence (SOI) Study, which was paused due to their recent actions to potentially divest or dissolve. Based on recent actions of the SSCSD Board, it does not appear they intend to continue to operate as a District, in part, due to the constraints noted above.

Alternative #2: Divestiture of Powers

This alternative is being listed because the District did previously express interest in divestiture previously. "Divestiture of power" means the termination of the power and authority to provide particular functions or classes of services within all or part of the jurisdictional boundaries of a special district. If SSCSD decided to pursue divestiture of water and sewer, then the District Board would have to pass a Resolution of Application that includes all statutory application requirements, including but not limited to a Plan for Services Pursuant to Government Code Section 56653 and 56824.12.

If the County is being proposed as the successor agency, then a plan for providing services would need to be approved by the County Board of Supervisors. LAFCO would consider the proposal to divest at a public hearing and may approve, conditionally approve, or deny the proposal. The LAFCO proceedings are also subject to a protest period. If LAFCO denied the proposal, SSCSD would still be legally obligated to provide services to the community. Refer to Attachment B for a procedural flow chart for Divestiture of Power.

CONCLUSION

Based on the SSCSD Board's action on March 15, 2024, it appears they wish to pursue dissolution and plan to move forward with a resolution of application at some point in the near future. Should this come to fruition, and they submit an application for dissolution to LAFCO, there will be many steps prior to LAFCO consideration, including a study session at LAFCO for the benefit of the Commission and the public. The County will need to evaluate the proposal and the Board

of Supervisors will need to determine how to wind up the affairs of the proposed dissolved district. The evaluation will likely include costs, time, and staffing to take on the responsibilities of the District. Once a final plan for services has been prepared by the SSCSD and the Board of Supervisors, LAFCO will consider the proposal. The dissolution process is complex and would likely take a year or more to complete the necessary studies and actions of the affected agencies before LAFCO can consider the proposal. If the District submits an application to LAFCO, staff will return with an informational item on the proposal to apprise the Commission.

ATTACHMENTS

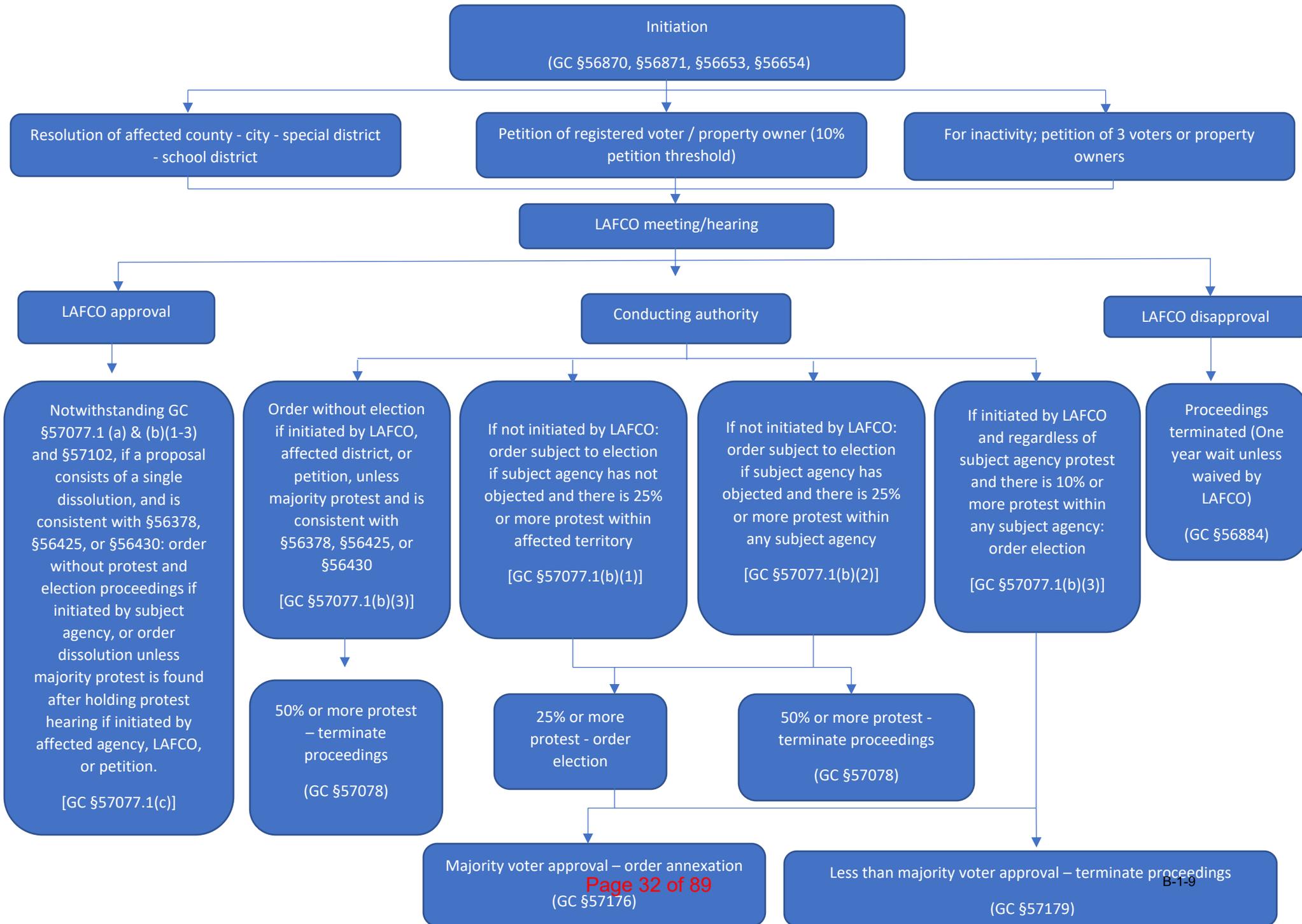
Attachment A: Procedural Flow Chart for District Dissolution

Attachment B: Procedural Flow Chart for District Latent Powers Activation, Expansion, and/or Divestiture

Attachment A

Procedural Flow Chart for District Dissolution

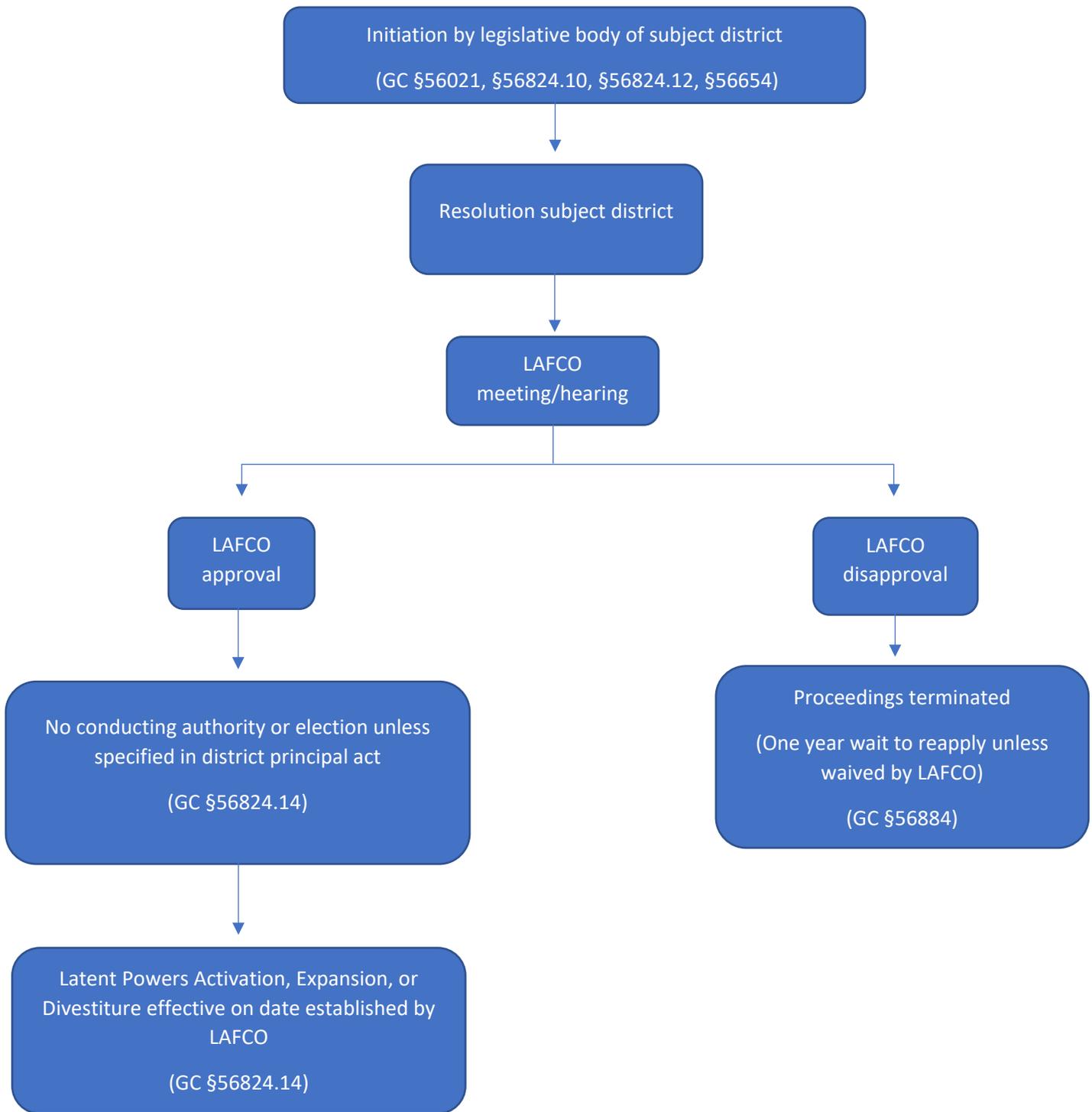
District Dissolution



Attachment B

Procedural Flow Chart for District Latent Powers Activation, Expansion, and/or Divestiture

District Latent Powers Activation, Expansion, and/or Divestiture





San Luis Obispo Local Agency Formation Commission

COMMISSIONERS

Chairperson
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City Member

DEBBIE ARNOLD
County Member

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Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

TO: MEMBERS OF THE COMMISSION

FROM: IMELDA MARQUEZ-VAWTER, ANALYST

VIA: ROB FITZROY, EXECUTIVE OFFICER

DATE: APRIL 18, 2024

SUBJECT: LAFCO FILE NO. 1-R-24 | NOTICE OF SUBMITTAL FOR PETITION OF APPLICATION FOR A SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION NO. 1 TO SHANDON SAN JUAN WATER DISTRICT (SKYVIEW)

RECOMMENDATION

It is respectfully recommended that the Commission receive and file this report.

SUMMARY

The San Luis Obispo Local Agency Formation Commission (LAFCO) received a landowner petition of application on February 22, 2024, for Sphere of Influence Amendment and Annexation No. 1 to the Shandon San Juan Water District (SSJWD), LAFCO File No. 1-R-24. The proposal consists of approximately 3,956.63 acres of property requesting to obtain service from SSJWD for Groundwater Sustainability Agency representation and additional water benefits in the future. LAFCO staff completed an initial 30-day review of the application and placed the application on hold. Additional information was requested, in part, pursuant to Government Code Section 56652 to continue processing the application.

As required by Government Code Section 56857, this report provides the Commission with a formal notice of receipt for a new annexation application that was not filed by a district. Typically, an annexation application is received by the district or city wishing to annex an area into their jurisdiction. However, State law also allows annexation requests to be submitted by a petition of landowner directly to LAFCO. When this occurs Government Code Section 56857 requires that we inform the Commission at the first available meeting. The application request must then be forwarded to the affected agency (SSJWD), who will have 60 days to terminate the

request if they do not wish to annex the area based on service or financial related concerns as is detailed in Government Code Section 56857 (b). If they do not formally request termination, the application will continue to be processed by staff and the Commission will consider the item at a public hearing.

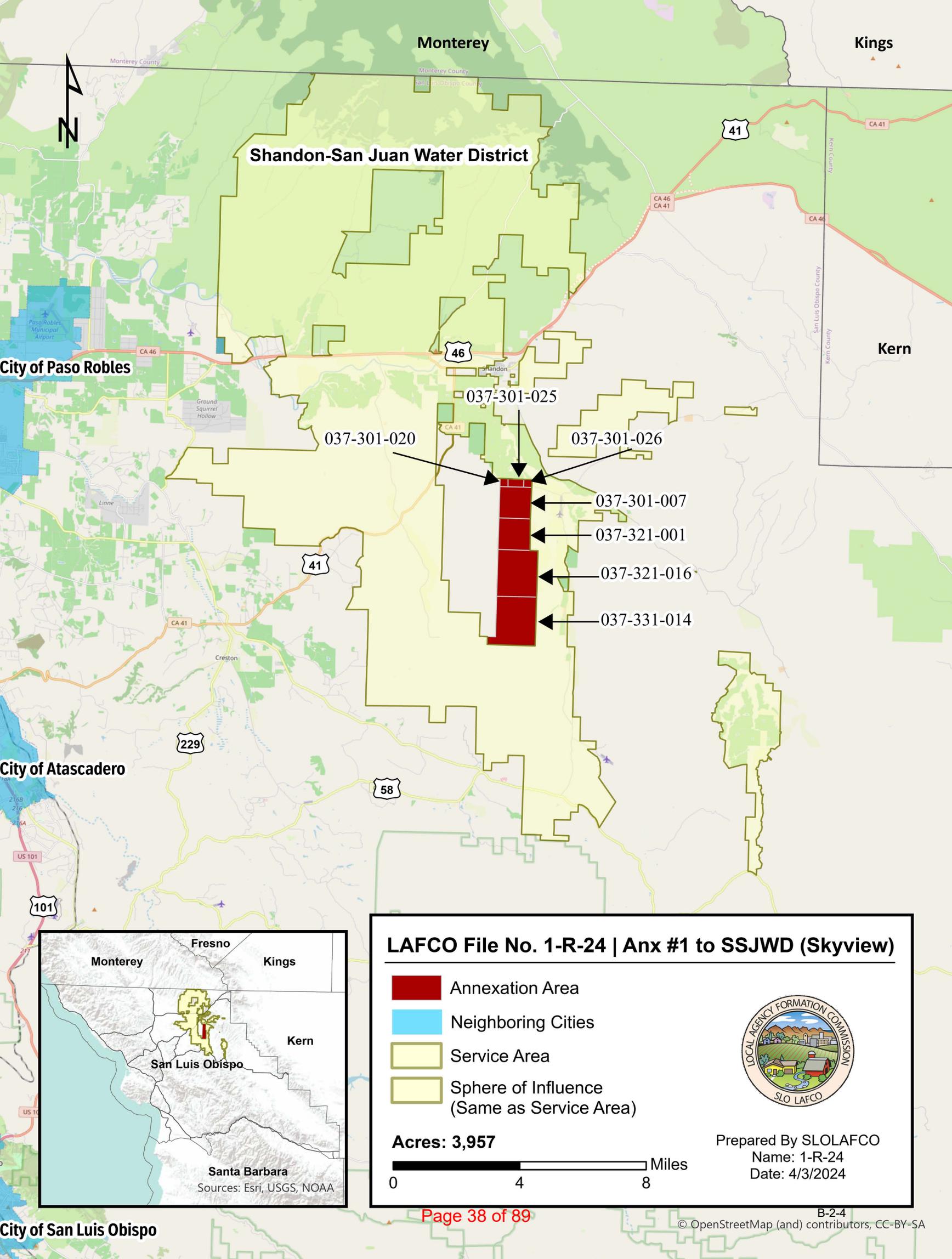
Staff will provide appropriate notice and requests for information to affected agencies and interested individuals consistent with Government Code Section 56658 and 56857. Staff will update the Commission as necessary as this application is processed. The Commission may provide staff with any questions or comments on this item.

ATTACHMENTS

Attachment A: Vicinity Map for LAFCO File No. 1-R-24

Attachment A

Vicinity Map for LAFCO File No. 1-R-24



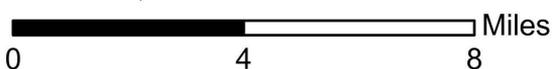
Shandon-San Juan Water District

LAFCO File No. 1-R-24 | Anx #1 to SSJWD (Skyview)

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



Acres: 3,957



Prepared By SLOLAFCO
 Name: 1-R-24
 Date: 4/3/2024





San Luis Obispo Local Agency Formation Commission

TO: MEMBERS OF THE COMMISSION

FROM: MORGAN BING, CLERK ANALYST

VIA: ROB FITZROY, EXECUTIVE OFFICER

DATE: APRIL 18, 2024

SUBJECT: LAFCO FILE NO. 1-O-24 | OUTSIDE AGENCY AGREEMENT BETWEEN THE CITY OF PISMO BEACH AND COASTAL CHRISTIAN SCHOOL FOR FIRE SUPPRESSION WATER

RECOMMENDATION

Action 1: Motion by LAFCO, acting as the Responsible Agency pursuant to the California Environmental Quality Act (CEQA), finding that the Mitigated Negative Declaration Addendum for Coastal Christian School Conditional Use Permit Amendment DRC2020-00144 (Attachment A) adopted by the County of San Luis Obispo, was reviewed, considered, and determined to be adequate for purposes specified in Section 15096 of the CEQA Guidelines and for use in considering approval of the proposed Outside Agency Agreement.

Action 2: Motion to adopt a Resolution approving the Outside Agency Agreement (LAFCO File No. 1-O-24) (Attachment B) for emergency water for fire suppression only between the City of Pismo Beach and Coastal Christian School and rescind Resolution No. 2022-04 (Attachment C) approving the Outside Agency Agreement (LAFCO File No. 1-O-22), with the following conditions:

1. The final Outside Agency Agreement shall be provided to the LAFCO Executive Officer and shall be in substantial conformance with the draft attached hereto.
2. The Outside Agency Agreement (LAFCO File No. 1-O-22) approved by Resolution No. 2022-04 is rescinded and is superseded by Outside Agency Agreement (LAFCO File No. 1-O-24).

COMMISSIONERS

Chair

MARSHALL OCHYLSKI
Special District Member

Vice-Chair

STEVE GREGORY
City Member

DEBBIE ARNOLD
County Member

JIMMY PAULDING
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ALTERNATES

DAWN ORTIZ-LEGG
County Member

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Special District Member

CARLA WIXOM
City Member

David Watson
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

3. This condition applies to the extent allowed by law. The applicant agrees to defend, indemnify, hold harmless, and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.

PROJECT OVERVIEW

Project Applicant: City of Pismo Beach

Certificate of Filing: March 12, 2024

Acreage and General Location: The territory proposed for an Outside Agency Agreement (OAA) is the Coastal Christian School site located at 1005 N. Oak Park Boulevard in Pismo Beach. The property is approximately 23.7 acres within the unincorporated County but within the City of Pismo Beach Sphere of Influence. A vicinity map is shown in Attachment B, Exhibit B.

APNs: 079-261-012

Timeline of Events: In May 2021, the County of San Luis Obispo, as Lead Agency, approved a new Conditional Use Permit and adopted an addendum to the negative declaration for the Coastal Christian School (County File No. DRC2020-00144) (Attachment A).

In March 2022, LAFCO approved Resolution No. 2022-04 (Attachment C) approving an OAA between the City of Pismo Beach and Coastal Christian School for the provision of emergency water service for fire suppression (LAFCO File No. 1-O-22).

On February 6, 2024, the City of Pismo Beach approved Resolution No. R-2024-006 (Attachment B, Exhibit A) authorizing the City Manager to execute a revised OAA to allow for a direct connection to the City's water system for the multipurpose building for fire suppression only.

On February 20, 2024, the City of Pismo Beach applied to LAFCO with the OAA proposal.

On March 12, 2024, within the 30-day response requirement period, staff deemed the application to be sufficient for filing and a Certificate of Filing was issued to the applicant.

Background & Summary:

1. Conditional Use Permit – 2012

The Coastal Christian School (CCS) was granted a Conditional Use Permit (DRC2008-00021) (Attachment A) by the County of San Luis Obispo in 2012 to construct private educational school buildings and ancillary outdoor facilities for transitional kindergarten through the twelfth grade. The County conditioned the project such that it was required to obtain water from private on-site wells from within the property.

Among other County conditions, the school was required to obtain an OAA for municipal wastewater services from the City of Pismo Beach (City). This OAA application for wastewater service from the City was approved by LAFCO in August 2013. The campus opened in 2014. The master plan envisioned the school's campus being developed in two phases. Phase I has been constructed and includes the current classrooms, offices, sports courts, and supporting infrastructure. Phase II will include a multipurpose building that will house a gymnasium, twelve classrooms, an administrative office, and a kitchen, as well as sports fields.

2. Conditional Use Permit – 2021

Some revisions were desired for Phase II, and the applicant obtained a new Conditional Use Permit from the County in May 2021 that included some revisions to the originally approved Phase II of the project. Overall, the revised project approved by the County in May 2021 would result in a reduction in overall development intensity. The County adopted an addendum to the previously prepared Mitigated Negative Declaration, which essentially concluded that the revised project would not have any new physical environmental impacts, refer to Attachment A.

3. Water System

The current water system for the campus consists of five 5,000-gallon tanks which supply a total of 25,000 gallons for fire suppression and a separate tank for domestic water use. To meet fire suppression requirements for Phase II of the campus development, the fire system must be able to provide 1,500 gallons per minute (gpm) for two hours. The onsite well can only provide a maximum of 70 gpm, which means the school's current water system would require a 180,000-gallon reservoir for fire suppression storage. However, in March 2022 LAFCO approved Resolution No. 2022-04 approving an OAA between the City and CCS (Attachment C) to allow CCS to utilize the City's water system to fill the fire suppression reservoir should the reservoir's water level fall below a set limit. With this configuration, it was estimated that fire suppression needs could be achieved with two additional 5,000-gallon tanks, which would have considerable cost savings to the school.

After further in-depth analysis of the proposed emergency water supply connection as well as coordination with CAL FIRE and City staff, CCS is now requesting a direct connection to the City's water system only for the Multipurpose Building fire sprinkler system should an emergency ever arise. In February 2024, the City approved Resolution No. R-2024-006 (Attachment B, Exhibit A)

authorizing the City Manager to execute a revised OAA to allow for a direct connection to the City's water system subject to LAFCO approval.

ACTION 1 | ENVIRONMENTAL DETERMINATION

The revised Conditional Use Permit was approved with an Addendum to the original Mitigated Negative Declaration. Per the requirements of CEQA, a Responsible Agency relies on the Lead Agency's environmental documentation to approve the portion of the project under its jurisdiction. LAFCO acting as Responsible Agency will rely upon the Mitigated Negative Declaration Addendum for compliance with CEQA with respect to the OAA for emergency water use. Staff has determined that the Mitigated Negative Declaration Addendum is adequate for the proposed action before LAFCO.

In summary, the Lead Agency may prepare an addendum to an adopted negative declaration where all of the following apply: 1) only minor technical changes or additions are necessary; 2) no substantial changes have been made or occurred that would require major revisions to the Negative Declaration due to either new significant effects or substantial increases in the severity of previously identified significant effects; 3) substantial changes have not occurred with respect to the circumstances under which the project is undertaken; 4) new information of substantial importance which was not known or could not have been known at the time of the adopted Negative Declaration.

Based on the County's determination all the above conditions applied. The basis for this conclusion is described in Attachment A. In addition, please refer to the original Mitigated Negative Declaration for further discussion about all potentially significant issues originally identified for the proposed project.

ACTION 2 | OUTSIDE AGENCY AGREEMENT

After further in-depth analysis of the city-initiated proposal for emergency water supply system approved by LAFCO in 2022, CCS requested a direct connection to the City's water system only for the Multipurpose Building fire sprinkler system. All domestic water and onsite fire hydrants would be supplied by CCS's onsite water system. This connection would provide CCS with the following benefits:

- Reduced complexity of the fire water system
- Reduced maintenance costs
- Reduces the potential City supplied water from 903 gpm for four hours to 450 gpm for one hour
- Provides CCS's fire water system with enhanced reliability
- Eliminated the need for pumps in CCS's fire suppression sprinkler system

City staff brought the revised request to City Council on July 18, 2023, for consideration. The City Council directed staff to work with CCS to develop a revised OAA to allow for a direct connection

to the City's water system that meets the following conditions:

- CCS revise their plans to rely on the City's water supply for only the fire sprinkler system
- CCS to agree to pay water services fees in excess of the typical costs to cover the City's additional administrative expenses for billing and infrastructure planning
- CCS to install a double detector check valve to prevent backflow and contamination of the City's water supply/infrastructure
- CCS to hire a consultant to ensure the emergency connection would not negatively impact:
 - The City's ability to provide domestic water to its residents and businesses
 - The City's own fire suppression needs

On February 6, 2024, the City adopted Resolution No. R-2024-006 approving the OAA between CCS and the City to provide fire suppression water with a direct connection to the City's water system. On February 20, 2024, the City submitted the OAA proposal to LAFCO. Pursuant to Government Code Section 56133, LAFCO approval would be necessary to proceed with providing CCS the service.

It is important to note that the property is within the City's SOI and by default, under the SOI, it is eligible for annexation in the future and OAA's are permissible.

It should also be noted that the proposed OAA is for emergency purposes only to meet fire suppression requirements, it would not be a regular day-to-day "service" provided by the City. Water supply would continue to be provided by on-site wells as required by the County's Conditional Use Permit.

CONCLUSION

The two recommended actions by LAFCO are set forth at the beginning of this Staff Report.

At the conclusion of its consideration, the Commission may approve the request, with or without amendment, wholly, partially, or conditionally, or disapprove the request. The Commission has discretion in light of the whole record to make its decision.

If approved, the OAA will become effective upon filing of the Certificate of Completion (COC) with the Clerk Recorder pursuant to Government Code Section 56020.5. The Cortese-Knox-Hertzberg Act (GC §57001) allows up to one year for a Certificate of Completion to be filed with the Clerk Recorder, otherwise the action is deemed abandoned. If conditions of approval are not met within a year and the COC has not been filed, LAFCO may grant extensions based on a reasonable request by the applicant. The time frame for an extension is at LAFCO's discretion based on the circumstances of the proposal.

Attachment A: Mitigated Negative Declaration (DRC2008-00021) (Available Online) & Negative Declaration Addendum for Coastal Christian School Conditional Use Permit Amendment DRC2020-00144

Attachment B: Draft LAFCO Resolution No. 2024-_____

Exhibit A: City of Pismo Beach Resolution No. R-2024-006 & Draft OAA

Exhibit B: Vicinity Map

Attachment C: Resolution No. 2022-04

Attachment A

Mitigated Negative Declaration (DRC2008-00021) & Negative
Declaration Addendum for Coastal Christian School Conditional Use
Permit Amendment (DRC2020-00144)

(Due to file size, we have made this document available on the LAFCO
website at [https://slo.lafco.ca.gov/files/a753b32ad/
DRC2008-00021.pdf](https://slo.lafco.ca.gov/files/a753b32ad/DRC2008-00021.pdf))



COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF PLANNING & BUILDING
NEGATIVE DECLARATION ADDENDUM

PLN-2041
06/13/2019

ENVIRONMENTAL DETERMINATION NO. ED21-090

DATE: May 18, 2021

PROJECT/ENTITLEMENT: Coastal Christian School Conditional Use Permit Amendment DRC2020-00144

APPLICANT NAME: Coastal Christian School (Tom Dobyns) **Email:** tdobyns53@gmail.com

ADDRESS: 1005 N Oak Park Boulevard

CONTACT PERSON: Carol Florence (Oasis Associates)

Telephone: 805.541.4509

PROPOSED USES/INTENT: Request by COASTAL CHRISTIAN SCHOOL for a Conditional Use Permit (DRC2020-00144) to amend the existing Conditional Use Permit (DRC2008-00021) to allow the following modifications to the previously approved campus masterplan: elimination of all eight development phases, elimination of the 12-year limit to Phase 0 (temporary campus buildings) and allow continued use of the structures, elimination of a secondary access requirement, revision to campus layout with a new (consolidated) 39,103 square foot multi-purpose building, relocation of ancillary outdoor facilities and elimination of sports field night-time lighting and turf installation prohibition. No changes are proposed to previously approved 600 students/50 staff capacity at buildout and granted height exception allowing buildings up to 40 feet (from 35 feet). Requested modifications will result in reduction to previously approved number of building structures, square footage and site disturbance. The project will result in approximately 9.6 acres of site disturbance over a 23.7-acre parcel.

LOCATION: The project is located on the west side of Oak Park Boulevard between James Way and Noyes Road, (at 705 North Oak Park Boulevard). The site is immediately adjacent to the city limits of Pismo Beach and Arroyo Grande. The site is in the San Luis Bay (Inland) Planning Area.

LEAD AGENCY: **County of San Luis Obispo**
Dept of Planning & Building
976 Osos Street, Rm. 200
San Luis Obispo, CA 93408-2040
Website: <http://www.sloplanning.org>

Findings: Per State CEQA Guidelines (Sec. 15164(a), Sec. 15162), the Lead Agency may prepare an addendum to an adopted negative declaration where all of the following apply: 1) only minor technical changes or additions are necessary; 2) no substantial changes have been made or occurred that would require major revisions to the Negative Declaration due to either new significant effects or substantial increases in the severity of previously identified significant effects; 3) substantial changes have not occurred with respect to the circumstances under which the project is undertaken; 4) new information of substantial importance which was not known or could not have been known at the time of the adopted Negative Declaration.

Based on staff's determination that all the above conditions apply, an addendum to the adopted Negative Declaration is appropriate. The basis for this conclusion is described in the following section. In addition, please refer to the original Negative Declaration for further discussion about all potentially significant issues originally identified for the proposed project.

ATTACHMENT 6

Basis for Addendum: The following describes why the proposed changes will not result in any significant additional impact.

The County adopted a Mitigated Negative Declaration (DRC2008-00021 / ED08-078) that analyzed the project's impacts and provided mitigation measures for the following issue areas: 1) aesthetics; 2) biological resources; 3) air quality; 4) noise; 5) transportation/ circulation; 6 water; 7) wastewater; and 8) land use.

Coastal Christian School has requested several amendments to the conditions of approval such as the following: 1) elimination of project phases and time-limits; 2) elimination of the 12-year limit to Phase 0 (temporary campus) and allow for continued use of the modular structures; 3) elimination of secondary access; 4) revision to campus masterplan with a new (consolidated) multi-purpose building and relocation of ancillary outdoor facilities; 5) elimination of sports field night-time lighting; and 6) elimination of turf prohibition and allow turf only on multi-use sports field.

The amended campus masterplan consolidates multiple buildings and sports fields into one multi-purpose building and one multi-use sports field. The proposed modifications result in a smaller building floor area, decreased landscaped areas, and overall development footprint and site disturbance. The conclusions and mitigation measures provided in the Mitigated Negative Declaration (MND) prepared for the original project (DRC2008-00021 / ED08-078) remain adequate for the revised project, with further discussion on several identified impact areas below.

Aesthetics (Light & Glare)

Light and glare impacts from general building exterior and security lighting were identified in the previous environmental review for the DRC2008-00021 CUP and an exterior lighting plan will be required at the time of building permit (Mitigation Measure AE-4/ Condition of Approval 8). Introduction of sports field lighting may increase the identified light and glare impact previously analyzed in the adopted Mitigated Negative Declaration (2008). However, the overall light and glare impacts would not be more severe than previously analyzed due to the following reasons:

1. The amended campus layout consolidated several sports fields into one multi-use sports field, tucked at the rear of the site. Previous masterplan has several sports fields, some located adjacent to the Oak Park Road. The proposed consolidated Multi-purpose building (40' high) will provide partial screening of the night-time glare, as seen from the surrounding residential neighborhoods.
2. The consolidated, multi-use sports field is screened by existing rows of trees, providing natural light diffuser/filters that may help reduce the overall glare.
3. The proposed MUSCO LED lighting is an advanced, sophisticated system that allow uniform throw angle without 'loss' or outward glow compared to older sports field lighting technology.
4. The amended campus, with consolidated multi-use sports field at the rear is a practical site design due to the existing constraints of the site i.e. abrupt shift in terrain, identified geographical and biological concerns.
5. The school is located close to the commercial zone and away from the semi-rural residential neighborhoods. Allowing night-time sports field lighting up to 10pm will be consistent with the general exterior lighting character of the surrounding commercial parcels and school operations.

The impacts from the night-time lighting can be mitigated to a level of less than significant, with Mitigation Measure AE-4, supplemented with a comprehensive sports field lighting plan that meets standards set forth by the Illuminating Engineers Society and International Dark Sky Association (revised Condition 8).

ATTACHMENT 6

Water

The 2008 MND hydrogeologic analysis presented several findings; 1) the existing onsite well is adequate to serve the proposed school, 2) school water demands will not cause deep, confined aquifer to enter a state of overdraft, and 3) the school well will not significantly interfere with Arroyo Grande's municipal wells or domestic wells in the deep aquifer. The main concern identified was potential significant impact arising from assignment of the well or project site's appropriative water rights to the City of Pismo Beach or another municipal entity, which means extraction will not necessarily be limited to the school's demand only. Therefore, the project was required to enter into a restrictive covenant (mitigation agreement) recorded on title (perpetuity) that preclude municipal use of the project site's groundwater. This Mitigation Measure (W-1)/ Condition 22 has been satisfied (Recorded Doc. 2014-001929).

The approved masterplan (2012) included several landscaped areas, which are subject to water saving measures per Condition 7c. Since the previous CUP approval in 2012, the County adopted Model Water Efficient Landscape Ordinance (MWELO) in 2015. This ordinance is a state mandated requirement to increase water efficiency standards for new and retrofitted landscapes through encouraging the use of more efficient irrigation systems, graywater usage, onsite stormwater capture, and limiting usage of turf. Based on the above and additional reasons below, installation of turf in the multi-purpose sports field would not cause a significant increase in impacts to water resource because:

1. The proposed amended campus consolidated multiple sports fields and structures and as such, reduced the overall landscaping areas compared to the previously approved campus layout,
2. The existing well capacity has a production of 70 gpm and is evaluated to be capable of meeting the max day demand of 13,000 gallons/day (at max. school buildout) in less than 3.1 hours (*Water System TMF Report, Wallace Group, April 2021*),
3. The 2008 MND mitigation measure (W-1) / Condition 22 is satisfied and drought tolerant/ native planting and usage of low-flow plumbing fixtures are still valid conditions of the CUP and will be required for the amended project.
4. Installation of the sports field landscaping is estimated to increase water demand by 10,000 to 15,000 gallons/day and the school will provide a separate water storage and plumbing system for turf irrigation so water usage can be separately and closely monitored (*Water System TMF Report, Wallace Group, April 2021*),
5. In severe drought, the School has identified additional water restriction measures such as shower/water usage reduction and kitchen service suspension. Implementation of the identified measures will reduce water demand accordingly (*Water System TMF Report, Wallace Group, April 2021*).
6. The school established a small public water system to the satisfaction of County Environmental Health and is subject to ongoing operation/maintenance report requirements including water quality and serve capacity.

The impacts from the additional turf installation (only on the sports field) can be mitigated to a level of less than significant, with Mitigation Measure W-1/ Condition 22 fulfilled, and expanded water saving requirements in the revised Condition 7c.

Traffic/ Circulation

The previously approved project required a total of 184 car space 19 bicycle spaces by Phase 3 (full buildout campus). With the amended campus design, a new total of 98 parking spaces and 10 bicycles space will be required. The proposed project complies with the parking ordinance by providing 105 parking and 11 bicycle spaces in the revised campus masterplan.

As for the secondary access, Cal Fire code update in 2019 eliminated the need for a secondary access per Section 503.1.2.1 for Maximum Dead End Road Lengths. This is because the project site (23.7 acres) does not exceed the max road length for a parcel larger than 20 acres (*updated CalFire Fire Safety letter date Sept 9, 2020*).

The previously approved project required a traffic signal warrant study to be prepared in Phase 3 (anticipated 600 students/ 50 faculty buildout capacity). With the elimination of development phases, the applicant conducted the study at 550 and 600 student capacity, with a 2% growth rate applied to the overall traffic volume on Oak Park Boulevard. The study concluded no signalization is required at the entrance on Oak Park Boulevard at this moment, and recommends additional signal warrant analysis when enrollment exceeds 550 students (*Central Coast Transportation Consulting, Dec 4, 2020*). Public Works Dept supports the study findings and the amended project because all applicable frontage improvements satisfied till date will support the amended project as proposed (*Public Works, April 2021*).

The amendments requested will not result in any new impacts that has not been identified in the previous environmental review. With the revised project conditions, the mitigation measures in the original Mitigated Negative Dealation still adequately address the issue areas.

Additional Information: Additional information pertaining to this environmental determination may be obtained by contacting the Lead Agency at the above address or telephone number.

ATTACHMENT 6

Attachment B

Draft LAFCO Resolution No. 2024-__

IN THE LOCAL AGENCY FORMATION COMMISSION

COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

Thursday, April 18, 2024

RESOLUTION NO. 2024-XX

**RESOLUTION APPROVING THE OUTSIDE AGENCY AGREEMENT
BETWEEN CITY OF PISMO BEACH AND COASTAL CHRISTIAN SCHOOL FOR FIRE SUPPRESSION
WATER**

The following Resolution is now offered and read:

RECITALS

WHEREAS, pursuant to Government Code Section 56133, a request was filed with this Commission to consider an Outside Agency Agreement (Exhibit A) between the Coastal Christian School and the City of Pismo Beach for the provision of emergency water service for fire suppression (LAFCO File No. 1-O-24); and

WHEREAS, such requested Outside Agency Agreement is within the Sphere of Influence established for City of Pismo Beach; and

WHEREAS, on February 6, 2024, the City Council of Pismo Beach considered and approved a request by Coastal Christian School subject to LAFCO approval; and

WHEREAS, on March 12, 2024, the Executive Officer filed a Certificate of Filing regarding a request to consider the Outside Agency Agreement proposal for the City of Pismo Beach; and

WHEREAS, following the issuance of the Certificate of Filing, the Executive Officer proceeded to set the proposal for hearing not more than 90 days after the application was deemed to have been accepted per Government Code Section 56658. The hearing was held on April 18, 2024, consistent with Government Code Section 56428(d); and

WHEREAS, the Executive Officer has determined that the proposed Outside Agency Agreement is consistent with Government Code Section 56133; and,

WHEREAS, the public hearing was duly conducted, and a decision was made on Thursday, April 18, 2024; and

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

WHEREAS, at said hearing this Commission heard and received all oral and written protests, objections, and evidence, which were made, presented, or filed, and all persons present were given the opportunity to hear and be heard in respect to any matter relating to the proposal and report; and

WHEREAS the Commission, acting as “Responsible Agency,” determined that the environmental review and documentation adopted by the “Lead Agency,” County of San Luis Obispo, consisting of a Mitigated Negative Declaration and Addendum to the Coastal Christian School Conditional Use Permit Amendment DRC2020-00144, meets the requirements of the California Environmental Quality Act (CEQA) for purposes specified under Section 15096: and

WHEREAS, the Commission duly considered the proposal and finds that the Outside Agency Agreement between the Coastal Christian School and City of Pismo Beach should be approved based on the terms and conditions of the agreement such that the City will provide emergency water service only for fire suppression to the area.

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 this reference.

2. The Mitigated Negative Declaration and Addendum adopted by the County of San Luis Obispo was reviewed, considered, and determined to be adequate for purposes specified in Section 15096 of the CEQA Guidelines and for use in considering approval of the proposed Outside Agency Agreement.

3. Resolution No. 2022-04 approving the Outside Agency Agreement (LAFCO File No. 1-O-22) is hereby rescinded.

4. The Outside Agency Agreement between the City of Pismo Beach and Coastal Christian School as contained in Exhibit A and shown Exhibit B (APN: 079-261-012) of this Resolution is hereby approved with the following conditions:
 - I. The final Outside Agency Agreement shall be provided to the LAFCO Executive Officer and shall be in substantial conformance with the draft attached hereto.

 - II. The Outside Agency Agreement (LAFCO File No. 1-O-22) approved by Resolution No. 2022-04 is rescinded and is superseded by Outside Agency Agreement (LAFCO File No. 1-O-24).

 - III. This condition applies to the extent allowed by law. The applicant agrees to defend, indemnify, hold harmless and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.

5. The Executive Officer of this Commission is authorized and directed to send copies of this Resolution in the manner provided by law.

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

AYES:

NAYS:

ABSTAINING:

The foregoing Resolution is hereby adopted.

Date

Marshall Ochylski, Chair

Local Agency Formation Commission

ATTEST:

Rob Fitzroy
LAFCO Executive Officer

Date

APPROVED AS TO FORM AND LEGAL EFFECT:

Brian Pierik
LAFCO Legal Counsel

Date

RESOLUTION NO. R-2024-006**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PISMO BEACH,
CALIFORNIA AUTHORIZING THE CITY MANAGER TO EXECUTE AN OUTSIDE
USERS AGREEMENT WITH COASTAL CHRISTIAN SCHOOL FOR FIRE
SUPPRESSION WATER**

WHEREAS, Coastal Christian School (CCS) is located at 1005 North Oak Park Boulevard outside Pismo Beach city limits, but within its sphere of influence; and

WHEREAS, on November 16, 2021, the City Council considered and approved a request from CCS for the City of Pismo Beach to provide emergency fire suppression water to the school's campus; and

WHEREAS, after a further in-depth analysis of the proposed emergency water supply connection, Coastal Christian School is now requesting a direct connection to City's water system only for the Multipurpose Building fire sprinkler system; and

WHEREAS, on July 18, 2023 City Council directed staff to work with CCS to develop a revised Outside User Agreement to allow for a direct connection to the City's water system that meets the following conditions:

- CCS revise their plans to rely on the City's water supply for only the fire sprinkler system
- CCS to agree to pay water service fees in excess of the typical costs to cover the City's additional administrative expenses for billing and infrastructure planning
- CCS to install a double detector check valve to prevent backflow and contamination of the City's water supply/infrastructure
- CCS to hire a consultant to ensure that the emergency connection would not negatively impact:
 - The City's ability to provide domestic water to its residents and businesses
 - The City's own fire suppression needs; and

WHEREAS, staff has worked with CCS and their consultant team to revise the Outside Users Agreement, which has been approved at a staff level by both parties.

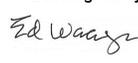
NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Pismo Beach hereby authorizes the City Manager to execute an Outside Users Agreement with Coastal Christian School for Fire Suppression Water (**Exhibit A**).

UPON MOTION OF Council Member Newton, seconded by Council Member Reiss, the foregoing resolution was adopted by the City Council of the City of Pismo Beach this 6th day of February 2024, by the following vote:

AYES: 4 Newton, Reiss, Guthrie, Waage
NOES: 0

ABSENT: 1 Inman
ABSTAIN: 0
RECUSED: 0

Approved:

DocuSigned by:

ED5824E053144A9...

Ed Waage, Mayor

Attest:

DocuSigned by:

1F3729F7C9824AA...

Erica Inderlied, City Clerk

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Pismo Beach, California, on 2/8/2024.

DocuSigned by:

1F3729F7C9824AA...

Erica Inderlied, City Clerk

Recording Requested by and:
When recorded return to:

City of Pismo Beach
760 Mattie Road
Pismo Beach, California 93449

For Recorder's use only

**EXTRA-TERRITORIAL SERVICE AND OFFSITE INFRASTRUCTURE
AGREEMENT BETWEEN COASTAL CHRISTIAN SCHOOL AND CITY OF
PISMO BEACH**

THIS AGREEMENT is made and entered into effective the _____ day of _____, 2024, ("Effective Date") by and between the CITY OF PISMO BEACH, a California municipal corporation (hereinafter referred to as "CITY"), and COASTAL CHRISTIAN SCHOOL, (hereinafter referred to as "CCS").

RECITALS

WHEREAS, CCS intends to construct a new multi-purpose building including a gym, classrooms, and administrative functions, sports fields, and related parking. The proposed school site is located near the intersection of James Way and Oak Park Boulevard at 1005 North Oak Park Boulevard and is more specifically referred to as San Luis Obispo County Assessor's Parcel Number _079-261-012 ("Property").

WHEREAS, Phase 0 of the proposed school serves predominately grades K – 6, the new multi-purpose building will include expanded classrooms for grades 7 – 12. The facilities are designed for up to six hundred (600) students and fifty (50) faculty/staff members;

WHEREAS, CCS anticipates the multi-purpose building will be constructed and operational on the Property by the 2024/25 school year. The actual timing for construction will be subject to funding availability and other factors;

WHEREAS, under an existing Extra-Territorial Service and Offsite Infrastructure Agreement between CCS and the City, sewer service is currently provided to the Property;

WHEREAS, there is no municipal water service currently available to the Property, which relies on well water for domestic water supply;

WHEREAS, the Property is within CITY's sphere of influence, but is currently outside of CITY's limit boundary;

WHEREAS, CCS does not desire to annex the Property to CITY, and City does not desire to annex the Property to CITY at this time. CCS has filed an extension of water services application, for fire suppression only, with the San Luis Obispo Local Agency Formation Commission ("LAFCo") and obtained the necessary approvals;

WHEREAS, LAFCo has reviewed CCS's request for an extension of CITY water services for fire suppression only to Property and has found that it would be appropriate to permit such an extension of services under Government Code Section 56133;

WHEREAS, CITY has available water service for fire suppression which may be extended to the Property and is willing to provide water service to the Property so long as CCS installs all infrastructure needed to provide CITY fire suppression service to the Property, and CCS agrees to install said infrastructure in accordance with the provisions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto, agree as follows:

1. Location for Connection to CITY Municipal Water Main. CCS and CITY acknowledge the nearest CITY municipal water main to serve the Property is located at 921 Oak Park Boulevard #204 on APN 002-404-001. Connection to CITY's municipal water system by CCS shall be made at this location, or other location approved in writing by the City Engineer.
2. Location of Water Improvements for Fire Suppression to be Constructed at CCS's Expense. CCS shall design and construct, at its sole responsibility and expense, the following water improvements for fire suppression: double check assembly, UL-Listed fire service water meter with bypass meter, and approximately 1,050 linear feet of AWWA C900 PVC water main connected directly and exclusively to the fire sprinkler riser at the proposed Multipurpose Building on the Property ("Water Improvements"). All connections to the City's water system shall be completed to the satisfaction of the City Engineer. The appropriate sizes of the Water Improvements will be determined by hydraulic calculations. It is anticipated that the water meter and double check assembly will not exceed 8-inch, while the water main will not exceed 12-inch in nominal diameter. The Water Improvements shall ensure that water from the CITY's municipal water system shall only be taken for use on the Property for the initial fill of the fire sprinkler system, replenishing the system for code-required draining, flushing, or testing, or for discharging from one or more activated sprinklers in the event of a fire. The CITY's municipal water system shall not be connected to any other CCS infrastructure at

any other location than what is approved in this agreement, including but not limited to domestic-use water supply lines, fire hydrants or hose bibbs on the Property. CCS acknowledges and agrees that any use of CITY water other than for the fire sprinkler system activities described above, or inadvertent discharge in the event of a below- or above-ground piping failure, will constitute a material breach of the Agreement, entitling CITY to immediately terminate the Agreement and terminate water service to the Property. CCS shall also permit CITY to install on the Property an antenna array and associated infrastructure to support CITY's advanced metering infrastructure (AMI) system. The installation of such antenna array and associated equipment shall be at CITY's sole expense. Notwithstanding the foregoing sentence, at such time as CITY adopts a requirement for AMI water meters to be installed within the CITY, CCS shall install, at CCS's sole cost and expense, such AMI water meters as are directed by CITY to measure the water service provided under this Agreement.

3. Water Fire Suppression Facility Improvement Plans for Water Improvements. Prior to installation of the Water Improvements, CCS shall submit engineered water improvement plans, prepared by a Registered Civil Engineer, to CITY, for review and approval by CITY. CITY approval, at CITY's sole discretion, shall be required before construction and operation of the Water Improvements by CCS.

4. Compliance with Alignments and Permits. CCS is solely responsible to ensure that construction of the Water Improvements shall follow an alignment acceptable to CITY. CCS shall obtain all necessary permits from CITY and any other applicable agencies to ensure the Water Improvements comply with CITY Public Works Standard Specifications and Drawings.

5. Easements Required for Water Improvements. CCS shall secure and, if necessary, pay for all easements required for the construction and installation of the Water Improvements. Any easements and deeds for the Water Improvements shall be recorded by CCS prior to approval of improvement plans for the Water Improvements.

6. Construction of Water Improvements. The Water Improvements shall be constructed in accordance with CITY's Engineering Standard Specifications and Drawings, policies, conditions, and ordinances. All improvements and materials for the Water Improvements shall be done, performed, and installed in strict accordance with the approved construction plans for said work, on file with the Public Works Director/City Engineer for CITY. In the event there are not Engineering Standard Specifications and Drawings for any of the improvements or materials associated with the construction of the Water Improvements, it is agreed that the same shall be done, performed, and installed in accordance with the standards and specifications of the State of California, Department of Transportation (CalTrans). CCS agrees it will correct any and all deficiencies in the construction and installation of the Water Improvements identified by CITY's Public Works Director/City Engineer or Public Works Department.

7. Coordination of Work by CCS and Notice to CITY. It shall be the responsibility of CCS to coordinate all work done by its contractors and subcontractors, such as

scheduling the sequence of operations and the determination of liability if one operation delays another. In no case shall representatives of CITY be placed in the position of making decisions that are the responsibility of CCS. It shall further be the responsibility of CCS to give CITY's Public Works Director/City Engineer written notice not less than two (2) weeks in advance of the actual date on which work is to be started on the Water Improvements. All improvements associated with the Improvements must be inspected by CITY, and CCS shall request CITY inspections in accordance with CITY polices, conditions and ordinances. Failure on the part of CCS to notify CITY's Public Works Director/City Engineer of either the actual date on which work is to be started or to request CITY inspections may cause delay for which CCS shall be solely responsible.

8. Notice for CITY Inspections. Whenever CCS varies the period during which work is carried out each day, it shall give due notice to CITY's Public Works Department so that proper inspection by CITY may be provided. If CCS fails to duly notify CITY as herein required, any work done in the absence of CITY's inspector will be subject to rejection. The inspection of the improvements and materials associated with the Water Improvements shall not relieve CCS of any of its obligations to fulfill this Agreement as prescribed. Defective work shall be repaired or otherwise made good by CCS, and unsuitable materials may be rejected by CITY, notwithstanding the fact that such defective work and unsuitable materials may have been previously overlooked by CITY's inspector and accepted.

9. Inspection Fees and Permits. CCS shall pay all applicable inspection fees and obtain all necessary construction permits to ensure the Water Improvements comply with CITY's Public Works Standard Specifications and Drawings, conditions, policies and ordinances. The Water Improvements shall comply with CITY Engineering Standard Specifications, conditions, policies and ordinances related to providing water service, including but not limited to payment by CCS to CITY of all CITY water impact and water connection charges established in CITY's Fee Schedule. Said fees shall be paid by CCS to CITY at the time CITY approves engineered improvements plans for the Water Improvements submitted by CCS. CCS shall also reimburse CITY its reasonable costs of staff review of the Water Improvement plans, and legal review of associated documentation supporting this Agreement.

10. Maintenance of Water Improvements. CCS shall, at its sole cost and expense, maintain, repair and replace the Water Improvements. CCS's obligation to maintain, repair and replace the Water Improvements shall include, without limitation, any maintenance, repair, replacement, or modification of the Water Improvements that may be required by CITY. Should CCS fail to maintain, repair and replace the Water Improvements required by this paragraph, CITY shall have the right, but not the obligation, to maintain, repair and replace the Water Improvements. Should CITY elect to maintain, repair and replace the Water Improvements pursuant to this paragraph, CCS shall reimburse CITY and all fees, costs and expenses incurred by CITY to maintain, repair and replace the Water Improvements within ten (10) days after the date of invoice from CITY.

11. Maintenance of Private Water Facilities. All Water facilities installed by CCS related to the Property not part of the Water Improvements, including the installation of Water facilities from the point of connection with the Water Improvements, including the connection itself, upstream to and including facilities in the Property site or within private streets, shall be private ("Private Water Facilities"). It is the sole responsibility of CCS to repair, maintain and replace all Private Water Facilities, and CITY shall have no responsibility or liability for these Private Water Facilities. CCS shall obtain all necessary permits or other approvals necessary for constructing and connecting CCS's Private Water Facilities to the Water Improvements.

12. CITY to Provide Water Services. Upon CCS's full and complete performance of all of CCS's obligations and responsibilities under this Agreement, CITY agrees to provide CCS's Property with water services from CITY's municipal water system for fire suppression purposes only, to the extent the CITY's water system will allow under normal circumstances. As a result, the parties anticipate that in most months during the term of this Agreement, there shall be no water flow from the City's water system to the Property. In the event CCS uses water from CITY's municipal water system for purposes other than fire suppression or annual testing of fire suppression systems, CITY may, at its option, declare CCS to be in breach of this Agreement and terminate water service to the Property immediately without notice. CITY's obligation to provide CCS's Property with water services from CITY's municipal water system is conditioned upon CITY and CCS obtaining the consent of all applicable governmental agencies, including but not limited to LAFCo. As a condition to providing water service, to aid CITY in correctly billing CCS for water services, CITY shall have the right of access to all water meters, including any irrigation meter(s) located on the Property. CCS shall promptly repair or replace damaged water meters. In the event water meters are not present on the property, CCS agrees to install at CCS's sole expense such meters as will enable CITY to accurately determine the amount of water being taken from the CITY' water system for use on the Property.

13. Additional Provisions. The following provisions shall apply to this entire Agreement:

a. Continuing Obligations and Responsibilities of CCS. CCS agrees to promptly pay to City any and all fees for water service supplied by City to CCS's Property. All fees listed in CITY's Fee Schedule are regularly updated and amended from time to time by CITY's City Council. Notwithstanding any other section of this Agreement, the fees and rates set forth by the Fee Schedule, as currently in effect or as it may be amended, are incorporated herein and shall have precedence over any fees listed in this Agreement and attached exhibits, if any. CCS is responsible to pay the fees and rates as set forth by the Fee Schedule, which may include fees even if no water is used. CCS agrees to maintain its water service accounts with CITY in a current status.

b. CCS acknowledges that extraterritorial water service results in additional administrative expense to the CITY, both for billing and infrastructure planning purposes. Therefore, CCS acknowledges that the fees and rates charged to CCS for water service

will be higher than those charged to a comparable facility within the City limits. Should CCS's Property be annexed into the City under subsection d. below, the additional administrative fees and charges charged to CCS will be eliminated.

c. CCS acknowledges and agrees that should its water service account with CITY become sixty (60) days delinquent, City shall have the right, at CITY's sole option, to discontinue water service to CCS's Property and to terminate this Agreement. Otherwise, this Agreement shall remain in effect unless and until either party gives the other party a minimum of one year's advance written notice of termination.

d. Consent to Future Annexation. In further consideration of CITY's agreement to provide water services from CITY's water system to CCS's Property in accordance with the provisions of this Agreement, CCS agrees not to oppose or protest, in any way, the future annexation of CCS's Property to CITY and to pay CCS's share of all applicable fees and charges CITY, or any other governmental agency may require at the time of annexation of CCS's Property to CITY. CCS will sign a petition to annex the Property when asked by CITY.

14. Covenants Running with the Land. CCS acknowledges and agrees that all of CCS's covenants, agreements, promises, representations and warranties as set forth in this Agreement are covenants running with CCS's Property as defined in the applicable provisions of Civil Code Sections 1457 et seq. CCS's covenants, agreements, promises, representations and warranties as contained in this Agreement, shall run with CCS's Property and shall be binding on CCS and CCS's successors and assigns and all parties and persons claiming under them. Within thirty (30) days of execution by the last party to sign this Agreement, CCS agrees to record a copy of this Agreement as a covenant running with the land.

15. Successors and Assigns. The covenants and agreements contained in this Agreement shall be binding upon and shall inure to the benefit of the heirs, successors and assigns of the parties hereto. CCS may not assign its rights and/or obligations under this Agreement without the prior written consent of City, which consent shall not be unreasonably withheld. Any such consent by CITY shall not, in any way, relieve CCS of its obligations and responsibilities under this Agreement.

16. Notices. Any notice required or intended to be given to either party under the terms of this Agreement shall be in writing and shall be deemed to be duly given if delivered personally, transmitted by email followed by telephone confirmation of receipt, or sent by United States registered or certified mail, with postage prepaid, return receipt requested, addressed to the party to which notice is to be given at the party's address set forth on the signature page of this Agreement or at such other address as the parties may from time to time designate by written notice. Notices served by United States mail in the manner above described shall be deemed sufficiently served or given at three business days after the mailing thereof.

17. Binding. Subject to Section 19, below, once this Agreement is signed by all parties, it shall be binding upon, and shall inure to the benefit of, all parties, and each party's respective heirs, successors, assigns, transferees, agents, servants, employees and representatives.

18. Compliance With Law. In providing the services required under this Agreement, CCS shall at all times comply with all applicable laws of the United States, the State of California, County of San Luis Obispo and CITY, and with all applicable regulations promulgated by federal, state, regional, or local administrative and regulatory agencies, now in force and as they may be enacted, issued, or amended during the term of this Agreement. CCS, not CITY, is responsible for determining applicability of and compliance with all local, State and federal laws. CITY makes no representations regarding the applicability of any such laws to this Agreement, the project, or the parties' respective rights or obligations under this Agreement including, without limitation, payment of prevailing wages, competitive bidding, subcontractor listing, or other matters. CITY shall not be liable or responsible, in law or equity, to any person for CCS's failure to comply with any such laws, whether CITY knew or should have known of the need for CCS to comply, or whether CITY failed to notify CCS of the need to comply. CCS is referred to CITY's Department of Public Works, to obtain the current prevailing wage rates, to the extent said rates are applicable to the construction of any of the improvements regarding the Water Improvements.

19. Waiver. The waiver by either party of a breach by the other of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either the same or a different provision of this Agreement. No provisions of this Agreement may be waived unless in writing and signed by all parties to this Agreement. Waiver of anyone provision herein shall not be deemed to be a waiver of any other provision herein.

20. Indemnification of City: To the greatest extent allowed by law, CCS shall indemnify, hold harmless and defend CITY and each of its elected and appointed officers, officials, employees, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage) incurred by CITY, CCS or any other person, and from any and all claims, demands, liabilities, damages and actions in law or equity (including attorney's fees and litigation expenses), arising or alleged to have arisen directly or indirectly out of the performance or non-performance of this Agreement or the performance or non-performance of any or all work to be done in and upon the street rights-of-way, the Property, and premises adjacent thereto, pursuant to this Agreement, or arising or alleged to have arisen directly or indirectly in any way related to the construction, installation and operation of the Water Improvements by anyone occupying any portion of CCS's property, including, without limitation, any such claims, causes of action, damages, liabilities, fees, costs, expenses and attorney fees arising from water quality compliance, or lack of flow capacity, pressure or functional operation in the Water Improvements or the CITY's water system. CCS's obligations under the preceding sentence shall apply regardless of

whether CCS or any of its officers, officials, boards, employees, agents or volunteers are passively negligent, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused by the active or sole negligence, or the willful misconduct, of CITY or any of its elected or appointed officers, officials, employees, agents or volunteers.

21. If CCS should subcontract all or any portion of the work to be performed under this Agreement, CCS shall require each subcontractor to indemnify, hold harmless and defend CITY and each of its elected and appointed officers, officials, employees, agents and volunteers in accordance with the terms of the preceding paragraph. Notwithstanding the preceding sentence, any subcontractor who is a "design professional," as defined in Section 2782.8 of the California Civil Code, shall, in lieu of indemnity requirements set forth in the preceding paragraph, be required to indemnify, hold harmless and defend CITY and each of its elected and appointed officers, officials, employees, agency and volunteers, to the furthest extent allowed by law, from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage), and from any and all claims, demands and actions in law or equity (including reasonable attorney's fees and litigation expenses) that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of the design professional, its principals, officers, employees, agents or volunteers in the performance of this Agreement. CCS further agrees that the use for any purpose and by any person of any and all of the Water Improvements, and other water improvements specified in this Agreement, shall be at the sole and exclusive risk of CCS at all times prior to final acceptance by CITY of the completed improvements described herein. This section shall survive termination or expiration of this Agreement.

22. Public Health, Safety and Welfare. Nothing contained in this Agreement shall limit CITY's authority to exercise its police powers, governmental authority or take other appropriate actions to address threats to public health, safety and welfare, including temporarily suspending water services as deemed appropriate by CITY in its sole determination and discretion. Should the improvements described in this agreement contaminate or otherwise interfere with the CITY's operation of the CITY's water system, CCS at its sole expense shall remediate said contamination or operational deficiencies to the satisfaction of the City Engineer.

23. Governing Law and Venue. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction. Venue for purposes of the filing of any action regarding the enforcement or interpretation of this Agreement and any rights and duties hereunder shall be San Luis Obispo County, California.

24. Headings. The section headings in this Agreement are for convenience and reference only and shall not be construed or held in any way to explain, modify or add to the interpretation or meaning of the provisions of this Agreement.

25. Severability. The provisions of this Agreement are severable. The invalidity or unenforceability of anyone provision in this Agreement shall not affect the other provisions.

26. Interpretation. The parties acknowledge that this Agreement in its final form is the result of the combined efforts of the parties and that, should any provision of this Agreement be found to be ambiguous in any way, such ambiguity shall not be resolved by construing this Agreement in favor of or against either party, but rather by construing the terms in accordance with their generally accepted meaning.

27. Attorney's Fees. If either party is required to commence any proceeding or legal action to enforce or interpret any term, covenant or condition of this Agreement, the prevailing party in such proceeding or action shall be entitled to recover from the other party its reasonable attorney's fees and legal expenses.

28. Exhibits. Each exhibit and attachment referenced in this Agreement is, by reference, incorporated into and made a part of this Agreement.

29. Precedence of Documents. In the event of any conflict between the body of this Agreement and any Exhibit or Attachment hereto, the terms and conditions of the body of this Agreement shall control and take precedence over the terms and conditions expressed within the Exhibit or Attachment. Furthermore, any terms or conditions contained within any Exhibit or Attachment hereto which purport to modify the allocation of risk between the parties, provided for within the body of this Agreement, shall be null and void.

30. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

31. No Third-Party Beneficiaries. The rights, interests, duties, and obligations defined within this Agreement are intended for the specific parties hereto as identified in the preamble of this Agreement. Notwithstanding anything stated to the contrary in this Agreement, it is not intended that any rights or interests in this Agreement benefit or flow to the interest of any third parties.

32. Extent of Agreement. Each party acknowledges that they have read and fully understand the contents of this Agreement. This Agreement represents the entire and integrated agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be modified only by written instrument duly authorized and executed by both CITY and CCS. This Agreement may be modified only by written instrument duly authorized and executed by both CITY and CCS.

IN WITNESS WHEREOF, CCS and CITY have entered into this Agreement as of the date(s) indicated above, notwithstanding a date of execution differing from that set forth above.

Coastal Christian School

Dated: _____

**Notice address: 1005 N. Oak Park Boulevard
Pismo Beach, CA 93449**

City of Pismo Beach

By: _____
City Manager

Dated: _____

**Notice address: 760 Mattie Road
Pismo Beach, CA 93449**

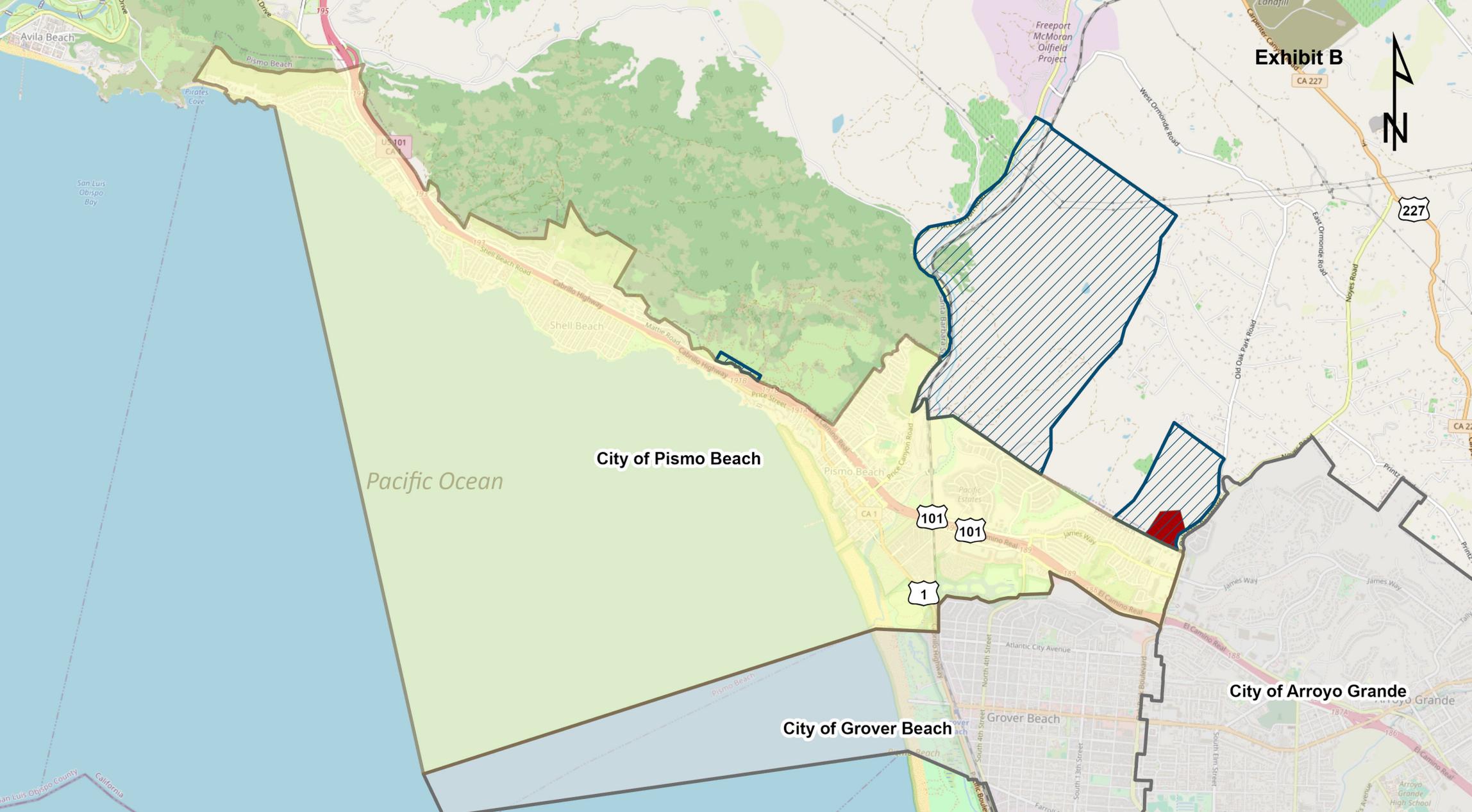
Attest:

By: _____
City Clerk

Dated: _____

Approved as to form:

By: _____
City Attorney



LAFCO File No. 1-O-24 | OAA between the City of Pismo Beach & Coastal Christian School

- Legend**
-  Sphere of Influence
 -  Service Area
 -  Affected Territory
 -  Neighboring Cities

APNs in Affected Territory: 079-261-012

Acres: 23.7



Prepared By SLOLAFCO
Name: 1-O-24
Date: 3/11/2024

Attachment C

Resolution No. 2022-04

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

Thursday, March 17, 2022

RESOLUTION NO. 2022-04

**RESOLUTION APPROVING AN OUTSIDE USER AGREEMENT
FOR THE CITY OF PISMO BEACH**

The following resolution is now offered and read:

WHEREAS, pursuant to Government Code Section 56133, a request was filed with this Commission to consider an Outside User Agreement (Exhibit A) between the Coastal Christian School and the City of Pismo Beach for the provision of emergency water service for fire suppression (File # 1-O-22); and

WHEREAS, such requested Outside User Agreement is within the Sphere of Influence established for City of Pismo Beach; and

WHEREAS, on November 16, 2021, the City Council of Pismo Beach considered and approved a request by Coastal Christian School subject to LAFCO approval; and

WHEREAS, on February 14, 2022, the Executive Officer filed a Certificate of Filing regarding a request to consider the Outside User Agreement proposal for the City of Pismo Beach; and

WHEREAS, following the issuance of the certificate of filing, the executive officer proceeded to set the proposal for hearing not more than 90 days after the application was deemed to have been accepted per government code section 56658. The hearing was held on March 17, 2022, consistent with government code section 56428(d); and

WHEREAS, the Executive Officer has determined that the proposed Outside User Agreement is consistent with government code section 56133; and,

WHEREAS, the public hearing was duly conducted, and a decision was made on Thursday, March 17, 2022; and

WHEREAS, the Executive Officer has given the notices required by law and forwarded copies

of his report to officers, persons and public agencies prescribed by law; and

WHEREAS, at said hearing this Commission heard and received all oral and written protests, objections and evidence, which were made, presented or filed, and all persons present were given the opportunity to hear and be heard in respect to any matter relating to the proposal and report; and

WHEREAS the Commission, acting as a Responsible Agency, determined that the environmental review and documentation adopted by the County of San Luis Obispo consisting of a Mitigated Negative Declaration and Addendum to the Coastal Christian School Conditional Use Permit Amendment DRC2020-00144 meets the requirements of the California Environmental Quality Act (CEQA); and

WHEREAS, the Commission duly considered the proposal and finds that the Outside User Agreement between the Coastal Christian School and City of Pismo Beach should be approved based on the terms and conditions of the agreement such that the City will provide emergency water service only for fire suppression to the area.

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

1. That the recitals set forth hereinabove are true, correct, and valid.
2. That the Mitigated Negative Declaration and Addendum adopted by the County of San Luis Obispo was reviewed, considered, and determined to be adequate for purposes specified in Section 15096 of the CEQA Guidelines and for use in considering approval of the proposed Outside User Agreement.
3. That the Executive Officer of this Commission is authorized and directed to send copies of this resolution in the manner provided by law.
4. That the Outside User Agreement between the City of Pismo Beach and Coastal Christian School as contained in Exhibit A and shown Exhibit B (APN: 079-261-012) of this Resolution is hereby approved with the following conditions:

- I. The final Outside User Agreement shall be provided to the LAFCO Executive Officer and shall be in substantial conformance with the draft attached hereto.
- II. This condition applies to the extent allowed by law. The applicant agrees to defend, indemnify, hold harmless and release the San Luis Obispo Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the applicant.

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

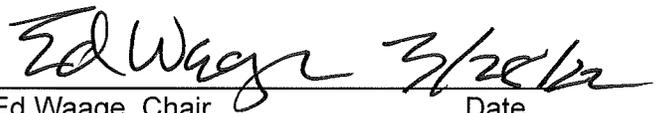
AYES: **COMMISSIONER STEVE GREGORY, ROBERT ENNS, LYNN COMPTON, HEATHER JENSEN, MARSHALL OCHYLSKI, DEBBIE ARNOLD, AND CHAIRPERSON ED WAAGE**

NAYS: **NONE**

ABSENT: **NONE**

ABSTAINING: **NONE**

The foregoing resolution is hereby adopted.


Ed Waage, Chair Date
Local Agency Formation Commission



San Luis Obispo Local Agency Formation Commission

TO: MEMBERS OF THE COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: APRIL 18, 2024

SUBJECT: CALAFCO LEGISLATIVE UPDATE

COMMISSIONERS

Chairperson
MARSHALL OCHYLSKI
Special District Member

Vice-Chair
STEVE GREGORY
City Member

DEBBIE ARNOLD
County Member

JIMMY PAULDING
County Member

ROBERT ENNS
Special District Member

ED WAAGE
City Member

HEATHER JENSEN
Public Member

ALTERNATES

DAWN ORTIZ-LEGG
County Member

ED EBY
Special District Member

CARLA WIXOM
City Member

David Watson
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

RECOMMENDATION

Action 1: Review the proposed legislation and by motion provide direction to the Executive Officer to submit letters of support to CALAFCO.

SUMMARY

The California Association of Local Agency Formation Commissions (CALAFCO) serves as an organization dedicated to assisting member LAFCOs with educational, technical, and legislative resources.

CALAFCO has been pursuing two legislative solutions. A brief summary and analysis of the bills are below, and the draft legislation in its more current form is included in Attachment A and B. CALAFCO has requested that all LAFCOs consider preparing letters of support.

Senate Bill (SB) 1209 – Introduced by Senator Cortese

Bill Summary

This bill would authorize a Local Agency Formation Commission (LAFCO) to require, as a condition, for processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from, or relating to the action or determination by the LAFCO.

Analysis

As a part of the declaratory relief action entitled *City of Pismo Beach v. Pacific Harbor Homes, Inc., et al.*, San Luis Obispo County Superior Court Case No. CV130383, to which SLO LAFCO was a party to, it was determined that LAFCOs do not have the authority to require indemnification because it is not expressly

allowed within the Government Code. Though any city, county, or other agency may require indemnification, LAFCOs would not be allowed to do so under this court ruling, that is, unless a legislative solution was proposed. SB 1209 would allow all LAFCOs to require indemnification as a part of application submittal. This would allow all LAFCOs to process applications objectively and ensure that Commissioners can make discretionary decisions based on the merits of the project without concern of litigation if certain decisions are made. Staff and legal counsel have reviewed the proposed language and have no concerns.

The following section would be added to the Government Code (as it is drafted as of the release of this staff report):

56393.5

The commission may require, as a condition for processing a change of organization or reorganization, a sphere amendment or a sphere update, or any other action or determination requested from the commission, that the applicant agrees to defend, indemnify, and hold harmless the commission, its agents, officers, and employees from any claim, action, or proceeding against the commission, its agents, officers, or employees arising from or relating to the action or determination by the commission.

Assembly Bill (AB) 3277 Omnibus – Introduced by Committee on Local Government

Omnibus Bill Summary

AB 3277 is an omnibus bill and modifications within it are minor and only intended to clarify existing law. This bill includes one particular modification to clarify that when a district is formed, the commission shall determine the amount of tax to be exchanged ***if*** the applicant is seeking a share of the 1 percent ad valorem property tax. Existing law already allows LAFCO to determine the tax exchange, but clarification was needed that this only applies when an applicant is seeking property tax.

Analysis

This modification to existing law only clarifies that LAFCO can determine the tax exchange when property tax is sought when a district is formed. If the applicant is not seeking property tax as a part of a district formation, LAFCO would not make any determinations about the tax exchange. This is already the state-wide practice, but this modification clarifies the practice. Staff and legal counsel have reviewed the proposed language and have no concerns.

The following existing Government Code Section would be modified as follows (as it is drafted as of the release of this staff report):

56810 (a) (1)

If the proposal includes the incorporation of a city, as defined in Section 56043, the commission shall determine the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section and Section 56815.

(2) If the proposal includes the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, and if the applicant is seeking a share of the 1 percent ad valorem property taxes, the commission shall determine the amount of property tax to be exchanged by the affected local agency pursuant to this section.

Attachment A: SB 1209

Attachment B: AB 3277

Attachment A

SB 1209



SB-1209 Local agency formation commission: indemnification. (2023-2024)

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Date Published: 02/15/2024 09:00 PM

CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

SENATE BILL

NO. 1209

Introduced by Senator Cortese

February 15, 2024

An act to add Section 56383.5 to the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 1209, as introduced, Cortese. Local agency formation commission: indemnification.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified. The act continues in existence in each county a local agency formation commission (LAFCO) that consists of members appointed, as specified, and oversees those changes of organization and reorganization. The act authorizes a LAFCO to, among other things, review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, as specified.

This bill would authorize a LAFCO to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCO.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 56383.5 is added to the Government Code, to read:

56383.5. The commission may require, as a condition for processing a change of organization or reorganization, a sphere amendment or a sphere update, or any other action or determination requested from the commission, that the applicant agrees to defend, indemnify, and hold harmless the commission, its agents, officers, and employees from any claim, action, or proceeding against the commission, its agents, officers, or employees arising from or relating to the action or determination by the commission.

Attachment B

AB 3277



AB-3277 Local agency formation commission: districts: property tax. (2023-2024)

SHARE THIS:



Date Published: 02/27/2024 09:00 PM

CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

ASSEMBLY BILL

NO. 3277

Introduced by Committee on Local Government

February 27, 2024

An act to amend Section 56810 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 3277, as introduced, Committee on Local Government. Local agency formation commission: districts: property tax.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, establishes the sole and exclusive authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. Existing law requires proceedings for the formation of a district to be conducted as authorized by the principal act of the proposed district, and authorizes the local agency formation commission in each county to serve as the conducting authority, as specified. Existing law requires a commission to determine the amount of property tax revenue to be exchanged by an affected local agency, as specified, if the proposal includes the formation of a district, as defined.

This bill would, instead, require a commission to determine the amount of property tax revenue to be exchanged by an affected local agency if the proposal includes the formation of a district and the applicant is seeking a share of the 1% ad valorem property taxes. By adding to the duties of a local agency formation commission, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 56810 of the Government Code is amended to read:

56810. (a) (1) If the proposal includes the incorporation of a city, as defined in Section 56043, the commission shall determine the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section and Section 56815.

(2) If the proposal includes the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, *and if the applicant is seeking a share of the 1 percent ad valorem property taxes*, the commission shall determine the amount of property tax to be exchanged by the affected local agency pursuant to this section.

(b) The commission shall notify the county auditor of the proposal and the services which the new jurisdiction proposes to assume within the area, and identify for the auditor the existing service providers within the area subject to the proposal.

(c) If the proposal would not transfer all of an affected agency's service responsibilities to the proposed city or district, the commission and the county auditor shall do all of the following:

(1) The county auditor shall determine the proportion that the amount of property tax revenue derived by each affected local agency pursuant to subdivision (b) of Section 93 of the Revenue and Taxation Code bears to the total amount of revenue from all sources, available for general purposes, received by each affected local agency in the prior fiscal year. For purposes of making this determination and the determination required by paragraph (3), "total amount of revenue from all sources available for general purposes" means the total amount of revenue which an affected local agency may use on a discretionary basis for any purpose and does not include any of the following:

(A) Revenue which, by statute, is required to be used for a specific purpose.

(B) Revenue from fees, charges, or assessments which are levied to specifically offset the cost of particular services and do not exceed the cost reasonably borne in providing these services.

(C) Revenue received from the federal government which is required to be used for a specific purpose.

(2) The commission shall determine, based on information submitted by each affected local agency, an amount equal to the total net cost to each affected local agency during the prior fiscal year of providing those services which the new jurisdiction will assume within the area subject to the proposal. For purposes of this paragraph, "total net cost" means the total direct and indirect costs that were funded by general purpose revenues of the affected local agency and excludes any portion of the total cost that was funded by any revenues of that agency that are specified in subparagraphs (A), (B), and (C) of paragraph (1).

(3) The commission shall multiply the amount determined pursuant to paragraph (2) for each affected local agency by the corresponding proportion determined pursuant to paragraph (1) to derive the amount of property tax revenue used to provide services by each affected local agency during the prior fiscal year within the area subject to the proposal. The county auditor shall adjust the amount described in the previous sentence by the annual tax increment according to the procedures set forth in Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code, to the fiscal year in which the new city or district receives its initial allocation of property taxes.

(4) For purposes of this subdivision, in any county in which, prior to the adoption of Article XIII A of the California Constitution, and continuing thereafter, a separate fund or funds were established consisting of revenues derived from the unincorporated area of the county and from which fund or funds services rendered in the unincorporated area have been paid, the amount of property tax revenues derived pursuant to paragraph (3), may, at the discretion of the commission, be transferred to the proposed city over a period not to exceed 12 fiscal years following its incorporation. In determining whether the transfer of the amount of property tax revenues determined pursuant to paragraph (3) shall occur entirely within the fiscal year immediately following the incorporation of the proposed city or shall be phased in over a period not to exceed 12 full fiscal years following the incorporation, the commission shall consider each of the following:

(A) The total amount of revenue from all sources available to the proposed city.

(B) The fiscal impact of the proposed transfer on the transferring agency.

(C) Any other relevant facts which interested parties to the exchange may present to the commission in written form.

The decision of the commission shall be supported by written findings setting forth the basis for its decision.

(d) If the proposal would transfer all of an affected agency's service responsibilities to the proposed city or district, the commission shall request the auditor to determine the property tax revenue generated for the affected service providers by tax rate area, or portion thereof, and transmit that information to the commission.

(e) The executive officer shall notify the auditor of the amount determined pursuant to paragraph (3) of subdivision (c) or subdivision (d), as the case may be, and, where applicable, the period of time within which and the procedure by which the transfer of property tax revenues will be effected pursuant to paragraph (4) of subdivision (c), at the time the executive officer records a certificate of completion pursuant to Section 57203 for any proposal described in subdivision (a), and the auditor shall transfer that amount to the new jurisdiction.

(f) The amendments to this section enacted during the 1985–86 Regular Session of the Legislature shall apply to any proposal described in subdivision (a) for which a certificate of completion is recorded with the county recorder on or after January 1, 1987.

(g) For purposes of this section, "prior fiscal year" means the most recent fiscal year for which data on actual direct and indirect costs and revenues needed to perform the calculations required by this section are available preceding the issuance of the certificate of filing.

(h) An action brought by a city or district to contest any determinations of the county auditor or the commission with regard to the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section shall be commenced within three years of the effective date of the city's incorporation or the district's formation. These actions may be brought by any city that incorporated or by any district that formed on or after January 1, 1986.

(i) This section applies to any city that incorporated or district that formed on or after January 1, 1986.

(j) The calculations and procedures specified in this section shall be made prior to and shall be incorporated into the calculations specified in Section 56815.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.



San Luis Obispo Local Agency Formation Commission

TO: MEMBERS OF THE COMMISSION

FROM: ROB FITZROY, EXECUTIVE OFFICER

DATE: APRIL 18, 2024

SUBJECT: PROPOSED FISCAL YEAR 2024-2025 BUDGET AND WORK PLAN

RECOMMENDATION

It is recommended that the Commission consider taking the following actions:

Action 1: Approve, by roll call vote, the Proposed Fiscal Year 2024-2025 Budget and Work Plan (Attachment A).

Action 2: Direct the Executive Officer, by roll call vote, to distribute the Proposed Budget and Work Plan to contributing agencies per Government Code requirements and set the Final Budget and Work Plan hearing for May 16, 2024.

INTRODUCTION

The Government Code requires that Local Agency Formation Commissions (LAFCO) consider a proposed annual budget by May 1st and adopt a final annual budget by June 15th and transmit the budget to each contributing agency. After adoption of the final budget by LAFCO, the County Auditor is required to apportion the share of the budget to each contributing agency represented on the Commission based on the formulas specified in the Government Code. Upon collection of the apportioned share from each contributing agency, the County Auditor retains the funds within its accounting system for use by LAFCO. Every financial transaction conducted by LAFCO is processed through the County Auditor. This ensures financial transparency, accuracy, and accountability.

COMMISSIONERS

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County Member

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Special District Member

CARLA WIXOM
City Member

David Watson
Public Member

STAFF

ROB FITZROY
Executive Officer

IMELDA MARQUEZ-VAWTER
Analyst

MORGAN BING
Clerk Analyst

BRIAN A. PIERIK
Legal Counsel

FY 24-25 BUDGET AND WORK PLAN SUMMARY

LAFCO is in a healthy budgetary and operational state. Staff continue to bring positive, effective, and efficient changes to the organization. Numerous improvements to processes, operations, technology, communication, and budgeting have occurred. We expect to continue to provide a high level of service to agencies and the public.

The Fiscal Year 2024-2025 (FY 24-25) budget will remain balanced and represents an overall increase of 2% of expenditures, totaling \$727,856.

LAFCO staff workload continues to be larger than at any other point in time. With over 35 Municipal Service Reviews (MSR) in need of updating, multiple large-scale annexations in process, proposals on the horizon, and an overall increase in application activity, we anticipate the next several years to be very busy for staff. With that said, we have crafted a budget and work plan that is commensurate with budgetary realities of local agencies and designed to minimize fiscal impacts. Because the budget represents a modest increase, contributing agencies can expect rates to be similar to previous years with some variance.

When budgeting and work planning, not only is it important to analyze the organization but to also conduct a comparison to other similar organizations. When comparing our LAFCO to that of other LAFCOs with a similar number of cities, districts, and staff, we have the lower 33rd percentile in terms of budget-to-staff ratio. This information tells us that we are able to accomplish a lot relative to our available budget and staff. Moving forward, we will continue to evaluate our organizational needs. Regardless of our staffing levels or budget, it is your Executive Officer's priority to set clear expectations for our contributing agencies and the public so that we can provide the highest level of service relative to the resources available.

WORK PLAN

Work Plan. The Commission established the following workload prioritization:

1. Process proposal applications as mandated by statute and conduct critical operations necessary for organizations to function.
2. Update agency Spheres of Influence (SOIs) and Municipal Service Reviews (MSRs) every five years, as mandated by statute, based on the date an MSR was last updated.
3. Execute special work efforts as directed by the Commission.

These priorities are established in the manner listed above for a few key reasons. Processing proposal applications is by default our top priority because of the mandated timeframes in which an application must be processed. SOIs and MSRs are also mandated by law; however, the timeframe associated with updating an SOI is longer. SOIs must be updated every 5 years, though we are not able to keep pace with updating them every 5 years as we must prioritize applications and other matters. The attached Work Plan is consistent with this mandate because it lists MSRs that need updating based on which is the oldest. While prioritizing the oldest MSR is a logical

approach, there may be instances where it is necessary to delay an update for a particular reason and prioritize another agency's MSR should the commission decide to do so. Nonetheless, MSRs will be generally updated based on which is the oldest.

For FY 23-24, pursuant to the Commission's top priority, staff prioritized the processing of various applications, including:

- Oceano Community Services District Divestiture of Fire Authority
- Dana Reserve Specific Plan
- CSA 18 Annexation – Windmill Way Time Extension and Post-Approval Items
- Cayucos Sanitary District – Valley and Stanley Projects
- CSA 12 Annexation – Weldon
- City of Pismo Beach Outside Agency Agreement
- Shandon San Juan Water District Annexation
- CSA 23 Annexation – Santa Margarita Ranch
- From Ranch Specific Plan Time Extensions and Post Approval Items

In addition to the above proposal applications, staff provided preliminary consultation for on the radar applications, various legislative updates, quarterly reports, various closed session items, and study sessions.

Pursuant to the Commission's second priority and identified to be initiated in FY 23-24, staff initiated and /or completed Municipal Services Reviews for the following agencies:

- Heritage Ranch Community Services District (completed)
- Templeton Community Services District (completed)
- San Miguel Community Services District (completed)
- Cambria Community Services District (completed)
- Avila Beach Community Services District (completed)
- Cambria Healthcare District (initiated)
- City of Paso Robles (initiated)
- Los Osos Community Services District (initiated)
- San Simeon Community Services District (initiated – paused pending dissolution action)

Pursuant to the Commission's third priority, Commission Initiatives, in FY 23-24 staff was to conduct the following organizational work items.

- Financial Audit (in progress)

The audit is ongoing and is expected to be presented to the Commission in Spring 2024. The audit has consumed a considerable amount of staff time, which has impacted other work efforts such as MSRs. Nonetheless, this is an infrequent work assignment and is not expected to have a long-term impact on staff capacity once completed.

The proposed Work Plan for FY 24-25 is included in Attachment A. For FY 24-25, it is recommended that Priorities #1 and #2 remain the same, that is, staff will continue to process applications and prepare Municipal Services Reviews as efficiently as possible. No new Commission Initiatives are proposed by staff at this time.

Staffing. LAFCO staffing is currently comprised of three permanent staff; one Executive Officer, one Analyst, and one Clerk Analyst, as well as one contract legal counsel. No changes to the number of permanent staff are proposed at this time. Because we are anticipating several more large and complex proposal applications, it is expected that capacity to prepare Municipal Service Reviews will decrease over the coming year. Staff will continue to work diligently on the Municipal Service Review program and continue to provide updates to the Commission with each quarterly report.

FISCAL YEAR 2024/2025 BUDGET

Expenditures. Overall, FY 24-25 expenditures when compared to the previous fiscal year are proposed to increase by **2%** to \$727,856. The budget will remain balanced based on anticipated revenue, as discussed further below. Expenditure details are as follows.

Service and Supplies. Overall, FY 24-25 Service and Supplies expenditures are proposed to decrease by **-11%** to \$160,650. The majority of expenditures remain constant from the previous fiscal year; however, increases do occur in certain line items. Increases can be seen in the following line items.

- Computer software
- Office equipment
- LAFCO Insurance Liability Policies
- County Auditor Services
- Legal Counsel Services
- Professional Memberships
- Travel (training, conferences, etc.)

Any contract amendments or new contracts required for the above services will be brought back to the Commission for approval once the budget is approved.

Salaries, Taxes and Benefits. Overall, FY 24-25 this category is proposed to increase by **7%** to \$567,206. Increases in this category relate to the following factors.

- Pension Liabilities
- Health Insurance
- Consumer Price Index and salary adjustments for Analyst and Clerk Analyst positions

Revenues. Commensurate with the increase in expenditures discussed above, revenues will be **2%** higher for FY 24-25 when compared to the previous fiscal year. Further details are below.

Application / Interest Revenue. It is always difficult to predict how many applications will be received. We have assumed that application / interest revenue will increase by **21%** to \$39,000.

Agency Contributions. Agency contributions for cities, districts, and the county are anticipated to increase by **6%**, to \$219,619 per category. This is a typical average annual increase that has been seen over the last decade. This amount is proportionately divided among cities/districts based on an agency's total revenue as reported to the State Controller. The County Auditor uses the most recent Cities and Special Districts Annual Report prepared by the State Controller to allocate the charges to each of the agencies in the County on a proportionate basis, and as such it is important to note that agencies do not necessarily see an increase of 6%.

Reserves. As with past practice, LAFCO uses transfers of reserves to offset agency contributions and/or carry forward any budget surplus from the preceding year. The amount transferred typically coincides with unanticipated revenue or budget surplus. For FY 23-24, LAFCO planned to use \$60,000 of reserves. Currently, we anticipate using approximately \$30,000 of reserves by year-end, as such we expect the expenditures to be under budget by \$30,000, i.e. we will have a budget surplus of \$30,000. Therefore, for FY 24-25 we recommend using a transfer of \$30,000 of reserves.

The Commission has adopted a reserve/fund balance policy of maintaining at least a 15% reserve fund balance. It is anticipated that the year-end reserve fund balance for FY 24-25 will be \$220,419. This remaining amount exceeds the 15% contingency policy of LAFCO and would result a reserve of approximately 30%.

Distribution. As required by Government Code Section 56381, the proposed budget has been transmitted to the Board of Supervisors, each City Manager, and each Independent Special District. The budget has also been sent to the County Administrative and Auditor's Offices. A legal notice was published 21 in advance of the hearings.

Attachment A: Proposed FY 24-25 Budget & Work Plan

Attachment A

Proposed FY 24-25 Budget & Work Plan



Proposed FY 24-25 Budget and Work Plan

Considered April 18, 2024

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ABOUT US

Commissioners

Chair: Marshall Ochylski, Special District Member

Vice Chair: Steve Gregory, City Member

Debbie Arnold, County Member

Jimmy Paulding, County Member

Robert Enns, Special District Member

Ed Waage, City Member

Heather Jensen, Public Member

Alternates

Carla Wixom, City Member

Dawn Ortiz-Legg, County Member

Ed Eby, Special District Member

David Watson, Public Member

Staff

Rob Fitzroy, Executive Officer

Imelda Marquez-Vawter, Analyst

Morgan Bing, Clerk Analyst

Brian Pierik, Legal Counsel

Introduction

This document represents the Fiscal Year 2024-2025 Budget and Work Plan for the San Luis Obispo Location Agency Formation Commission.

Mission

Our mission is to serve the residents of San Luis Obispo County and the State of California by discouraging urban sprawl and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.

Goals

LAFCO's goals are to:

- Serve the Commission, Cities, Districts, the County, and the public by providing accurate, objective, clear, and well-organized information for decision making purposes
- Process proposal applications efficiently; consistent with the Cortese-Knox-Hertzberg Act, Local Policies and Procedures, CEQA and other applicable state laws
- Prepare Sphere of Influence/Municipal Service Review updates as necessary, while working on applications and other work efforts simultaneously
- Provide the Commission with regular status reports regarding upcoming proposals, Sphere of Influence Updates, Legislative Activities, and the Budget
- Participate in CALAFCO events to improve Commission and Staff expertise
- Inform the Commission and Public regarding various local governance issues and processes by providing regular status reports and study sessions
- Monitor the new legislation that may affect LAFCO

Priorities

Our workload prioritization is as follows:

1. Process proposal applications as mandated by statute and conduct critical operations necessary for organization to function.
2. Prepare Municipal Service Reviews every five years, as mandated by statute, based on the date a Municipal Service Review was last updated.
3. Execute special work efforts as directed by the Commission.

WORK PLAN

Project	Latest MSR Adopted	MSR Update Due Date	Status
Application Processing	N/A	N/A	Ongoing, Highest Priority
Commission Initiatives	N/A	NA	In Progress, Financial Audit - ETA 2024
Los Osos CSD MSR	Aug-14	Aug-19	In Progress, ETA 2024
San Simeon CSD MSR	Aug-14	Aug-19	In Progress, ETA 2024 (pending dissolution)
Cambria Healthcare District MSR	Aug-14	Aug-19	In Progress, ETA 2024
City of Paso Robles MSR	Feb-13	Feb-18	In Progress, ETA 2025
Coastal San Luis Resource Conservation District (RCD) MSR	Nov-14	Nov-19	Initiate 2024, ETA 2024
Upper Salinas/Las Tablas RCD MSR	Nov-14	Nov-19	Initiate 2024, ETA 2024
Santa Margarita Fire District	Nov-14	Nov-19	Initiate 2024, ETA 2025
Garden Farms Water District	Nov-14	Nov-19	Initiate 2024, ETA 2025
Port San Luis Harbor District	Nov-14	Nov-19	Initiate 2024, ETA 2025
Cayucos Sanitary District	Jan-15	Jan-20	Initiate 2025, ETA 2025
Cal Valley CSD MSR	Dec-15	Dec-20	Initiate 2025, ETA 2025
Independence Ranch CSD MSR	Dec-15	Dec-20	Initiate 2025, ETA 2025
Linne CSD MSR	Dec-15	Dec-20	Initiate 2025, ETA 2025
Squire Canyon CSD MSR	Dec-15	Dec-20	Initiate 2025, ETA 2025
Ground Squirrel Hollow CSD MSR	Dec-15	Dec-20	Initiate 2025, ETA 2026
City of San Luis Obispo MSR	Oct-16	Oct-21	Initiate 2025, ETA 2026
Shandon-San Juan Water District MSR	Oct-16	Oct-21	Initiate 2025, ETA 2026
City of Morro Bay MSR	Mar-17	Mar-22	Initiate 2025, ETA 2026
Estrella-El Pomar-Creston Water District MSR	Apr-17	Apr-22	Initiate 2026, ETA 2026
County Service Area 1 - and Nipomo Lighting District MSR	Aug-17	Aug-22	Initiate 2026, ETA 2026
County Service Area 7 - Oak Shore MSR	Aug-17	Aug-22	Initiate 2026, ETA 2026
County Service Area 9 - Los Osos MSR	Aug-17	Aug-22	Initiate 2026, ETA 2026
County Service Area 10 - Cayucos MSR	Aug-17	Aug-22	Initiate 2026, ETA 2026
County Service Area 12 - Lopez Water MSR	Aug-17	Aug-22	Initiate 2026, ETA 2026
County Service Area 16 - Shandon MSR	Aug-17	Aug-22	Initiate 2026, ETA 2026
County Service Area 18 - SLO Country Club MSR	Aug-17	Aug-22	Initiate 2026, ETA 2026
County Service Area 21 - Countywide Roads MSR	Aug-17	Aug-22	Initiate 2026, ETA 2026
County Service Area 22 - Airport Area MSR	Aug-17	Aug-22	Initiate 2026, ETA 2026
County Service Area 23 - Santa Margarita MSR	Aug-17	Aug-22	Initiate 2026, ETA 2026
Adelaida Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2027
Arroyo Grande Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2027
Atascadero Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2027
Cambria Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2027
Cayucos-Morro Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2027
Pleasant Valley Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2027
Paso Robles Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2027
San Miguel Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2027
Santa Margarita Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2027
Shandon Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2027
Templeton Cemetery District MSR	Mar-18	Mar-23	Initiate 2027, ETA 2027
Nipomo CSD MSR	May-18	May-23	Initiate 2027, ETA 2027
City of Pismo Beach MSR	Sep-19	Sep-24	Up to Date
City of Atascadero MSR	Nov-19	Nov-24	Up to Date
City of Arroyo Grande MSR	Jul-20	Jul-25	Up to Date
City of Grover Beach	Jul-20	Jul-25	Up to Date
South County Sanitation District	Jul-20	Jul-25	Up to Date
Oceano CSD	Jul-20	Jul-25	Up to Date
Heritage Ranch CSD MSR	May-23	May-28	Up to Date
Templeton Community Services District (CSD) MSR	Nov-13	Nov-18	Up to Date
Avila Beach CSD MSR	Aug-23	Aug-19	Up to Date
Cambria CSD MSR	Aug-14	Aug-19	Up to Date
San Miguel CSD MSR	Nov-13	Nov-18	Up to Date

BUDGET

	Adopted FY 23-24	Projected Year End FY 23-24	Proposed FY 24-25	Increase / Decrease From FY 23-24
Expenditures Summary	\$711,653	\$691,037	\$727,856	2%
Revenues Summary	\$711,653	\$691,037	\$727,856	2%
<i>Services and Supplies Expenditure Details</i>				
Computer Software	\$500	\$456	\$1,000	100%
Copying-Printing	\$300	\$11	\$300	0%
Commission Meeting Expenses	\$600	\$600	\$600	0%
LAFCO Insurance Policies	\$20,000	\$18,675	\$20,000	0%
Maintenance-Equipment	\$30	\$125	\$300	900%
Maintenance-Software	\$50	\$50	\$500	900%
CALAFCO/ SDRMA / Other Memberships	\$8,800	\$7,223	\$9,000	2%
Employee Mileage Reimbursement	\$200	\$200	\$200	0%
Commissioner Mileage Reimbursement	\$1,500	\$800	\$1,500	0%
Office Supplies	\$2,500	\$1,200	\$2,500	0%
Custodial Services	\$1,800	\$1,800	\$1,800	0%
County Auditor Services	\$9,619	\$9,619	\$10,000	4%
Legal Counsel	\$32,400	\$32,400	\$33,600	4%
Postage	\$1,000	\$500	\$1,000	0%
General / Commissioner Stipends	\$39,000	\$27,674	\$15,000	-62%
Publication & Legal Notices	\$1,000	\$500	\$1,000	0%
Training	\$5,000	\$4,000	\$5,000	0%
Office Lease	\$42,000	\$42,000	\$42,000	0%
Large Equipment	\$1,500	\$1,500	\$2,000	33%
Small Equipment	\$400	\$400	\$600	50%
Telephone / Internet	\$3,000	\$3,000	\$3,000	0%
Travel Expenses	\$2,500	\$1,700	\$3,000	20%
IT Support	\$850	\$0	\$850	0%
Vehicle Allowance	\$5,400	\$0	\$5,400	0%
Vehicle Rental	\$500	\$5,400	\$500	0%
<i>Services/ Supplies Subtotal</i>	<i>\$180,449</i>	<i>\$159,833</i>	<i>\$160,650</i>	<i>-11%</i>
<i>Salary, Benefits and Taxes Expenditures</i>				
Salaries	\$326,000	\$326,000	\$342,000	5%
Federal Taxes - FICA Social Security	\$20,212	\$20,212	\$21,204	5%
Federal Taxes - Medicare	\$4,727	\$4,727	\$4,959	5%
SLOCPT Pension Rate	\$102,882	\$102,882	\$112,440	9%
SLOCPT Pension Obligation Bond	\$17,882	\$17,882	\$19,303	8%
SDI/SUI Employer Contribution	\$1,500	\$1,500	\$1,500	0%
Health Insurance	\$48,000	\$48,000	\$55,800	16%
Deferred Compensation	\$10,000	\$10,000	\$10,000	0%
<i>Salary, Benefits and Taxes Subtotal</i>	<i>\$531,204</i>	<i>\$531,204</i>	<i>\$567,206</i>	<i>7%</i>
Total Expenditures	\$711,653	\$691,037	\$727,856	2%
<i>Revenues</i>				
Interest Earned	\$4,000	\$8,884	\$9,000	125%
Environmental Review Fees	\$3,000	\$3,500	\$3,000	0%
Sphere of Influence Fees	\$2,000	\$6,000	\$3,000	50%
Application Processing Fees	\$23,000	\$23,000	\$24,000	4%
Other Revenue (Transfer of Reserves)	\$60,000	\$30,000	\$30,000	-50%
<i>Agency Contributions</i>				
Cities	\$206,551	\$206,551	\$219,619	6%
County	\$206,551	\$206,551	\$219,619	6%
Special Districts	\$206,551	\$206,551	\$219,619	6%
Total Revenue	\$711,653	\$691,037	\$727,856	2%
Reserves Fund Balance	\$220,419	\$250,419	\$220,419	0%